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## **Sino-Japanese Relations in 2014 under Prime Minister Abe Shinzō**

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## Background Briefing: China-Japan Relations under PM Abe

### Executive Summary

- *EU has highly limited ability to contribute to reducing Japan-China tensions*

The European Union (EU) could attempt to persuade both China and Japan to deescalate their diplomatic standoff. Possible courses of action may include encouraging Prime Minister Abe Shinzō to refrain from visiting the controversial Yasukuni Shrine, as well as persuading China to cease its recent practice of sending coastguard vessels to the disputed waters surrounding the Senkaku/Diaoyu Islands. However, the EU needs to be realistic in its expectations, and not overestimate its ability to bring about a change in the current situation. The EU is not a Pacific power, and does not have the military presence in the Asia-Pacific region like the United States (US). The Chinese in particular are highly unlikely to listen to EU counselling when key territorial and nationalistic goals are at stake, particularly if this is not backed by military power.

- *China and Japan continue to enjoy close economic relations, but this will not play a role in ending the standoff between the two states*

While both sides are highly important trading partners to each other, the political stakes surrounding the Senkaku/Diaoyu territorial dispute are too high. Neither Tokyo nor Beijing has used economic tools to punish each other for this latest spat, but this does not mean that China or Japan are going to compromise for the sake of maintaining economic relations. Furthermore, China and Japan do not rely on each other for key strategic goods. This further reduces the prospects for ending the diplomatic freeze.

- *Japanese and Chinese foreign policy beyond the bilateral relationship is increasingly being affected by these tensions (media wars, courting SEA)*

Since the latest Sino-Japanese territorial dispute began in 2012, Japan and China have increasingly sought to bolster the international legitimacy of their respective stances by actively seeking diplomatic allies, particularly in Southeast Asia. This competition for 'hearts and minds' has also entailed utilising international media outlets to criticise each other's foreign policy. China's recent activities in the South and East China Seas, coupled with its ever-growing military spending, have aroused regional and international suspicion, and as a result Japan appears to have the edge in this competition.

- *Abe's Yasukuni visits deepen bilateral tensions and hurt Japan's attempts to counteract growing Chinese power and coercion*

However, Abe's decision to visit the controversial Yasukuni Shrine has attracted criticisms not only from China, but also key allies such as South Korea and the US. Abe's visit has made it even harder for China and Japan to resume normal diplomatic interactions, and also has the potential to damage Japan's reputation in the international community, and adds additional ammunition to China's criticisms of Japan.

- *The initiative to break the current stalemate will most likely come from China*

With the territorial issue deeply linked to nationalistic sentiments in both countries, neither side are willing to back down and compromise over the Senkaku/Diaoyu Islands. While Abe has stated that he is always ready to meet Chinese leaders, the Chinese leadership is refusing to meet any Japanese prime ministers until they acknowledge that a territorial dispute exists between the two states. This policy is both unrealistic and unsustainable, given that Abe is likely to stay on as PM for a number of years. Thus, any move to resolve the standoff will most likely come from China when it realises that it is highly unlikely that Tokyo is going to compromise with Beijing on the latter's terms, and calculates that the benefits of restarting diplomatic dialogue are likely to outweigh the costs of continuing its more forceful diplomacy.

## Introduction

The present tensions in Sino-Japanese relations are based on the growing strategic competition between these two leading powers in Asia, with the territorial dispute over the Senkaku/Diaoyu Islands as the key flashpoint. The sharp divergence in the two neighbours' strategic trajectories and unresolved historical issues over Japan's invasion of China aggravate this competition and undercut the likelihood of a moderation in tensions. The deep-rooted nature of this dispute leaves outside interested parties, including the EU, with little scope to influence the future direction of this bilateral relationship.

## Territorial issues remain in deadlock—but will China change?

2014 started off badly and has not improved. The fundamental obstacle to normalising Sino-Japanese interaction, the Senkaku/Diaoyu Island dispute, remains unresolved. As noted above, The People's Republic of China's (PRC) most fundamental demand is for Japan to acknowledge the existence of competing Chinese claims to the islands. China's despatching of coast guard vessels to the contested waters surrounding the Senkaku/Diaoyu Islands are intended to both demonstrate Beijing's resolve to challenge Japan's *de facto* control of the islands, as well as force the Japanese side to acknowledge that a territorial dispute over the islands exists.

The Chinese leadership has refused to meet Japanese Prime Ministers until Tokyo abandons its official position that there 'exists no territorial dispute' over the Senkaku/Diaoyu Islands. The Japanese government, however, has flatly refused to accede to Beijing's demands. Furthermore, there is domestic consensus over the legitimacy of Japan's claims to the islands, as well as a broad agreement that China's actions over the islands are high-handed and unreasonable.

Despite the continuing diplomatic standoff, economic relations between the two countries remain dense as ever. China still remains Japan's biggest trading partner, and Chinese visitors to Japan have increased significantly in 2014 compared to the previous year. Yet, it would be mistaken to think that close economic and informal relations would somehow play a role in ending the current standoff between the two states. In the past, both the PRC and Japan could rely on a small number of key individuals to forge bilateral deals in times of political crises. However, such individuals (such as Nonaka Hiromu) have already left the diplomatic/political stage. Economic relations and Sino-Japanese interdependency will also have limited impact on political relations, for two reasons. First, the Japanese business lobby would not find it easy to demand that Abe takes the initiative to repair Japan's political relations for the sake of economic relations, particularly when public opinion is strongly against compromising with China (and neither is there the need for this at present, as neither side has used economic levers in the political dispute). Second, despite the fact that the Japanese and Chinese economies are highly complementary, neither side relies on each other for key strategic goods (although rare earth metals may be a notable exception). In other words, both sides can switch suppliers for their imports fairly easily, and the costs associated with the termination of trade may not be as high as may be thought.

Given this dynamic, there is no immediate resolution to the *status quo*. Given that Abe has continuously stated that he is open to dialogue with Beijing, the Chinese leadership will have to consider whether or not it is in the PRC's national interests to continue to refuse to deal with the Japanese government at the highest level. Abe's popularity ratings remain relatively high, and he could potentially serve as PM until 2018.

## **Courting Southeast Asia**

With the diplomatic standoff with China set to continue, one of Japan's key diplomatic priorities has been to shore up support for its cause in the region. Abe's particular focus has been ASEAN member states in Southeast Asia, and he has visited each of the 10 southeast Asian states for bilateral summits in 2013, his first year as PM. Japan is playing a role in strengthening the maritime capabilities of states that are embroiled in territorial disputes with the PRC. Abe promised to supply the Philippines 10 maritime patrol vessels in July 2013, and has also offered Japanese help to train the Vietnamese coast guard and provide them with vessels. However, the main aim of his diplomacy in Southeast Asia is to construct a diplomatic, rather than military, counterweight to China in the Asia-Pacific region. The ultimate goal here is to bring about diplomatic isolation to the PRC that would prove to be costly enough for Beijing to abandon its assertive policy in the East and South China Seas.

One of the clearest example of Japan's attempts to win political supporters came at the 13<sup>th</sup> Shangri-La Dialogue meeting, where Abe made thinly veiled criticisms aimed at China, stating that territorial disputes in the South China Sea needed to be resolved peacefully, and any moves 'to consolidate changes to the status quo by aggregating one fait accompli after another can only be strongly condemned'. China's recent clashes with Vietnam and the Philippines over territorial disputes means that a significant number of ASEAN members are sympathetic to Japan's position. It is telling that the Chinese representative's response to Abe's Shangri-La speech was widely depicted as an 'outburst', denoting a diplomatic defeat for China this time round.

It would be unrealistic to assume that ASEAN and its member states can become a credible counterbalance to China. ASEAN as an organisation is notorious for suffering collective action problems, and neither do its members have the military power to face up to China. Furthermore, many member states have deep economic ties with China, and remain reluctant to damage these by openly siding with Japan. It was telling that ASEAN states' responses to the diplomatic argument that erupted between Japan, the United States (US) and China in the Shangri-La Dialogue meeting in June this year were somewhat muted, with only Vietnam prepared to vocally agree with Tokyo and Washington's criticisms of China. Tokyo therefore cannot—and should not—count on the ASEAN states coming to Japan's aid in the (unlikely) event of a military clash with China, and it seems sensible to assume that its security policy will continued to be based on the US-Japan Security Alliance.

## **International publicity wars**

While the bulk of China and Japan's efforts at winning diplomatic allies in their dispute is concentrated on the regional level, both states are attempting to do this at a global level by taking the opportunity to criticise each other in a number of international media outlets. Beijing has linked the Senkaku/Diaoyu dispute with the 'history issue', which is a shorthand term describing Japan's alleged inability to demonstrate sufficient atonement for its imperial aggression in the past. The PRC has claimed that Japan's refusal to acknowledge Chinese ownership of the islands is an unwarranted provocation towards China. Crucially, it is also sign that 'militarism' is on the rise in Japan once more, and this is 'also a public defiance of the success of the world's anti-fascism war and postwar international order'.<sup>1</sup> Many ASEAN states have also been victims of Japan's imperial aggression during the Asia-Pacific War (1931-45),

and it is clear that Beijing is hoping that memories of this period will result in considerable regional sympathy for its position. It is also telling that Beijing has positioned the Asia-Pacific War as part of the 'Global Anti-Fascist War', which is also a rhetorical move to remind the world that the rise of Japanese 'militarism' could also be the harbinger for the return of fascism in the world. According to a *Mainichi* report on 1 February 2014, 43 Chinese diplomats had written op-eds to the local newspapers of their postings as part of Beijing's attempts to win the propaganda war,<sup>2</sup> and within Europe this policy was visible in the Chinese ambassador to the UK, Liu Xiaoming's article that appeared in *The Daily Telegraph*.<sup>3</sup>

Japan, has also made a more conscious effort to counter Chinese attempts to use the 'history issue' (which they are aware is a long-standing and often effective diplomatic tactic used by Beijing). To counter Chinese criticisms, Tokyo has invoked universal principles such as democratic governance and the need for the 'rule of law' in settling territorial disputes. The Prime Minister's office has also established a special team tasked with international public relations planning in August 2013, whose budget has tripled this year, indicating the importance Tokyo is placing on countering China's international influence.<sup>4</sup> Japanese diplomats are also being more proactive in refuting Chinese claims in public, as can be seen from Japanese ambassador to the UK Hayashi Keiichi's response to Liu Xiaoming's article. Hayashi stated that China risked becoming Asia's 'Voldemort' (the evil sorcerer in the *Harry Potter* stories) of Asia by 'letting loose the evil of arms race and escalation of tensions'.<sup>5</sup> This rhetoric was aimed at criticising China's assertive actions in the East and South China Seas, as well as highlighting Beijing's lack of compliance with fundamental principles that undergird the international order. Arguably, the propaganda war between China and Japan is in Japan's favour. China's continuing quarrels with its Southeast Asian neighbours have significantly damaged the PRC's image in the region, not to mention Europe.<sup>6</sup> However, Chinese investment in their external propaganda machine is reported to enjoy a much larger budget than its Japanese counterpart, and it remains to be seen if Japan can continue to hold the edge in this latest area of Sino-Japanese rivalry.

### **Abe's visit to Yasukuni Shrine: a diplomatic 'own-goal'**

With increasing anxiety over China's 'assertive' foreign policy, it is more likely that Japan is winning the 'media war'. However, Abe managed to damage Japan's regional and international image when he decided to visit Yasukuni Shrine on 26 December 2013. The Shrine houses Japan's war dead, including the tablets of seven convicted Class-A war criminals that were executed after the end of World War II. The PRC and South Korea, which regard such actions as tantamount to the glorification of Japan's war of aggression in 1931-45, reacted furiously. It attracted criticism from the US and Singapore and further alienated South Korea, a fellow democracy that has similar security interests with Japan. In this sense, Abe's visit to the Shrine could be considered to be a diplomatic 'own-goal'.

It is not clear why Abe decided to visit Yasukuni when Sino-Japanese relations are at their lowest ebb. Although Abe has been a regular worshipper at the Shrine, in his first term as PM (2006-7) he did not visit, maintaining a posture of 'strategic ambiguity' and refusing to speculate on whether or not he would go to the Shrine. Abe has since expressed his regrets for this decision, but his actions during his first time in office were widely seen as a political necessity: Abe's predecessor Koizumi Jun'ichirō's repeated visits to Yasukuni Shrine resulted in an unprecedented low in Sino-Japanese relations, with Beijing refusing to engage in high-level meetings unless Koizumi abandoned his visits. In the context of 2006-7, Abe needed to bring about an improvement in Japan's relations with China by refraining from visiting the Shrine.

There is no doubt that Abe's personal convictions played a part in his decision to visit Yasukuni Shrine this time. Yet, we should note that the context of 2014, where the focus is on territorial disputes, is dissimilar from 2006-7. Visits to Yasukuni Shrine remain highly controversial within Japanese society, and there are less domestic political costs for Japanese politicians to compromise with China over this issue. The Senkaku/Diaoyu dispute, however, is completely different: it would be a hugely unpopular and costly move for a Japanese Prime Minister to accept Chinese demands regarding the territorial dispute just for the sake of re-starting diplomatic dialogue.

It is thus highly likely that Abe decided to fulfil his long-standing desire to re-start prime ministerial visits to Yasukuni Shrine (something which had ceased since Koizumi left office in 2006) based on the calculation that relations with China could not get any worse than they already were. Beijing has since renewed its vow to refuse all high-level summits, now with the additional condition that Japanese leaders hold a 'correct view' of history. In practice, Abe's visit to Yasukuni Shrine may not have changed the current diplomatic stalemate. Yet, it has arguably made the hurdles for the restarting of high-level diplomatic interaction higher, and this is not helpful to Japan's diplomatic interests.

### **Future scenarios**

The most likely short- to medium-term scenario for Sino-Japanese relations is continued deadlock, with no indication that both sides will back down over the territorial dispute. The initiative to break the current stalemate will come from China, as PM Abe has consistently maintained that his door is open for dialogue. However, Japan has refused to compromise with the PRC over the Senkaku/Diaoyu Islands and has been unresponsive to China's tactic of refusing dialogue. It is clearly unrealistic and against Chinese national interests for the PRC to refuse diplomatic dialogue with Japan. Therefore, a change to this status quo is more likely when China realises that (a) it is not be able to impose conditions on Japan in order to restart high-level diplomatic interactions once more; and (b) the costs of using more high-handed diplomatic tactics (such as sending Chinese vessels to the disputed waters) outweigh those of maintaining the current 'diplomatic freeze'. Indeed, there are potential signs that Chinese may be preparing for a change in its Japan policy, as can be seen from the fact that the number of Chinese vessels entering Japanese-controlled territorial waters (if not the Contiguous Zone) have fallen by 50 per cent from January to June this year, compared to the same period in 2013. While it is too early to judge whether this signifies an actual policy change on the part of Beijing, this could be a potential sign that the Chinese are beginning to realise that its assertive stance vis-à-vis Japan is not bringing about the desired results.

Abe could also play a role in facilitating the re-opening of Sino-Japanese dialogue by refraining from visiting Yasukuni Shrine while he is serving as PM. While his visits may satisfy his own personal beliefs and certain domestic constituencies, they only serve to complicate Japan's already difficult relations with South Korea and the PRC, and are detrimental to Japan's efforts to win over international public opinion in its dispute with China. It remains to be seen what Abe will choose to do next year. He could return to his original stance of 'strategic ambiguity' and demonstrate that he does have some concern for the national sentiments of the victims of Japanese imperialism.

The EU is not a direct player in Asia-Pacific security, and has limited scope to influence Japan-China relations. The EU could perhaps encourage China to de-escalate the current standoff by

ending its policy of sending vessels into the disputed waters in both the East and South China Seas. It could also attempt to persuade Abe that his visits to Yasukuni are not in Japan's national interests. However, the EU's lack of a military presence in the region means that is highly unlikely that Beijing will listen to the EU when key nationalistic goals like territorial issues are at stake. In the case of Japan, any perceived 'lecturing' by the EU drawing on Franco-German examples of reconciliation could be met with a nationalistic backlash, and such comparisons are in any case unhelpful because of the very different political context of the region.

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<sup>1</sup> Xinhua, 'Commentary: Be vigilant against resurgence of militarism in Japan', 26 September 2012, at [http://news.xinhuanet.com/english/indepth/2012-09/26/c\\_131875076.htm](http://news.xinhuanet.com/english/indepth/2012-09/26/c_131875076.htm), accessed on 4 October 2014.

<sup>2</sup> Mainichi shinbun, 'Abe shushō: yasukuni sanpai nitchū zessen "kodomo mitai" bei media hiyayaka', 1 February 2014, p. 3.

<sup>3</sup> Liu Xiaoming, 'China and Britain won the war together', 1 January 2014, at <http://www.telegraph.co.uk/comment/10546442/Liu-Xiaoming-China-and-Britain-won-the-war-together.html>, consulted on 4 October 2014.

<sup>4</sup> Mainichi shinbun, 'Rinjin: nitchūkan koritsu suru nippon chūgoku "shin jikyūsen" de atsuryoku', 3 April 2014, p. 3.

<sup>5</sup> Keiichi Hayashi, 'China risks becoming Asia's Voldemort', 5 January 2014, at <http://www.telegraph.co.uk/news/worldnews/asia/japan/10552351/China-risks-becoming-Asias-Voldemort.html>, consulted on 4 October 2014.

<sup>6</sup> While a comprehensive analysis of amount of articles criticising China or Japan is out of the scope of this paper, a cursory search on Google Trends for worldwide news headlines containing 'Diaoyu' 'Japan', and 'militarism' (which are key words used by the Chinese to critique Tokyo) averaged 18 between September 2012-September 2014. In contrast, headlines including the terms 'China', 'change' and 'status quo' averaged 91, indicating a far greater global interest/concern with China's growing power.