

China and Japan: Partners or Permanent Rivals?

Willem van Kemenade

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The other project involved a second, more extensive research trip to Japan in June/July 2006, commissioned by the Netherlands Institute of International Relations ‘Clingendael’, which appointed me Visiting Senior Fellow from September 2006. Many thanks to the head of the Clingendael

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Willem van Kemenade
Leiden, November 2006

CONTENTS

Introduction	7
Shinzo Abe: A New Beginning for Chinese-Japanese Relations?	11
US-North Korean Nuclear Diplomacy	21
Chinese-Japanese Relations in China's Domestic Politics	33
Japanese Politics, the Yasukuni Shrine and the Question of War Guilt	41
US-Japanese Relations, China and the Taiwan Issue	53
China, Japan and Energy Disputes in the East China Sea	67
China, Japan and the Prospects for East Asian Regional Integration: the Re-Asianization of Japan	77
The European Union. China and Japan	89
Conclusions	97

Over the last 4,000 years of history, Japan has been a peripheral country to China, with the exception of this one last century. In the future, Japan will be to China what Canada is to the United States, what Austria is to Germany, what Ireland is to Britain.

Kenichi Ohmae, Japanese Management Guru,
China Impact, 2001

Introduction

East Asia, together with Europe and North America, is one of the three main pillars of the global economy, but the peace and stability, close cooperation and integration that the latter two 'borderless' continents enjoy has eluded China, Japan, the Koreas and Taiwan.

With a two-way trade volume in 2006 of over US\$ 200 billion, China and Japan have one of the largest trade and investment relationships in the world.¹ Yet the two great powers have been unable to maintain friendly political relations with each other and have for five years been unwilling to engage in regular top-level exchanges. The reasons are obviously competition for an impending shift in the regional status quo. China is not willing to accept the looming transformation of Japan into a so-called 'normal' country — that is, a country without constitutional restrictions on the use of military power, that could re-emerge as a regional and perhaps global military actor. Japan cannot come to terms with the resurgence of China as the pre-eminent power in East Asia and its rise as a global superpower. The two neighbours are increasingly interdependent, but Japan has been moving further away from continental Asia, seemingly to become an ever-closer subservient military ally of the United States. China uses Japan's failure to atone adequately for its criminal war past to keep it down and deny it permanent membership of the most exclusive political club in the world: the Security Council of the United Nations. Former Japanese Prime Minister Junichiro Koizumi's annual pilgrimages from 2001 until 2006 to the Yasukuni Shrine, where Japan's war-dead, including executed class-A war criminals are enshrined, have become the prime symbol of the bad blood between China and Japan. Without termination of this ritual that is most offensive to both China and the Koreas, the prospects for a relaxation in political relations are dim. New Japanese Prime Minister Shinzo Abe has expressed the intention to open a new chapter in Sino-Japanese relations, without really solving the

1) Forecast by Chinese State Statistical Bureau.

Yasukuni issue. He has chosen obfuscation. He went to the Shrine secretly in early 2006 and adopted the policy of dealing with the issue ‘appropriately’, but at the same time ‘not declaring whether he would go to Yasukuni or not go’. Koizumi used the same word every year and nevertheless went to the Shrine, setting off escalating acrimony year after year. The Chinese government seems to have accepted Abe’s handling of the issue without clearly saying so. Whether this is a sustainable give and take remains to be seen.

There are many other issues bedeviling the relationship. One is Japan’s military alliance with the United States, which has as its bottom line the containment of China and, when in its worst of moods, the blocking of China’s renaissance as a great power. Another is the dispute over some tiny islets and rivalry for adjacent energy resources in the East China Sea. A third is Japan’s relationship with a much bigger island, Taiwan, a former Japanese colony with which Japan maintains close economic, cultural and perhaps illicit military ties.

Koizumi’s long-awaited resignation in September 2006 has offered a welcome opportunity to press the *reset* buttons in the congested Sino-Japanese relationship. Abe has kicked the jamming door ajar. His bold visits to the estranged Chinese and South Korean capitals of Beijing and Seoul immediately after his appointment to the prime ministership may a couple of years from now prove to have been the first steps towards normalization of the abnormal East Asian order, where neither China and Taiwan, nor the two Koreas, are at peace with each other yet, and where China and Japan for the last few years have been limping into a Cold War-style situation.

Chapter I describes the transition from former Japanese Prime Minister Junichiro Koizumi’s destructive policy towards China and South Korea to the surprisingly prudent and pragmatic steps of Shinzo Abe’s honeymoon period. Considering Abe’s hawkish, ultra-nationalist past, a lot more is needed to stabilize relations.

Chapter II was inserted at the last moment, because the North Korean nuclear test on 9 October 2006 pushed calm reflection and analysis of the new turn in Sino-Japanese relations from the news pages for weeks. The chapter offers a flashback to the genesis of the North Korean tragedy: the last hardline Stalinist relic in the world that, unlike China, spectacularly failed to adapt to the new realities in East Asia. Brutal repression by a feudal ‘red’ dynasty, famine and the export of missiles, drug-dealing and counterfeiting of dollars are some of the attributes of Pyongyang. But the other side of the coin is 53 years of American blockade and military siege. Whether it was the Clinton or Bush administrations, the US, starting in 1994, was most of the time not willing to negotiate seriously about a non-nuclear North Korea, preferring to push or wait for regime collapse and therefore not honouring its commitments.

Chapter III focuses on the evolution of Sino-Japanese relations in the context of Chinese domestic politics. During the 1970s, relations were

generally friendly and cooperative with only minor issues causing some ripples. Japanese prime ministers visited the Yasukuni Shrine and until 1985 China hardly took notice. When the Cold War ended, the strategic rationale for strong Sino-Japanese relations also faded. While China's economic strength expanded and Japan's declined in relative terms, nationalism took centre stage in both countries. In China nationalism replaced discredited communism; in Japan it became the backbone of a renewed aspiration to become an independent great power instead of a satellite of the United States.

Chapter IV is the mirror image of chapter III and deals with Sino-Japanese relations in Japanese domestic politics. The major focus is on war memories, the Yasukuni Shrine, history textbooks and redress for individual war-victims. Japan's record is shameful compared to that of Germany. There was no Japanese equivalent of 'de-Nazification', because after China became communist, the Americans needed Japan as a 'rehabilitated' ally against the Chinese and (North) Korean communists. Japan's inadequate apologies afterwards usually fell flat, because they were soon overshadowed by frequent offensive statements of right-wing war-crime deniers, Yasukuni visits, judges using political and constitutional pretexts to reject demands for compensation by forced labourers, comfort women and victims of bio-chemical warfare, etc. The big question is whether there is going to be a moratorium on Yasukuni visits by Japanese prime ministers until unsolved questions about the war are resolved.

Chapter V deals with Koizumi's foreign policy record. What made this gifted, charismatic, emotional populist tick? Why did he subordinate himself to George Bush's United States and why did he turn against Japan's mighty historical Asian neighbour. Was it electoral opportunism? Exploiting the perceived threat from China? Or plain stupidity? Considering that he kept saying that China and South Korea would sooner or later realize their mistake of boycotting him, it seems that Koizumi really listened stubbornly to the wrong advisers and would never have the flexibility to change his mind.

Chapter VI discusses regional energy disputes. The East China Sea between Shanghai and southwards to Taiwan is where military conflict could erupt. It may rival the Persian Gulf in untapped oil and gas reserves, but nobody knows for sure because due to questions left over from the history of Japan's nineteenth-century military conquests mean that there are plenty of historical/irredentist and legal disputes that have to be settled first. Both sides are running out of patience. In October 2005, a settlement seemed to be near, but then the bilateral meeting was cancelled by China because Koizumi could not control his urge to visit the Yasukuni Shrine again. The best solution seems to be what Europe did after the Second World War: pool its coal and steel resources among a supranational community. East Asia needs to set up a High Authority for Offshore Oil and Gas.

Chapter VII claims that regional integration in East Asia is much more difficult than in Europe because political, historical, cultural, religious and linguistic diversity, etc., is much more profound. However, cross-border trade

and investment have reached stunning levels, even among non-friendly neighbours. For the benefit of stability, the region needs a security community, similar to the OSCE. A first East Asian Summit was held in 2005, led by ASEAN, because China and Japan cannot lead because the two do not accept each other's leadership. Will the United States attempt to 'divide and rule' and keep Japan under its domination to prevent evolution towards a 'Pax Sino-Japonica'? The Re-Asianization — that is, the repositioning of Japan as an Asian power — is an irresistible trend that will dominate geostrategy in East Asia in the coming decades.

Chapter VIII asserts that Europe will never play a military role in Asia again as it did during the colonial era, but it figures very much in the government offices, think tanks and corporate boardrooms as a model for soft transformative, rather than hard military American-style power. When it comes to cooperation, integration and international rule-making, Europe is on the mind of Asians. When they think about hard, military security, the United States is on their mind. Chinese and even Japanese officials stress that they would welcome a European advisory role in setting up a permanent North-East Asian multilateral security mechanism.

CHAPTER I

SHINZO ABE: A NEW BEGINNING FOR CHINESE-JAPANESE RELATIONS?

Japan's New Prime Minister Shinzo Abe: Man in a Hurry

Within two weeks of his election to the presidency of the ruling Liberal Democratic Party and his subsequent elevation to the Japanese prime ministership, Shinzo Abe sprang a big surprise. Unlike his predecessors who — like debutant British prime ministers — routinely made their maiden official voyage to Washington DC, Abe lost no time in reaching out in an effort to repair the grave damage done by Koizumi to Japan's relationships with its most important regional neighbours: China and South Korea.

In early October 2006, Chinese and Japanese negotiators 'reached an agreement on overcoming the *political obstacle* to the bilateral relations and promoting the healthy development of friendly relations and cooperation'.² This gave the green light for Japan's prime-ministerial jet at Beijing airport for the first time in five years. What the agreement amounted to exactly is still not clear even after the successful visit, which took place on the eve of North Korea's nuclear test. Previously, China's condition for hosting a Sino-Japanese summit had been that the Japanese prime minister would make a public pledge not to visit the Yasukuni Shrine during his term in office. Since

2) Announcement by China's Foreign Ministry Spokesman Liu Jianchao, 4 October 2006.

Abe, during the run-up to his election, had made it his policy not to tell whether he would continue to go to Yasukuni or not, did the two governments agree to disagree, or adopt a policy of 'don't ask, don't tell' or did they make a secret agreement that Abe would refrain from Yasukuni visits during his tenure, a so-called moratorium? The latter was adamantly denied by Japanese spokesmen. If Japan has not given a clear-cut (secret?) pledge, the Chinese emphatic public understanding is nevertheless that Abe will stay away from Yasukuni, and if he does not then relations may relapse into permafrost again. What is required from both sides now is constructive dynamism on all divisive issues, which will enable Abe to persuade his ultra-conservative core constituency to relax on Yasukuni. China's President Hu Jintao, in his turn, has to cajole his history-obsessed Japan-bashing comrades to ease up as well. In a joint communiqué, Hu and Abe further agreed 'to set in vigorous motion the two wheels of both politics and the economy to take Sino-Japanese ties to a higher level'. Abe agreed with Hu to seek 'a future-oriented relationship' after 'looking in the mirror of history'.³ Abe said in a press conference that he had invited both Chinese leaders to Tokyo and that they had accepted 'in principle'.

Akihiko Tanaka, a China expert at Tokyo University, said that Mr Abe was keen to mend relations with neighbours and to play down his image as a foreign policy hawk. 'Abe has tried to change the atmospherics of the perception around him,' he said.⁴ Rising tension over North Korea's intended nuclear test gave the summit extra momentum. At the same time, Abe showed that he understood Beijing's concerns by telling Hu, 'I will deal with the (Yasukuni) matter in an appropriate manner from the standpoint of promoting the sound development of bilateral relations by having both sides overcome political difficulties'.⁵ The two sides agreed to set up a joint panel of experts to study their common history and to discuss making needed changes in the operations of the United Nations. Abe said the two countries would also discuss exploration in the East China Sea, and broader energy and environmental issues.

Abe's meetings with Chinese leaders coincided with fears that North Korea would test a nuclear weapon at any moment, which may have helped to focus the meeting on a common strategic concern rather than on political disputes. The fact that China agreed to a visit from Abe amid the uncertainty over the test and the opening on the same Sunday of China's annual Communist Party Central Committee meeting, a major political event for Chinese leaders, underscored how eager Chinese leaders were to reduce tensions. Abe agreed to meet with Hu in Vietnam in November 2006 on the sidelines of the Asia-Pacific Economic Cooperation forum and with Chinese

3) See http://www.gov.cn/misc/2006-10/08/content_407343.htm.

4) David Pilling and Mure Dickie, 'Abe Warms Ties with China', *Financial Times*, 9 October 2006.

5) 'Abe, Hu put Ties on a New Footing', *Asahi Shimbun*, 9 October 2006.

Premier Wen Jiabao during the ASEAN + 3 gathering in the Philippines in December 2006.

China, Japan and North Korea

On Monday morning 9 October 2006, at the very moment when new Japanese Prime Minister Shinzo Abe was touching down in the South Korean capital Seoul after his fence-mending visit to Beijing, North Korea carried out its threat of conducting a small 'kiloton-or-less' nuclear explosion, despite prior warnings from the United Nations, the United States and virtually unanimous universal condemnation. The news came as a tremendous blow to nearly a decade of painstaking North-South Korean reconciliation — and also as a huge loss of face for China, which is widely viewed as having pivotal influence in Pyongyang because of North Korea's reliance on China for aid and trade.

If Kim Jong-Il deliberately timed the test to coincide with Japanese Prime Minister Shinzo Abe's visit first to Beijing and then to Seoul, he may have dreadfully miscalculated. The leaders of all three countries could hardly agree more — the test is a 'provocation' and they have to act together to do something about it. Abe conveyed the sense that the North Korean test had helped immensely in resolving deep differences between Japan and South Korea, as well as between Japan and China. At a news conference after the summit, Abe described North Korea's nuclear-arms and missile development as the most important challenge for the 'mutually beneficial relationship'. Could Kim and his military clique in Pyongyang not have anticipated this? One explanation is that it was an act of despair, like an autistic child burning the family home to get attention, no matter what. And attention is what he got (see further in chapter II).

Koizumi and Abe: The Contrast

During the six years of his tenure, Koizumi has proved himself to be a reckless, stubborn populist, who despite his merits for domestic political and economic reform, did grave damage to Japan's national interests and its prestige abroad. Regardless of the consequences for Japan's relations with China, Korea and other countries, Koizumi simply pledged to the electorate in 2001 that he would make annual visits to the Yasukuni Shrine, Japan's Shintoist war memorial, where 2.5 million war dead are honoured, including fourteen Class-A war criminals. Yasukuni is the symbol of Japan's criminal war history and unrepentant right-wing revisionism, according to which Japan was not the perpetrator, but the victim, of the war. In Tokyo's own propaganda, as amply highlighted in the Yushukan Museum adjacent to the Yasukuni Shrine, the war after all 'had a noble purpose: liberating fellow

Asians — in Indochina, in Malaysia, in the Philippines, in Indonesia — from Western colonialism'. But how about Japan's three-fold aggression against China: the 1895 annexation of Taiwan; the 1931 conquest of Manchuria; and the all-out invasions of 1937-1945? And how about Japan's brutal colonial conquest and occupation of Korea from 1910 until 1945? Were these also to be considered liberation campaigns?

Koizumi completely miscalculated China's (and South Korea's) responses to his Yasukuni visits. They saw the visits as a manifestation of Japan's growing right-wing nationalism, glorification of war and even resurgent militarism. Koizumi responded that as a patriotic citizen he just honoured his compatriots who had died for the country and he was praying that war would never reoccur. He sarcastically dismissed Chinese and Korean criticism with a banality: 'Sooner or later they will understand'. Every year he showed more defiance by repeat visits and he turned diplomacy with his two important neighbours into a permanent struggle. During the acrimony over his 2005 Yasukuni visit, Koizumi spun his logic in an unprecedented manner. He said that he wanted to improve relations with China, and that the stronger the Japanese alliance with the United States, the better the prospects for improved relations with China.⁶ In other words, sooner or later China would be intimidated by the combined strength of the United States and a remilitarized Japan and would yield. The Chinese retaliated by refusing two more bilateral summit meetings: on the sidelines of the coming APEC meeting in November and the first ever East Asian Summit in December 2005. Economic relations were booming as never before, but political relations plunged into a state of permafrost. A grave crisis erupted in April 2005 when anti-Japanese demonstrations in major Chinese cities led to violence against Japanese diplomatic offices and companies. The trigger was the publication of a new Japanese school textbook that further downplayed the Nanking (Nanjing) Massacre of 1937 and the odious issue of 'comfort women'. The disputed textbook was a new edition of one of eight textbooks for junior high schools and was authored by a right-wing group named Fushosha, which is critical of the 'national self-denigration' in mainstream history books. The earlier edition had used the term 'comfort women [...] coerced into sex slavery for Japanese soldiers', but the new version had soft-pedalled this into: 'Young women from Korea and other parts of Asia were assembled and sent to the battlefield for Japanese soldiers'. As for the 1937 Nanking Massacre, an orgy of random slaughtering of up to 300,000 Chinese civilians, the book only said that 'many were killed'. As to the earlier 2001 version of the book, Fushosha had hoped that the textbook would be used by 10 per cent of junior high schools in Japan, but the actual adoption rate was significantly lower at a mere 0.04 per cent. The new version would be available only in April 2006. On issues of Japan's war past, however, the Chinese and Koreans knew no restraint.

6) Hisane Masaki, 'Koizumi Plays It His Way', *Asia Times*, 18 October 2005.

In previous months, tensions had escalated in other areas as well, such as the dispute over oil reserves in the East China Sea (see chapter VI), a large-scale internet campaign in China opposing Japan's bid for a permanent seat in the United Nations Security Council and the extension of the US-Japan Security Alliance to include Taiwan as a matter of concern. The further that Chinese-Japanese relations deteriorated, the closer Japan's relations with the United States became, or perhaps more accurately, the personal relationship of Koizumi with US President George W. Bush. Both men had a simple, rather irresponsible view of the world. Bush had a blind belief in the United States' 'Überpower', assuming that the US was so strong that it could afford reckless unilateralism.⁷ Koizumi believed that relations with China did not really matter that much, as long as relations with the United States were 'in such excellent shape'.

Whither Abe?

Unlike Koizumi, the new Japanese Prime Minister Shinzo Abe hails from an elite right-wing nationalist family. Koizumi was not a war-crime denier and had accepted the verdicts of the Tokyo War Crimes Tribunal. Abe did not recognize these verdicts, which is tantamount to justifying radical revisionism or even revanchism.⁸ His maternal grandfather, Nobusuke Kishi, was a member of the War Cabinet of General Hideki Tojo and once a Class-A war criminal suspect (but was never indicted as such). However, he did spend three years in prison, but after the American-led purge against the wartime elite shifted to purging leftists during the Korean War, he was allowed to enter politics again in 1952 and became prime minister from 1957-1960. He worked very hard on concluding a new security treaty with the United States, which was met with months of demonstrations, strikes and violent riots. US President Eisenhower had to cancel his intended visit to Japan, which was never rescheduled, and Kishi resigned in July 1960. Shintaro Abe, the father of Shinzo Abe, was Kishi's son-in-law. After stints as minister of agriculture and trade, he excelled as minister of foreign affairs under Prime Minister Yasuhiro Nakasone (1982-1987) and was expected to become prime minister at some point if he had not died prematurely of cancer.

Shinzo Abe was born in 1954 and studied politics at Seikei University and the University of Southern California. At the age of 25 he started working for Kobe Steel and was elected as member of parliament in his native district

7) Term coined by Joseph Joffe and the title of his new book, *Überpower: The Imperial Temptation of America* (New York: Norton, 2006).

8) Richard Minear, an American historian and author of the respected book *Victor's Justice: The Tokyo War Crimes' Trial* (Princeton NJ: Princeton University Press, 1971) reiterated his negative assessment of the trial in a recent interview; see *Asahi Shimbun* (English-language edition), 27 May 2006.

Nagato in 1991. After holding a series of junior posts in the Liberal Democratic Party and various cabinets, he became chief cabinet secretary in Koizumi's third cabinet in 2005. Abe has been a leading member of a group of lawmakers, railing against what they call 'masochistic views of Japanese history'.⁹ He distinguished himself in one foreign policy issue: taking a relentlessly hard line towards North Korea, particularly on the abductee issue, which has brought him a lot of popular support.

One of the great ironies of Japan's attitudes towards its neighbours is its undisguised elitist racism. The North Korean heinous crime of abduction of Japanese citizens in the 1970s and 1980s for work as translators, language teachers, etc., for North Korea's spy agencies is a national obsession in Japan. At least thirteen, but some say up to 100, Japanese have been abducted by North Korean operatives in Japan. Of the thirteen, only five appear to be still alive. Their plight is the focus of a well-orchestrated national campaign of mass rallies, petitions and intensive media coverage. While in Tokyo during summer 2006, I attended the screening of a two-hour documentary on one of the abductees, Megumi Yokota, who was kidnapped by North Korean agents as a thirteen-year-old girl on her way to school in 1978. She became a language instructor in a spy school. According to the North Koreans, she married and gave birth to a daughter, but in her early 30s she became sick, chronically depressed and committed suicide. Megumi's aging parents reject this and believe that she is still alive, but Pyongyang supposedly cannot release her now because of her wealth of knowledge about North Korea's espionage enterprise in and around Japan. The parents have become a national celebrity couple, addressing mass rallies advocating hardline action against North Korea, all remote-controlled by Shinzo Abe himself. The parents went on a campaign tour to the United States in early 2006 and were received by President Bush in the White House, who reiterated his worn-out rhetoric about North Korea as an 'evil country, led by a pygmy, he loathes'. To the credit of the documentary makers, there was a highly significant clip in the film about a Q&A session with a right-wing politician who was campaigning on Megumi's behalf. A young woman took the microphone and agreed that what the North Koreans had done to their citizens in recent decades was beyond words, but added: 'But is what we have done during the war to all Koreans and other Asians not far worse?' Forty thousand Chinese and hundreds of thousands of Koreans were abducted for forced labour in the Japanese war economy, and unknown numbers of women from most (South) East Asian nationalities, including Dutch from the then Netherlands East Indies, were forced into prostitution for the rampaging Japanese armies. One

9) 'Abe's View of History', *Asahi Shimbun* (English-language edition), 9 September 2006.

commentator argued that Japan's hardline stance on North Korea has slowed a full solution of the abduction issue.¹⁰

Like the Bush administration, conservative Japan seems to believe that a policy of confrontation, threats, public humiliation and in the most extreme case a pre-emptive strike will bring about regime change or regime collapse in North Korea. The Six-Party Talks have been mostly window-dressing. They find China, South Korea, Russia and *in absentia* the European Union in opposition to that.

After the North Korean missile launchings in July 2006, Abe suggested that Japan conduct a 'self-defence' pre-emptive attack on North Korea's missile pads and asserted that this was in line with Japan's pacifist constitution. But this was part of his campaign to succeed Koizumi. Three factors have been instrumental in the making of the new Japanese prime minister: his anointment by Koizumi; his denials and tinkering about Japan's aggressive war and war crimes; and, decisively, his hardline stance on North Korea. So, what happened to Abe after taking the mantle of power? Is it one of the great conversions in history? Did he cherish his ultra-nationalist credentials as long as they were needed to rise to the top or has he always been a pragmatic realist, biding his time?

During a one-month research trip to Japan in June/July 2006, the majority of my interviewees, academics, diplomats, politicians, journalists and businessmen were all scared by the prospects of Abe becoming Japan's next prime minister. Most of them expected Abe to be more of Koizumi: more nationalism, more Yasukuni, more confrontation with China. But there was one shining exception: Yotaro Kobayashi, aged 73 and Pacific-Asia Chairman of the Trilateral Commission, former CEO and now chief corporate adviser of Fuji-Xerox and Japanese co-chief of the Japan-China Friendship Committee for the twenty-first century. In the latter capacity Kobayashi has had regular contact with Chinese leaders and made efforts to establish a personal rapport between them and Koizumi. He failed, however, because of what he calls Koizumi's 'foolish' behaviour. For this criticism of Koizumi, Kobayashi's house was bombarded with Molotov cocktails in 2004 by ultra-rightists.

In a wide-ranging interview, Kobayashi expressed confidence — in July 2006 — that Abe would improve relations with China. 'Abe is inexperienced, but he is basically a good person, from a good family. He is more rational than Koizumi. He has a keener appreciation of where Japan's real interest lies'. Koizumi is indeed a uniquely emotional and bull-headed man whose

10) Gregory Clark, 'Tokyo's Hardline Slowing Solution to Abductions Issue', *Japan Times*, 19 June 2006; and Gregory Clark, 'Japan's Anti-North Korea Complex', *Japan Times*, 20 July 2006.

mind could not be changed by anyone.¹¹ Koizumi told associates that he even rejected suggestions by his close friend President George W. Bush that he consider abandoning visits to the shrine in the interest of better relations with Beijing. Bush made the request to Koizumi in Kyoto in November 2005, according to people who have spoken to the prime minister.¹²

Kobayashi was satisfied that Abe was already softening his nationalist rhetoric. 'He is a kind of person who likes to explain things. Koizumi was not. There are all kinds of difficult issues, but he didn't say much. He mumbled a few brief sentences and that was it', Kobayashi stressed. He quoted Harvard professor Joseph Nye on the Yasukuni Shrine, who said that it is a private church, but that once you are in a responsible position, if you exercise a private right, it has to be judged and used very properly. Kobayashi said: 'That's what I think Abe San is going to do. And if you pay respect to the souls enshrined in Yasukuni then you will think about it a little more'.¹³ On this issue, Abe has avoided the trap in which Koizumi put himself in 2001 by promising the electorate that he would pay annual visits to Yasukuni. Abe has adopted the policy of not telling whether he would go or not go to the Shrine. Perhaps it was put the best way by Koji Murata, a professor of international relations at Doshisa University: 'Mr Abe faces a Catch-22. He cannot promise that he will worship at Yasukuni, and he cannot promise that he will not'.¹⁴

'America über Alles'

Kobayashi said that Koizumi's problem with China was that he had listened too much to a retired ambassador and historian, Hisahiko Okazaki, who runs a small conservative think tank, the Okazaki Institute. In an interview in Tokyo, Okazaki told me that he saw no prospect for an improvement in Sino-Japanese relations, unless China changed its attitude. 'China may, but Japan wouldn't. If Abe succeeds, Japan wouldn't'. Okazaki rejected any idea of a compromise under which China would stop harping on history questions in exchange for a Japanese commitment to stop prime ministerial Yasukuni visits. 'No, no! Listen, China, China, China [!!!] picked that issue. I described

11) Japanese media and websites have been full of stories about the sharp edges of Koizumi's persona. He is a divorced man and vowed after his divorce in 1982 never to marry again, a vow that he has kept so far. He fathered three sons with his wife, who was pregnant with the third when they split. The two elder sons stayed with the father and have not seen their mother since. The third, who stayed with his mother, has never seen his father, who even refused to meet him when, at the age of eighteen, he wanted to attend the funeral of his paternal grandmother.

12) Richard MacGregor and David Ibison, 'Koizumi in Hot Soup with China over War Shrine Visit', *Financial Times*, 7 February 2006.

13) Interview by the author with Yotaro Kobayashi, Tokyo, 6 July 2006.

14) Quoted in 'Abe Hurrying to Improve Ties', *International Herald Tribune*, 3 October 2006.

it as a FAUX PAS! And it repeated this faux pas and that is a real mistake on the Chinese side. China should climb down, China has to retreat from its faux pas. That is the only solution!’¹⁵ In an earlier interview, Okazaki told me that Japan’s elevated position in East Asia depended completely on the maintenance of the US-Japan alliance. ‘We have quite a decent standard of living and we can only maintain that if we maintain the US-Japan alliance. If it’s broken we have no prospect of maintaining it. The US-Japan alliance answers all questions: how to deal with China; with Russia; with Korea’.¹⁶ Okazaki’s view of the United States is rooted in his profound knowledge of world history, particularly naval history. Modern Japan experienced the best of times when it was allied with the strongest naval powers in the world, first with Britain from 1902 until 1923 (when American pressure forced the termination of the alliance) and ever since the Second World War with the United States. During its alliance with Britain, Japan defeated Russia (1905), annexed Korea (1910) and took over Germany’s special rights in north China (1919). When Japan engaged in planned and accidental self-destruction, it allied itself (1941) with Nazi Germany. And when Japan got a free ride on the back of the US after the Second World War, it could engage in unprecedented economic development. Okazaki stressed in 2005 that Japan’s continued prosperity depended on maintaining the US-Japan alliance. When I expressed my strong disagreement and rebuked that Japan’s continued prosperity depends on industrial relocation and integration with China, he was dismayed. Okazaki was adamant that Abe would continue Yasukuni visits. He may or he may not.

Abe: ‘A New Era for Japan

If not for North Korea’s awkward missile- and nuclear brinkmanship, the top event of 2006 in East Asia would have been Japanese Prime Minister Shinzo Abe’s path-breaking visits to China and South Korea. Asian governments, media and businesses would have focused on the results of Abe’s visit and on scenarios for a revamped Sino-Japanese relationship, but now they are stuck with the Korean quagmire and Bush’s further electoral downgrading as a world leader. Abe’s performance during his first month in office was nothing but impressive, so much so that many observers are wondering whether the metamorphosis of Abe the radical right-winger to Abe the pragmatic moderate is real and sustainable.

In his first major interview with the international media, Abe told the *Financial Times* on 31 October 2006 that he wanted to stay in office for six years, the maximum term allowable under LDP rules, during which time he wanted to rewrite the pacifist constitution and open up a new era for Japan:

15) Interview by the author with Hisahiko Okazaki, Tokyo, 12 July 2006.

16) Interview by the author with Hisahiko Okazaki, Tokyo, 22 April 2005.

There are three reasons by which I judge we need to revise the Japanese constitution. The first is that the current constitution was written before Japan became independent after the war. The second point is that with 60 years past, there are provisions within the constitution that no longer befit the reality of the day. Third, new values have emerged since and I believe that by taking up those values and to encourage the spirit of writing our own constitution, we shall be able to open up a new era for Japan.

As to new, contemporary values, Abe distinguished himself clearly from the right-wing cabal in the United States and stressed the importance of global environmental conservation. 'Also, the right to one's privacy is another [priority]'. Abe vowed to revise the constitution from the viewpoint of defending Japan, in particular article 9 (which renounces Japan's right to wage war or to maintain armed forces), and also in order to comply with the international expectation that Japan make international contributions. On Japan-China relations, Abe said that they both need each other, especially in economics: 'The Chinese were strongly aware of that and they probably deemed that if they allowed the political tension to persist, that could have a negative impact on the Chinese economy'.

With the Yasukuni issue unresolved, Abe was asked whether it could resurface sooner or later if he decided 'I'm the prime minister of Japan, why shouldn't I go?' In a statesmanlike manner, Abe completely skirted the issue: 'Japan and China have agreed to build a strategic and mutually beneficial relationship. Our two countries are going to be tested about whether we will be able to build that relationship. And towards that end both our countries are required to make efforts. As a mechanism to achieve that we shall have summit meetings and ministerial meetings from time to time. And by so doing it is important that we mutually make efforts to build a relationship of trust.'¹⁷

17) David Pilling, 'Abe Aims to Secure Japan's World Status' (exclusive interview attached), *Financial Times*, 31 October 2006.

CHAPTER II

US–NORTH KOREAN NUCLEAR DIPLOMACY

The War That Never Ended

North Korea has been under US sanctions since the armistice ‘finished’ the Korean War in 1953, but Soviet security guarantees and economic support had kept it afloat until the end of the Cold War. Pyongyang lost this lifeline in the early 1990s and felt acutely threatened by its sworn enemy, the United States — now the omnipotent sole superpower. Although North Korea’s security was theoretically still guaranteed by an obscure 1961 ‘Friendship Treaty’ with China, this treaty was considered comatose and the world was only reminded of its existence during the October 2006 crisis. Russia had supplied the country with nuclear technology from the 1960s and Pyongyang started its own nuclear programme in 1980 at the Yongbyon Nuclear Scientific Research Centre, 100 km north of Pyongyang. The Kim regime signed the Nuclear Non-Proliferation Treaty (NPT) in 1985 but had not yet allowed inspections of its nuclear facilities.

In May 1992, North Korea for the first time allowed a team from the International Atomic Energy Agency (IAEA), then headed by its director-general, Hans Blix, to visit the facility at Yongbyon. Blix and the US suspected that North Korea was secretly using its five-megawatt reactor and reprocessing facility to turn spent fuel into weapons-grade plutonium. IAEA

inspectors were repeatedly blocked from visiting two of Yongbyon's suspected nuclear waste sites and they found evidence that the country was not revealing the full extent of its plutonium production. When North Korea announced its intended withdrawal from the Nuclear Non-Proliferation Treaty in March 1993 and refused to allow inspectors access to its nuclear sites, the United States concluded that the last straw was to start direct negotiations. The so-called 'High-Level Talks' between the United States (Assistant Secretary of State Robert Gallucci) and North Korea (Vice Foreign Minister Kang Sok-Ju) started in June 1993.

In the course of 1994, the United States believed that North Korea had enough reprocessed plutonium to produce about ten bombs, with the amount of plutonium increasing. The North Koreans were masters at brinkmanship tactics in negotiations and were very deft at creating crises in order to enhance their negotiating power on several occasions during their negotiations with the United States. In March 1994, Pyongyang threatened (during an inter-Korean preliminary meeting of the High-Level Talks), that 'Seoul would be turned into a sea of flames'. The most effective demonstration was in June 1994, when, after the US threatened sanctions at the UN — which China opposed — North Korea issued a counter-threat that any sanctions against it would be regarded as a declaration of war, and on 13 June 1994 Pyongyang announced North Korea's withdrawal from the IAEA.

In response, the United States went to the brink of war. With economic sanctions pending, President Bill Clinton approved the dispatch of substantial reinforcements to South Korea, and plans were prepared for attacking North Korea's nuclear weapons' complex. The turning point came in an extraordinary private diplomatic initiative by former US President Jimmy Carter and others to reverse the dangerous American course and open the way to a diplomatic settlement of the nuclear crisis. Carter brokered a deal with the aging North Korean President Kim Il Sung in which Pyongyang would agree to shut down its plutonium-producing nuclear complex.¹⁸ Within weeks after the preliminary deal and before follow-up talks could start, Kim Il Sung died at the age of 82 on 8 July 1994.

An eye-opening book, *Disarming Strangers: Nuclear Diplomacy with North Korea* by Leon V. Sigal, vividly depicts how close the US came to war. Sigal pays particular attention to an American mindset that prefers coercion to cooperation in dealing with *difficult* nations. Drawing upon in-depth interviews with policy-makers from the countries involved, he discloses the details of the build-up to confrontation, the US's refusal to engage in diplomatic give-and-take, the Carter mission, and the diplomatic deal of October 1994.

After the Carter mission, President Clinton appointed Robert Gallucci, now ambassador-at-large, to start a new round of negotiations. These resulted

18) Michael R. Gordon, 'Back from Korea, Carter Declares the Crisis is Over', *New York Times*, 20 June 1994.

on 21 October 1994 in the so-called 'Agreed Framework'. To resolve US concerns about Pyongyang's plutonium-producing reactors and the Yongbyon reprocessing facility, the agreement called for North Korea to freeze and eventually eliminate its nuclear facilities, a process that would require dismantling three nuclear reactors, two of which were still under construction. North Korea also allowed the IAEA to verify compliance through 'special inspections', and it agreed to allow 8,000 spent nuclear reactor fuel elements to be removed to a third country. In exchange, Pyongyang would receive two light-water reactors (LWRs) and annual shipments of heavy fuel oil during construction of the reactors. The LWRs would be financed and constructed through the Korean peninsula Energy Development Organization (KEDO), a multinational consortium. The accord also called for movement towards full normalization of political and economic relations, and as such also served as a jumping-off point for US-North Korean dialogue on Pyongyang's development and export of ballistic missiles, as well as other issues of bilateral concern.¹⁹

However, the United States never built the promised light-water reactors, and in late 2002 North Korea resumed using its old reactors. During the course of the 2006 crisis, it surfaced that American misjudgements about the internal dynamics of North Korea's closed society fixed US policy in an ill-conceived 'collapse theory'. A group of senior intelligence analysts, Pentagon war-gamers, and independent academic experts had concluded that the isolated, impoverished country would collapse within five years. Ambassador Wendy Sherman, who during the late 1990s was the Clinton administration's coordinator for North Korean policy said that conventional wisdom was completely wrong: 'People constantly underestimated the staying power of the Kim regime'.²⁰ The belief that the North Korean economy was collapsing helped to shape White House thinking in 1994 when it promised to deliver light-water nuclear reactors to North Korea by 2003 in exchange for Pyongyang halting its covert nuclear weapons' programme. Senior Clinton administration officials said privately at the time that they did not expect Kim's government to be in power by the time that the United States had to make good on its pledge. In other words, the United States was not serious and, like later during the Bush administration, did not negotiate in good faith, as one can read below. The biggest American miscalculation was that the experts never expected that North Korea's neighbours — China, South Korea and even Japan — would engage in large-scale aid efforts.²¹

The administration of US President George W. Bush suspected that North Korea was secretly planning to produce weapons-grade material

19) For a chronology of events in the 1990s, see *Arms Control Association Fact Sheets* at <http://www.armscontrol.org/factsheets/dprkchron.asp>.

20) Mark Mazzetti, "'Collapse Theory' Tilted US Policy towards North Korea', *New York Times*, 27 October 2006.

21) Ibid.

through uranium enrichment. The Agreed Framework was no longer functional, and North Korea began openly manufacturing plutonium. In 2005, Pyongyang announced that it possessed nuclear weapons. According to US intelligence, North Korea has produced enough plutonium since 2003 for six to eight nuclear warheads. Although the North Korean threat has grown, the Bush administration has rejected bilateral negotiations with Pyongyang.

Japan's Failed Attempt to Lead

When Junichiro Koizumi took power as Japan's prime minister in 2001, he was eager to launch an initiative that would reduce Japan's dependence on the United States. Altogether, Japan appeared to be going nowhere in foreign relations except to support the United States under pressure, as after '9/11' and again in 2003 in the war against Iraq. Below the surface there was constant worry that Bush's hardline approach towards North Korea — which had just declared Pyongyang part of the 'axis of evil' — would lead to conflict and war and there was a strong urge to gain an independent voice on matters of East Asian security. When Koizumi, without consulting the Bush administration, made his surprise announcement in September 2002 that he would visit Pyongyang and meet with Kim Jong-Il, it was — after some initial confusion — compared with Kim Dae Jung's 'Sunshine' summit in 2000 or even with Richard Nixon's 'shock meeting' with Mao Zedong in 1972.²² If Koizumi succeeded in persuading Pyongyang to bargain its missile and nuclear programme for a big pay-out in economic aid and participation in East Asia's emerging regional integration, he would prove that 'the Asian Way' — like the EU way — of discreet negotiations would be superior to Washington's public insults, threats and rash resort to military force, and his place in history would be assured. However, the issue of abductions of Japanese citizens by North Korean agents had troubled Japanese-North Korean relations for more than a decade, but it did not top the agenda for the Pyongyang summit. Nevertheless, while meeting Koizumi, Kim Jong-Il made the stunning admission that twelve of thirteen abductions on a previously published Japanese list had indeed taken place and that seven of them had died. Five of the surviving abductees would be allowed to return to Japan, but they had to leave their families behind. The drama inflamed public opinion in Japan to such a degree that no negotiations on security issues and economic aid could be held until Koizumi made a second visit to Pyongyang in May 2004. This second visit resulted in an agreement to allow the eight relatives of the abductees to go to Japan.²³

22) Tokyo University Professor Akihiko Tanaka held this view; interview by the author with Professor Tanaka, Tokyo, 6 July 2006.

23) 'Evaluating Koizumi's Second Trip to North Korea, Izumi Hajime', interviewed by Watanabe Hirotsuka, *Japan Echo*, 8 August 2004.

The 'Six Party Talks': China Takes the Lead

Within weeks of Koizumi's first 'unauthorized' Pyongyang visit, Washington had become alarmed by the progress of South Korea's 'Sunshine Policy' with the North — linking North and South Korea by big infrastructure projects, setting up investment zones in the North and even de-mining the Demilitarized Zone, which the US refused to approve. On top of this came the conciliatory approach towards Pyongyang of America's most obedient ally: Japan. This had to be stopped. Not ready for a pre-emptive strike on North Korea in the run-up to the Iraq War, Washington decided to cook intelligence and to mobilize a coalition against Pyongyang, the so-called 'Six Party Talks', not so much for serious negotiations as for a 'diplomatic tribunal' to pressurize North Korea and persuade the other participants to agree with America's hard line and join Washington in imposing sanctions.

A revealing article in *Foreign Affairs* by seasoned North Korea expert Selig Harrison shines light on the American pattern of deception and manipulation in handling North Korea in previous years. Referring to the Bush administration's misrepresentation and distortion of intelligence data to justify the war in Iraq, Harrison wrote:

Relying on sketchy data, the Bush administration presented a worst-case scenario as an incontrovertible truth and distorted its intelligence on North Korea (much as it did in Iraq), seriously exaggerating the danger that Pyongyang is secretly making uranium-based nuclear weapons.²⁴

Washington's accusation of Pyongyang was delivered on 4 October 2002 during a visit to the North Korean capital by James Kelly, Assistant Secretary of State for East Asian and Pacific Affairs. Kelly told a key North Korean official that he had evidence of a uranium-enrichment project. According to Kelly, the North Korean official, First Deputy Foreign Minister Kang Sok-Ju, acknowledged the existence of such a programme at the time. But Kang has subsequently denied this. What he actually told Kelly, according to Foreign Minister Paek Nam Sun, was deliberately ambiguous: 'that North Korea is "entitled" to have such a programme or "an even more powerful one" to deter a pre-emptive US attack'. According to Paek, Kang also stated that North Korea is entitled to pursue an 'NCND' (neither confirm nor deny) policy concerning the specifics of its nuclear capabilities, just as the United States does — especially since the two countries remain belligerents in the technically unfinished Korean War.

The uranium enrichment programme was in clear violation of the 1994 agreement that Pyongyang had signed with Washington to freeze its pursuit of

24) Selig Harrison, 'Did North Korea Cheat?', *Foreign Affairs*, January/February 2005.

nuclear weapons. Since North Korea had allegedly cheated, the Bush administration declared that the United States was no longer bound by its side of the 1994 deal. Accordingly, on 14 November 2002, the United States and its allies suspended the oil shipments that they had been providing North Korea under the 1994 agreement. Pyongyang retaliated by expelling international inspectors and resuming the reprocessing of plutonium, which it had stopped under the 1994 accord (the Agreed Framework). The confrontation between North Korea and the United States once more reached crisis level. On 10 January 2003, North Korea announced that it would withdraw from the Nuclear Non-Proliferation Treaty. In the meantime, in August 2003 and February 2004 the first two rounds of the Six-Party Talks on North Korea's Nuclear Programme had been held in Beijing. The third took place in June 2004. Soon after the session, North Korea rejected US suggestions that it follow Libya's lead and give up its nuclear ambitions, calling the US proposal a 'daydream'. After three sessions, no fourth session was held, until the Chinese started making new efforts to reconvene the talks in the summer of 2005.

In May 2005 China accused the Bush administration of undermining efforts to revive negotiations with the North Korean regime and said there was 'no solid evidence' that North Korea was preparing to test a nuclear weapon. Even as the White House pressed China to find a solution to the nuclear issue, Chinese officials say, the US has hurled insults at North Korea and given its leaders excuses to stay away from the bargaining table. Yang Xiyu, China's top Foreign Ministry official in charge of the North Korean nuclear problem said that when President Bush referred to the North Korean leader, Kim Jong-Il, as a 'tyrant' in late April 2005, Bush 'destroyed the atmosphere' for negotiations, undoing weeks of efforts — by China — to persuade North Korea that the United States would bargain in good faith.²⁵ Finally, on 9 July 2005 there was some relief. North Korea had agreed after a lull in the talks of more than one year to resume the Six-Party Talks before the end of July. An intricate tripartite game of face-saving had produced this result: the South Koreans had persuaded the Americans no longer to publicly insult the North Koreans; and the Chinese had persuaded them to resume the talks and hosted a dinner for them with the American Assistant-Secretary of State for East Asian Affairs Christopher Hill, which the North Koreans had accepted as the direct contact that they had demanded.²⁶ A meaningful step forward was taken when the US, after years of hardline rhetoric and threats, conveyed to Pyongyang that it recognized North Korea as a sovereign country and had no intention of invading it. Then on 19 September 2005, North Korea agreed to give up all of its nuclear weapons' programmes in exchange

25) Joe Kahn, 'China Says US Impedes North Korea Arms Talks', *New York Times*, 13 May 2005.

26) Joel Brinkley and David Sanger, 'North Koreans Agree to Resume Nuclear Talks', *New York Times*, 10 July 2005.

for oil and food aid and diplomatic recognition by the US and Japan. China basked in the glory of peacemaking in the region, but the euphoria was short-lived.

Within days, North Korea and the US disputed crucial details of their landmark six-party agreement, with Pyongyang declaring that it would only give up its nuclear weapons after it received the long-promised light-water reactors. But Chris Hill told Associated Press (AP) in Washington: 'Life is too short to overreact to every statement coming out of Pyongyang'.²⁷ In October 2005 the US imposed sanctions on eight North Korean companies in Macau for being fronts for weapons of mass destruction and perhaps also for counterfeiting and money-laundering. Pyongyang had been involved in these and other illicit activities, such as drug dealing, for years, as these provided an important source of funding for Kim's besieged regime. The question is why the US suddenly wanted to make a major issue about this after a preliminary accord had been reached only one month before. It transpired that the office of US Vice-President Dick Cheney had leaked new details about North Korea's illicit activities to the *Wall Street Journal* so as to derail a final settlement. Neo-con hardliners in the Bush administration were adamant about continuing the push for regime change or collapse at the earliest possible opportunity. In December 2005 the American ambassador to South Korea, Alexander Vershbow, called the North Korean government a 'criminal regime' in a high-profile speech to the International Press Club in Seoul. This is undoubtedly true, but if you are in the final stage of an unprecedentedly difficult negotiating process, is it professional and wise to publicly say so? It only further strengthened the international community's impression that Washington did not want a serious conclusion of the process.

Pyongyang decried Washington's hard line, denied any wrongdoing, and complained that the whole state should not be punished for the actions of a few companies. The world was waiting in suspense again at what new surprise the cornered regime had in store. By June 2006 American satellites had established that Kim's military were preparing for new missile launchings. Some voices in Washington advocated a pre-emptive strike this time, but they were not Bushist neo-con hardliners, but ostensible moderates from the Clinton years. In a controversial column in the *Washington Post*, William Perry and Ashton Carter, former US Secretary of Defense and Assistant-Secretary in the Clinton administration, called on the Bush administration to launch a pre-emptive strike against the long-range ballistic missile that US intelligence analysts said North Korea was preparing to launch.²⁸

North Korea reiterated that as long as the October 2005 financial sanctions were in force, no progress on the nuclear issue could be made. No

27) Anna Fifield in Seoul, Guy Dinmore in Washington and Andrew Yeh in Beijing, 'North Korea Throws Nuclear Deal into Doubt', *Financial Times*, 20 September 2005.

28) Ashton B. Carter and William J. Perry, 'If Necessary, Strike and Destroy: North Korea Cannot Be Allowed to Test This Missile', *Washington Post*, 22 June 2006.

further talks have been held since, and after a stand-off of eight months, Pyongyang resorted to an act of warped defiance and at the same time ultimate despair. To get the attention and *respect of some sort* from the world, especially the US and Japan, the cornered regime on 4 July 2006 fired seven missiles, including six mid-range Rodong class into the Sea of Japan and at least one long-range Taepodong-2 missile, which is believed capable of reaching the US mainland. The news was conveyed to me by a senior researcher in the National Institute for Research Advancement (NIRA), the umbrella research organization in Japan. She offered the following lucid analysis of the situation:

‘I think this was a calculated move by Kim Jong-Il. One for domestic reasons, i.e. to check the balance between hard- and softliners. That is to say, since 2002 or maybe way back to 1999 Kim has advanced an ‘Open Door Policy’ and has established diplomatic ties with many countries, including in Europe ...

EU members have visited Pyongyang at least a couple of times and have discussed a way forward for the future. This has given a major boost to confidence. Their tone of discussion with Japan has changed from 1998-1999. I was in Pyongyang myself and felt the difference.

Second, Kim Jong-Il has taken to a ‘confession’ policy. He has made a confession about the abductees and about naval intrusion along the border. He has also made confessions about other things. If I may limit myself to abductions, Kim expected that admitting abductions *vis-à-vis* Japan, he can normalize diplomatic relations with Japan, but the outcome was the contrary. So it was a defeat for his confession policy. Meanwhile he is frustrated I presume about the way his country is treated by the US, compared to Iran. First, US sanctions against North Korea for dollar-faking have been painful, and second, North Korea wanted to have direct talks with the US but even the Six Party Talks, which offer opportunities for bilateral contacts, have been stopped because of the dollar counterfeiting. Looking at Iran, it has been treated well by the Europeans and is getting even some US attention. North Korea feels ignored by the US. Test-firing missiles is their way of getting attention. It is not the task of an academic to project what would happen in the future, but it is my reading that North Korea would suffer from escalating tensions, caused by the missiles. But this would die down and it will get what it wanted, i.e. some sort of negotiations with the US. The question is what kind of Security Council decision will come from the United Nations and secondly what kind of negotiations they can pursue with the US. Japan will most probably impose economic sanctions, but these would only be effective if it were a concerted effort by the region and China would be dubious about it. Our sanctions would only be effective if we get support from China and South Korea and since that will not be forthcoming, North Korea will eventually get what it wants: ATTENTION!’²⁹

China had tried hard to persuade Pyongyang not to launch the missiles and one of the inevitable conclusions was that Chinese influence on the

29) Interview with Akiko Fukushima, Research Director, National Institute for Research Advancement (NIRA), Tokyo, 5 July 2006.

irascible North Korean regime was not that great. For a moment the world seemed to be united in condemnation, but that did not amount to a unified response: the United States wanted a new package of sanctions; China opposed this and said that Japan's attempt to seek a United Nations' resolution against North Korea was 'overreaction' and would only add to tensions in the region; and Japan lost its cool and warned that it — also — had the right to strike pre-emptively at North Korea's launch base.³⁰ The American chief negotiator, Assistant-Secretary Chris Hill and his Chinese counterpart, Vice Foreign Minister Wu Dawei, made efforts during late summer 2006 to get the North Koreans back to the Six-Party Talks, but Pyongyang made it clear that it would boycott the negotiations until Washington lifted financial restrictions on the North.³¹

After the Test

As described above, North Korea's ultimate challenge to the four major powers — the US, China, Russia and Japan — and its ethnic neighbour South Korea unfolded during the first attempt at North-East Asian regional reconciliation. While new Japanese Prime Minister Shinzo Abe was trying to improve Japan's troubled relationships with its most important neighbours — China and South Korea — North Korea conducted its long-awaited nuclear test. The world seems to be more united than four months before in its condemnation of Pyongyang as a truculent 'rogue', threatening regional and global peace and stability, but there is more to it than just that. China, which has been the main actor in propping up the tottering North Korean economy, felt particularly betrayed by what it still considered a trusted protégé. Beijing denounced the test as a 'brazen' (*hanran*) act, suggesting that it might contemplate strong retaliation. How, Chinese leaders seemed to be asking, could Kim Jong-Il treat us with such disrespect after all the aid that we have been pouring into his dilapidated economy, including fuel, food and cash?

Openly expressed anger and criticism of official Chinese-North Korean relations by prominent Chinese academics in think tanks illustrate how uninhibited policy debates have become in post-totalitarian, neo-authoritarian China. 'This is the biggest diplomatic failure since the establishment of the People's Republic [in 1949]', said Zhang Liankui, a professor at the Central Party School in Beijing, now something similar to the *École Nationale d'Administration* (ENA) in Paris. 'China is the biggest loser, as it has offended both North Korea and the US'.³² Zhang went as far as saying: 'It was a stupid policy for China to view North Korea's nuclear weapon as potential leverage

30) Statement of Chief Cabinet Secretary Shinzo Abe.

31) 'US Frustrated on North Korea Talks', *International Herald Tribune*, 6 September 2006.

32) Richard McGregor, 'Failure of Policy to Restrain Neighbour Rankles with China', *Financial Times*, 9 October 2006.

against the US. Instead, the nuclear weapon will be mainly aimed at China'.³³ In another interview with the global media, he added: 'North Korea's reaction is a challenge to the whole world. Every country should have a clear and definite attitude, including China'.³⁴ Another academic, Yan Xuetong of Tsinghua University, who often acts as a semi-official spokesman for the Chinese government, compared the breach between China and North Korea to the Sino-Soviet split in the 1950s: 'The old relationship has gone to hell', he said.³⁵ Shen Dingli, of Fudan University in Shanghai, said in an article released days prior to the test that China should only join in 'symbolic sanctions' against its neighbour and 'block economic sanctions'. Professor Shen said that Pyongyang appeared to have calculated that China worried most about losing a buffer state through US-inspired 'regime change' in North Korea. 'China must continue to look at North Korea through the prism of Taiwan', Shen said. 'You cannot expect China to completely abandon its ally while America continues to back Taiwan and allow the independence movement to thrive there.'³⁶

Sanctions: 'Kabuki Theatre'

'Sanctions may not be all that effective', says Stephen Bosworth, a former US Ambassador to South Korea, because North Korea's economy is so autarkic. 'We can try to tighten sanctions to some degree, but there's not much to sanction', he says. South Korea and China, while upset by the prospect of a nuclear North Korea, are reluctant to squeeze it too hard, which could force violence or collapse. And the regime has already adjusted, to some extent, to US sanctions in place since the Korean War.³⁷

South Korea was not committed to real hardline retaliation against its astray Northern brothers either. David C. Kang, a prominent Korea specialist and adviser to the US government, said: 'Limited sanctions and cooperation will continue, so we're basically in the same boat as before. It's untenable globally to oppose sanctions right now. So South Korea will go along with them for a while, put some projects on hold, but resume them in a year or sooner'. Kang added: 'The sanctions are at best kabuki theatre. They're not

33) China tried on various occasions in recent years to make a 'grand bargain' with the US: China would exert more pressure on Pyongyang on the nuclear issue in exchange for further US disengagement from Taiwan.

34) Joseph Kahn, 'For China, Test Comes as Diplomatic Affront', *New York Times*, 10 October 2006.

35) Joseph Kahn, 'Angry China is Likely to Toughen its Stand on Korea', *New York Times*, 9 October 2006.

36) Kahn, 'For China, Test Comes as Diplomatic Affront'.

37) Annelena Lobb and Scott Patterson, 'Leaders Search for Response to North Korea's Nuclear Test', *Wall Street Journal*, 10 October 2006.

going to have much effect on North Korea's behaviour'.³⁸ The South Korean government further said that it would still pursue economic projects with North Korea, including an industrial zone and tourist resort in the North. Those projects are not explicitly covered by the Security Council resolution, but they are an important source of hard currency for North Korea.

Japan, still busy imposing restrictions on travel and remittances and a shipping embargo as punishment for the missile tests of 5 July 2006, was now the most vocal about pursuing further sanctions through the United Nations, such as slapping an embargo on imports and exports of certain agricultural, marine and other products, such as matsutake mushrooms, sea urchins and clams, etc., and freezing the assets of companies with connections to North Korea's weapons' programmes.³⁹ Hawkish politicians close to Prime Minister Shinzo Abe said that the Japanese were prepared to assist the American military in inspecting North Korean ships despite Japan's pacifist constitution, and called for a debate on whether Japan should possess nuclear arms. Abe himself has said that he has no intention of changing the government's long-time ban on nuclear weapons. Australian Defence Minister Brendan Nelson said that Australia was prepared to provide a warship to help intercept cargo vessels heading to or from North Korea as part of any UN sanctions' regime.

South Korea and China are very reluctant to use military means, as this could easily lead to armed confrontations. What the recent episode has proven again is that the US administration is not in a position really to challenge North Korea, in particular without South Korea and China on board.

Under fire from all sides over its mismanagement of the war in Iraq, the Bush administration has slowly come to realize that its North Korea policy of verbal abuse of Kim Jong-Il's regime and refusal to have direct bilateral negotiations with 'evil' has been an utter failure like the Iraq debacle. 'The message out of Iraq is that if you don't have nuclear weapons you get invaded; if you do have nuclear weapons, you don't get invaded', Madeleine Albright, former US Secretary of State, told the *Financial Times* in an interview in early 2006. She said that the message was hammered home by President George W. Bush's decision to link Iraq, Iran and North Korea in the 'axis of evil'.⁴⁰ 'What it tells you is that we started at the wrong end of the "axis of evil"', former Senator Sam Nunn, the Georgia Democrat who has spent his post-Congressional career trying to halt a new age of proliferation, said in an

38) Norimitsu Onishi, 'Questions Grow over UN Curbs on North Korea', *New York Times*, 15 October 2006.

39) 'Japan Pushes Additional Sanctions Against North Korea', *Asahi Shimbun*, 10 October 2006.

40) Daniel Dombey, 'Breakfast with the FT', *Financial Times*, 23 June 2006.

interview. 'We started with the least dangerous of the countries, Iraq, and we knew it at the time. And now we have to deal with that.'⁴¹

Since the July 2006 missile tests and even more forcefully after the nuclear test, numerous (retired) politicians, foremost among them former US President Jimmy Carter, the peace envoy of 1994, think tanks such as the International Crisis Group, academics and commentators have appealed to the Bush administration to talk directly to the North Koreans as the only alternative and supplement to the multilateral six-party dialogue.

When the North Koreans finally agreed on 31 October 2006 to return to the Six-Party Talks, it was clearly the result of stepped-up pressure by their powerful neighbour China, which had reportedly stopped oil shipments to North Korea. If China, now enjoying a re-emerging cooperative relationship with Japan, manages to rein in its truculent neighbour, that will be a salutary development for the region.

'The key will be whether the North is really willing to give up its nuclear weapons or just stalling for time', said Kim Tae Hyo, a professor at Sungkyunkwan University in Seoul. 'The coming months will be crucial as the answer to this question gets clearer. North Korea itself emphasized that a direct meeting with the US during previously unpublicized negotiations on Tuesday 31 October 2006 in Beijing, had made the diplomatic breakthrough possible. In other words: 'Our nuclear test achieved its goal. The US has yielded to our demand for direct contact'.⁴²

The reconvened talks will be the first test case for whether Sino-Japanese relations have really improved or are on the way towards improvement. During previous sessions, Japan was as a rule supporting the American hard line towards North Korea or even took a harder line than the Americans. Since new Prime Minister Abe has vowed to build a mutually beneficial relationship of trust with the Chinese leadership, it will be interesting to see whether Japan will continue to support the US's failed hardline approach or the patient, pragmatic approach of the Chinese.

41) David E. Sanger, 'News Analysis: For US, Strategic Jolt after North Korea's Test', *New York Times*, 10 October 2006.

42) Choe Sang Hun, 'North Korea Draft Pact Suggests Big Shift by US', *International Herald Tribune*, 22 September 2005.

CHAPTER III

CHINESE-JAPANESE RELATIONS IN CHINA'S DOMESTIC POLITICS

Pre-1972: 'Non-Recognition but People-to-People Trade'

Before 1972, China was in a state of permanent revolution and almost completely isolated. Japan was a 'protectorate' of the United States, and could not take any major foreign policy decision on its own and was forced to follow the US policy of non-recognition of China, severely hampering trade between the two neighbours. The loss of access to China, which had been a supplier of natural resources as well as a crucial market in the pre-war era, was a serious handicap for the economic reconstruction of Japan. In an attempt to maintain economic ties with China, the Japanese government had adopted a policy of 'separation of politics and economics', which enabled businessmen to conduct limited operations in China prior to the Cultural Revolution. Only after US President Richard Nixon's 'Opening of China' in February 1972 was Japan 'permitted' to establish diplomatic relations with China, nearly seven years ahead of the United States itself. Normalization was followed by a rapid expansion of trade and investment. In 1973, Japan eyed China as an alternative supplier of oil in the wake of the OPEC-engineered oil crisis. In 1978 China's Vice-Premier Deng Xiaoping, despite his modest title the paramount leader of post-Mao China, signed a 'Treaty of Peace and

Friendship', which for Beijing replaced the Dulles-inspired San Francisco Treaty of 1951, to which neither China nor Taiwan had been parties.

During the 1970s, China saw Japan as playing an important role in its anti-Soviet strategy and so did the US. Although there was a major flare-up of nationalist posturing by hundreds of Chinese fishing boats around the disputed Diaoyu (in Japanese: Senkaku) Islands in the East China Sea, Deng Xiaoping managed to calm the situation by appealing that future generations should settle this issue (see chapter VI). During the 1980s, Japan played a major role as a partner in China's economic reform strategy and all through the 1980s relations were generally constructive and friendly.

There were two history textbook disputes and a dispute involving a Taiwan-owned student dormitory in Kyoto that China claimed. The textbook controversies had alerted prescient Japanese that history would not go away as Mao Zedong, Zhou Enlai and also Deng Xiaoping had wished, but that later generations of Chinese would increasingly use history to advance their objectives in other areas. This happened for the first time in 1985 when the first post-normalization anti-Japanese student demonstrations erupted on 18 September 1985, just as the anniversary of Japan's 1931 invasion of Manchuria was being marked. And more protests took place three months later on the arrival of the fiftieth anniversary of the December 9th Movement, an anti-Japanese, anti-Kuomintang struggle that is the second most famous student-led campaign of the pre-1949 era.

Then the 'Redress Movement' of private citizens, claiming compensation from the Japanese embassy for damages suffered during the war, asserted itself publicly for the first time in 1988. War reparations did not play a role in the inter-governmental relationship, because the Chinese regime had voluntarily renounced claims for three reasons:⁴³

- to express friendly intentions to the Japanese people;
- to avoid a repeat of Germany in the 1920s and 1930s where intolerable burdens of reparations to France for World War I paved the way for the Nazis' rise to power;
- because the government of Chiang Kai-shek, still recognized by the US and members of the United Nations, including the Security Council until 1972, had already given up on them.⁴⁴

43) In the Joint Communiqué on the establishment of diplomatic relations of 29 September 1972, the government of the People's Republic of China declares (clause 5) '... that in the interest of the friendship between the Chinese and the Japanese peoples', it renounces its demand for war reparation from Japan.

44) Ming Wan, *Sino-Japanese Relations: Interaction, Logic and Transformation* (Washington DC: Woodrow Wilson Center, 2006), p. 88.

There was also another important reason, which was never publicly stated: Chairman Mao's secret gratitude to the Japanese that their war on China had enabled him to come to power eventually.

The Chill from Tiananmen Square

The 1989 bloody repression of the Tiananmen Square demonstrations in Beijing delivered a major blow to the widespread pro-China feelings in mainstream Japan. China lost much of the moral high ground that it had appropriated, although the Chinese leadership up to the present day is still in hard-line Stalinist denial of what happened: 'The student demonstrations were part of a counter-revolutionary rebellion that had to be crushed to save China from chaos'. The Japanese thought otherwise: they thought that China should in its turn engage in some soul-searching rather than only focus on Japan's misdeeds decades ago. Japan joined the other G-7 nations in imposing sanctions on China, but was the first country to lift them in 1990 and help China out of its international isolation. Japan's criticism of China's human rights' record was vehemently rejected by the Chinese leadership and China retaliated by magnifying Second World War issues. Thus the emotional link between the human rights' issue and the legacy of the Second World War became a unique feature of relations between Japan and China.⁴⁵

When the Soviet-US bipolar confrontation ended in 1991, the strategic framework that had cemented Sino-Japanese relations since 1972 also ceased to exist. Japan responded very differently to the demise of the Soviet Union than Europe, which for the first time in one hundred years felt a new sense of transcontinental homogeneity. The rationale for NATO — defence against an expansionist Soviet military empire — had faded. Japan faced dissimilar neighbours: China, transformed from a totalitarian Marxist-Leninist into a developmental-capitalist authoritarian one-party state; South Korea, a democratic ally of the United States that was slowly moving back into the Chinese orbit to which it had belonged until Japan invaded and annexed Korea in 1910; and North Korea, an unreformed hardline Stalinist state *sui generis*. Unlike in Europe, prospects for regional security cooperation and economic integration were inconceivable because of the fundamental asymmetry of the political systems and the glaring disparity in economic development.

After the first Gulf War, the US wanted Japan to play a bigger role in sharing military burdens. China regarded this as reawakening militarism and feared that Japan would re-emerge as an independent military power. Taiwanese President Lee Teng-hui started pushing Taiwan step by step

45) Yutaka Kawashima, *Japanese Foreign Policy at the Crossroads: Challenges and Options for the Twenty-First Century* (Washington DC: Brookings Institution, 2003), chapter 5 on 'Relations between Japan and China', pp. 95-110.

towards (more) independence, with some backstage support from the US and Japan. Japan was also increasingly concerned over China's nuclear tests, over which it cancelled grant aid to China.⁴⁶

After it survived the Asian financial crisis in 1997 virtually unscathed because of its closed capital markets, China became more confident about its economy. Large-scale investment was flowing in from Hong Kong and Taiwan and Japanese investment was no longer so indispensable. By the late 1990s, China got the feeling that it was going to replace Japan and become number one in Asia and its mindset evolved accordingly: 'We are not going to put up with Japan anymore'.

Reopening of the 'History Issue'

During a state visit to Tokyo in November 1998, Chinese President Jiang Zemin displayed Beijing's unrelenting policy that history was the political foundation for the relationship and it antagonized the Japanese government more than ever before. The Japanese refused to use the same contrite language in their apology as they had used one month before to President Kim Dae Jung of South Korea. They only expressed 'deep remorse' and no 'heartfelt apology' in the written document. The Chinese cancelled the signing ceremony. The Japanese had concluded that the Chinese were not interested in a solution of the historical issue, but rightly or wrongly they were convinced that Beijing wanted revenge, in classical Confucian fashion:

We Chinese were the culturally and morally superior power for thousands of years. We were the father, the teacher; you Japanese were the son, the student. From 1895 until 1945 you beat us up. You humiliated us! The Western powers and Russia also humiliated us, but they were not our son, our student! What bigger crime is conceivable than a son, beating up his father, a student beating up his teacher, humiliating him?⁴⁷

During the orthodox communist Mao era (1949-1976), China was not a real player and after several decades of economic reform it is now re-emerging as the pre-eminent power in East Asia, and it seems to be determined, not so much to take revenge, but to put Japan back in its place: downgrade it to its historical pre-nineteenth-century status: a peripheral secondary power on the edge of the central power, the Chinese Middle Kingdom.⁴⁸

46) Akio Takahara, 'Japan's Political Response to the Rise of China' in Kokubun Ryosei and Wang Jisi, *The Rise of China and a Changing East Asian Order* (Tokyo: Japan Centre for International Exchange, 2004), chapter 10.

47) For detailed discussions of this topic, see Peter Hays Gries, *China's New Nationalism: Pride, Politics, and Diplomacy*, chapter 5 entitled 'Victors or Victims?', pp. 69-85.

48) Kenichi Ohmae, *China Impact* (Tokyo: Kodansha, 2002).

Jiang's rationale for playing the history card was that Japan had been an aggressor in the 1930s and 1940s, had failed to reflect adequately on its misdeeds and was therefore unsuitable to become a major political and military power. Immediately following the war, the nationalist Chinese leader Chiang Kai-shek announced that Japan had killed 1.75 million Chinese. After the Communists came to power in 1949 Chairman Mao Zedong declared that 9.32 million Chinese had been killed by the Japanese. In 1995 however, Jiang Zemin raised the casualty estimate to 35 million and this has become the official Chinese figure since. Chinese-American author Iris Chang's highly passionate book *The Rape of Nanking: The Forgotten Holocaust of World War II* (1997) on Japan's single largest war atrocity put the death-toll of this orgy of Japanese random slaughtering of civilians at 300,000, because she wanted to highlight that the number of casualties was — or must have been — higher than those of Hiroshima and Nagasaki combined. Insufficient unbiased research has been undertaken on this. Western historians consider the figure of 300,000 dead as only symbolic.⁴⁹

Jiang's approach of magnifying war tragedy no longer had traction in Japan and was even counterproductive, but at home it was an effective tool in shaping China's new nationalism, which was slowly replacing crumbling communism as an ersatz unifying ideology. Patriotic education replaced training in Marxism-Leninism. Thousands of new 'free' newspapers eagerly boasted China's new achievements and bashed foreigners, especially Japanese. TV audiences were flooded with movies, glorifying heroic Chinese communist guerrillas and demonizing the Japanese militarists on their bloody rampage in large areas of China.

'Victimhood-based' Nationalism

In May 1999, an American-made tragedy that was not related to Japan — the 'erroneous' bombing of the Chinese embassy in Belgrade during the Kosovo War — further inflamed China's 'victimhood-based' nationalism. Frenzied Chinese crowds branded it a 'terrorist attack', for which both the Clinton administration and NATO Secretary-General Javier Solana apologized profusely. At the outset of 2001, the new Bush administration seemed to switch from Clinton's policy of *engagement* to one of *competition* and renewed collision over Taiwan. The test followed very soon: a Chinese jet-fighter crashing into an American EP-3 electronic surveillance plane, very close to the South China Sea island of Hainan, in which a Chinese pilot lost his life. It plunged relations into another crisis. Chinese popular anger was now fuelled by the twin engines of the American '*hegemonic bully*' and its '*Japanese running dog*'.

49) Gries, *China's New Nationalism*, pp. 79-85.

By the turn of the century, a highly inflammable nationalism and mutually negative feelings on both sides prevailed, which obfuscated the longer-term objectives of the two countries. A seminal article by *People's Daily* commentator Ma Licheng in 2002 advocated new thinking about relations with Japan, away from Second World War issues and geared towards the future. It triggered an extensive debate among academics from across the ideological spectrum, but it was counterproductive. Moderates were marginalized and an ensuing wave of ferocious Japan-bashing illustrated how deep the hatred of Japan still runs in China.⁵⁰

Japan's response was 'apology fatigue', a greater willingness to amend its pacifist constitution, become a fully fledged military power again and continue the strengthening of the security alliance with the United States.

The Liberal Democratic Party (LDP) had been reinstituting a new state-centred patriotism centred on the flag, the National Anthem *Kimigayo* and the 'cult of Yasukuni', all the way. The LDP's coalition partner, Komeito, a Buddhist-based party, is firmly opposed to any state-orchestrated patriotism. School teachers in Tokyo, where nationalist populist Shintaro Ishihara is the governor, are punished and in some cases dismissed for refusing to sing the *Kimigayo* while standing in front of the flag.

Prime Minister Koizumi argued that it was time for Japan to become less queasy about patriotism more than 60 years after the end of the war. 'It is natural for everybody to develop a sense of emotional attachment and patriotism towards the state', he told the Japanese parliament in early 2006.⁵¹ During the previous five years, Koizumi had visited the Yasukuni Shrine annually but not on 15 August, the day of Japan's surrender in 1945. During his final year in office, Koizumi chose to make the pilgrimage for the first time on 15 August so as to magnify offence to China and the Koreans. There was an avalanche of criticism, most stridently from his fellow LDP member and erstwhile lieutenant Koichi Kato, who had become alienated from Koizumi because of his more nuanced views on China. On the very same day, a 65-year old right-wing fanatic drove up to Kato's house, armed with a knife and large supplies of kerosene. After the house had gone up in flames, the man tried to commit suicide by ritually disembowelling himself, but he failed after severely wounding himself. Only after two weeks of treatment in hospital could he be arrested.⁵² It took Koizumi nearly two weeks to denounce the arson attack. He did so as part of an outburst against the media, whom he blamed for the disrepute that his Yasukuni visits had brought to Japan and himself. Asked whether he wanted to fan nationalism with his shrine visits, he

50) Ma Licheng, Dui Ri Xin Siwei, (New Thinking on Relations with Japan), *Strategy and Management*, Beijing, fall 2002; see also Peter Hays Gries, 'China's New Thinking on Japan', *China Quarterly*, 2005.

51) David Pilling, 'Parody of Anthem Heats up Nationalist Debate', *Financial Times*, 29 May 2006.

52) 'Police Arrest Rightist after Kato House Fire', *Asahi Shimbun*, 30 August 2006.

unashamedly said: 'Absolutely not, but it is true that there are people who are trying to do so. You should stop making reports that inflame other countries'.⁵³ Referring to the serial assassinations of prime ministers and other politicians by right-wing fanatics during the pre-war period, Koichi Kato in his turn warned that a dangerous nationalism is on the rise again in Japan.⁵⁴

53) 'Koizumi Decries August 15 Arson', *Asahi Shimbun*, 29 August 2006.

54) 'Arson: Yasukuni Shrine, Terror and the Future of Japanese Democracy', *Asahi Shimbun* editorial, 18 August 2006.

CHAPTER IV

JAPANESE POLITICS, THE YASUKUNI SHRINE AND THE QUESTION OF WAR GUILT

Japan's War 'Amnesia'

One of the great anomalies of the post-Second World War world is the failure of Japan to atone adequately for its criminal war past. As a result, reconciliation with its victimized neighbours, foremost China and Korea, is still a work in slow progress 60 years after the war's end. For most Japanese of the younger generation, the legacy and memories of the war are no longer issues. Former Vice-Minister of Foreign Affairs Yutaka Kawashima, now Master of Ceremonies at the Imperial Palace, wrote: 'Today to a younger generation that does not share the memory — of the war and of rebuilding Sino-Japanese friendship in the 1970s and 1980s — arguments of the importance of the friendship between Japan and China are hardly convincing'.⁵⁵ The majority of Japan's political class rejects Chinese and Korean criticism that Japan has not properly apologized for its egregious war crimes. Many Japanese prime ministers have engaged in frequent apologetic rituals and even Emperor Akihito, during the only Japanese imperial visit to

55) Kawashima, *Japanese Foreign Policy at the Crossroads*, p. 2.

China in history in 1992, issued a meticulously calibrated statement of contrition, that would neither offend the Chinese government, nor right-wing nationalists at home in Japan.⁵⁶ Now there is general apology fatigue in Japan and many Japanese consider Chinese insistence on more apologies and more contrition to be a devious tactic of the Chinese communist leadership to keep Japan on the defensive and relegate it to secondary status in the titanic struggle for pre-eminence in East Asia.

China, on the other hand, is infuriated by what it sees as Japan's haste to bury unexamined history. As the fading of war memories works to the advantage of the government in Japan, in China it is more complex. There is clearly a liberal-cosmopolitan avant-garde in Chinese academia and think-tanks that holds the view that the younger generations of Chinese will turn their backs on mid-twentieth-century war issues that tormented their grandparents. Wang Jisi, dean of the School of International Studies at Peking University, is one of them. In 2004 he wrote: 'As new generations of Chinese elites with no experience of the Second World War emerge, the historical imprint in China's policy towards Japan will hopefully fade. This process is likely to take more than a few years'.⁵⁷ A year later, it was clear that the anti-Japan views of Chinese nationalistic hardliners had broad public support among China's educated youths. This is no longer the result of old-style communist propaganda, but of the rapidly increasing pluralistic freedoms in Chinese society and the proliferation of the internet. The Chinese government not always tolerates freedoms of expression through the internet or otherwise, but if the content is in line with China's prevailing — anti-Japanese — mood, it actively encourages these freedoms.

The reasons why Japan has not dealt with its war history in a solemn, dignified and consistent way — like Germany — and the reasons why in recent years China has reopened the issue are complex. They have to do with the history of China's dramatic national decline from the mid-nineteenth century until the mid-twentieth century, Japan's spectacular simultaneous rise to great power status followed by its ignominious defeat in 1945, Japan's subsequent resurgence as an economic superpower, and furthermore with national character and culture and with the ever-shifting impact of global strategic factors on East Asia.

56) Emperor Akihito said: 'In the long history of relationships between our two countries, there was an unfortunate period in which my country inflicted great suffering on the people of China. About this I feel deep sadness'. See David Sanger, 'Japan's Emperor Tells China Only of his Sadness over War', *New York Times*, 24 October 1992.

57) Wang Jisi, 'China's Changing Role in Asia', in Kokubun Ryosei and Wang Jisi (eds), *The Rise of China and a Changing East Asian Order* (Tokyo: Japan Centre for International Exchange, 2004), p. 15.

Shame, but no 'Guilt'?

The indigenous cultural factors of Japan's rise and fall from 1868-1945 and its post-war flaws have been eloquently dealt with by Ruth Benedict in *The Chrysanthemum and the Sword* (1946), in which she presents her main idea that Japan cannot apologize because, as an 'Asian shame society', it has no 'sense of guilt'. According to Japan-expert Karel van Wolferen, the problem of Japan's apparent inability to account for its war past in a manner that satisfies its neighbors is connected to an important peculiarity of Japan's political system, which lacks a center of political accountability. In other words, there exists no entity in its political system that has the factual mandate to speak for Japan.⁵⁸

In his *The Wages of Guilt: Memories of War in Germany and Japan*, Ian Buruma compares this Japanese shame culture with Germany's Christian 'guilt culture' and offers a lot more reasons why Japan, of its own volition and actively prompted by the Americans, suppressed its sense of war guilt and became morally indifferent about it.⁵⁹ In the immediate post-war years, Japanese politics went into a leftist, pacifist, neutralist direction. In 1960 the United States imposed a new treaty of military alliance on Japan, which turned Japan into a de facto protectorate of the US, with major restrictions on its foreign policy, such as maintaining relations with Taiwan and no recognition of the People's Republic of China. There were violent demonstrations in Tokyo and other cities by hundreds of thousands of people who thought, not without reason that the US in collusion with the right-wing Japanese elite was undermining the peace constitution. US president Dwight Eisenhower was forced to postpone his visit to Japan, although the Japanese underworld had volunteered to guard his route into town. The prime minister at that time was Nobusuke Kishi (maternal grandfather of current prime minister Abe), a former accused Class-A war criminal, who was let off the hook in 1948 by the Americans. Buruma explains that Kishi's release and later political comeback were not remarkable at all. Very few wartime bureaucrats had been purged. It was the communists, who had welcomed the Americans as liberators, who were purged after 1949, the year that China was 'lost'. Buruma quotes a West German diplomatic note to Bonn: 'All those who were purged from their jobs in 1945-1946 for political and other reasons have now resumed their work in complete freedom. In other words, everything in Japan that was done in Germany under the name of de-Nazification has been laid aside'. The Americans were now seen as promoters of the 'right-wing revival' and the crackdown on the left. In Japan there never

58) This is the central thesis of Van Wolferen's book: *The Enigma of Japanese Power, People and Politics in a Stateless Nation*, New York, Knopf, 1988.

59) Ruth Benedict, *The Chrysanthemum and the Sword* (Boston MA: Houghton, Mifflin, 1946); and Ian Buruma, *The Wages of Guilt: Memories of War in Germany and Japan* (New York: Farrar Straus & Giroux, 1994).

was a clear break. So whereas after the war Germany lost its Nazi leaders, Japan lost only its admirals and generals. Japan, unlike Germany, did not have an intellectual diaspora that returned in part after the war to help the country recover its conscience. Germany was occupied by four powers and became a member of NATO and of the European Community/Union. Japan was occupied by only one power, with which it had a bilateral relationship of dependence. Everything happened on American orders. As a result, Japan never really grew up. The overwhelming symbol of German war guilt is the Holocaust, and Germans are reminded almost daily never to forget. For the Japanese, the most powerful symbol of the war is Hiroshima, of which they were not the perpetrator, but the victim. That is why many Japanese are ingrained with a feeling not of war guilt, but of victimhood.⁶⁰

'We Japanese were Victims'

Professor Motofumi Asai, President of the Hiroshima Peace Institute at Hiroshima University and a former director of the China Bureau in the Ministry of Foreign Affairs, agrees that the majority of Japanese people are unable to be self-critical about their war past, because they became obsessed with the idea that they were the victims in the Pacific War:

There is little, if any, feeling that they were the aggressors and guilty about the past. There is an absence of shame, a moral obtuseness. On top of that, there has been the very sad history surrounding the Emperor. When the US occupied Japan, they forgave the Emperor and accepted that he was not guilty. Since then, many Japanese faced this confusion, that the person most responsible for the war, the Emperor, was not guilty. So we lost conscience about blaming ourselves and blaming the past. If we blame the past, we must blame the Emperor. But the Emperor was sacrosanct. Still, Koizumi is so pious about the imperial system.⁶¹

Renowned Japan expert Karel van Wolferen emphasizes what very few Japanese would not say or know — that is, that keeping the incumbent Emperor Hirohito was very much at the insistence of General Douglas MacArthur: 'Whether he truly believed his reasons, that Japan would otherwise not be governable, is an interesting question — he wanted to be seen as the most successful viceroy in history, and keeping the Emperor certainly solved some problems. But it created the huge problem of depriving the Japanese of a reliable history'. The mythology of a reluctant marine-biologist exploited by the militarists was enthusiastically continued by Japan scholar Edwin Reischauer, acknowledged as the American top Japan-scholar of his generation and President John F. Kennedy's ambassador to Japan: 'The damage goes much deeper than is generally appreciated. There was under the

60) Buruma, op.cit., passim.

61) Interview by the author with Motofumi Asai, Tokyo, 19 April 2005.

circumstances simply not a way to establish a common truthful Japanese wartime history'.⁶²

Another complicating factor is that the Japanese are too much accustomed to viewing the world vertically — that is, as a hierarchy of nations. There must be a division of strong and weak, but there is no such way of thinking as viewing countries equally and horizontally:

For Japan it is very easy to look up at the US as the leading power, because it is strong and we are relatively weak. So it is OK that US-Japan relations are maintained in a hierarchical manner. China was historically superior to Japan, until the Meiji Era. After the Meiji era, we defeated China and we became the Number One in Asia. And after 1945, the US took the place of Japan as Number One in Asia, and China and the US became enemies. Nowadays, we are facing a new situation, in which the US stands alone on top. China and Japan can meet each other on an equal footing, which for the Chinese is acceptable. But we Japanese cannot get accustomed to that reality. Either they are weak or we are weak.⁶³

History became 'Tabu'

A Chinese academic, Shi Yinhong, Professor of International Relations at Renmin University in Beijing and a frequent spokesman on Sino-Japanese relations, had elaborated earlier on the same issues and his comments fit in perfectly with those of Asai.

Shi says that Japan did not have to think seriously about its wartime aggression, because since China had become communist and since the West needed Japan for the war against communism in Korea, defeated Japan became an ally of the most powerful country in the world: the United States. Korea was ruined and divided by the superpowers and China was blockaded and 'excommunicated' by the United States under the crusading anti-communist Secretary of State John Foster Dulles. Unlike Germany, which was held to account by the three Western occupying powers, there was no pressure on Japan to come clean at all. The militaristic component of traditional Japanese samurai culture became again a decisive part of the new American-imposed *demokurashi*. History became almost *tabu*. Japan was mainly concerned about its vertical relationship with its victor, the United States, and became arrogantly insensitive about the neighbouring nations that it had brutalized.⁶⁴

China has its own political anathemas. It has never thoroughly examined the excesses of the Mao years, and the Japanese manipulate that to dismiss any further Chinese lecturing about their serial aggression. They have gone

62) Interview by the author with Karel van Wolferen, Amsterdam, 14 June 2005.

63) Interview by the author with Motofumi Asai, Tokyo, 18 April 2005.

64) Interview by the author with Shi Yinhong, Beijing, 31 March 2005.

through the motions of apologies several times, but they have never paid reparations as part of political bargains with the Mao Zedong/Zhou Enlai leadership.⁶⁵ However, they have extended Official Development Assistance to the amount of some US\$ 30 billion in recent years, about 70 per cent of it for environmental projects. In the Japanese mind 'Enough is enough!' But for the Chinese it clearly is not.

Then there are the legal cases lodged in Japanese courts by Chinese who were victimized. The Japanese government fights all of these cases, insisting that it has no legal obligation to pay compensation. The Chinese would have more reason to believe in the sincerity of Japan's expressions of remorse if they were accompanied by a willingness to compensate the handful of ageing survivors. Chinese citizens have since 1995, with the help of Japanese lawyers and civic groups working *pro bono*, successfully sued the Japanese government for apologies and compensation for wartime abuses.⁶⁶ Initially three categories of victims brought the suits: former forced labourers; victims of atrocities; and comfort women. Later another category appeared: those injured by abandoned Japanese wartime chemical weapons. The Japanese judiciary in some cases invoked the twenty-year statute of limitations (non-existent in Germany) but some important results were achieved by the plaintiffs. In one case the High Court reversed the ruling of a lower court on the grounds that the post-war Japanese state bears no responsibility under the Meiji Constitution. All lawsuits against the notorious Germ Warfare Unit 731 were rejected on the grounds that individuals cannot seek war compensation from the state. On other occasions, the courts used or abused the San Francisco Peace Treaty — itself a Dulles-made anomaly — as legal cover to extricate Japan from its legal and moral obligations. Subsequently, Japan used the 1972 Normalization Communiqué in which the Mao/Zhou leadership renounced war reparation claims. This was reaffirmed in the 1978 Peace Treaty, signed by Deng Xiaoping.

One of the most successful lawsuits so far was the ruling by the Tokyo District Court in 2003 that the Japanese government should pay 190 million Japanese yen in compensation to ten Chinese who had been injured by discarded Japanese chemical weapons, left behind in Manchuria. The two prominent Japanese lawyers who pleaded their cases, Onodera Toshitaka and Oyama Hiroshi, have become celebrities in China. The Xinhua Website expressed hope for the future of Sino-Japanese relations when one sees Japanese supporters raising money and demonstrating on behalf of the Chinese plaintiffs. Japan's judiciary has — sometimes ordered by a right-wing government under pressure of extremists — been evading its historical and moral responsibilities by invoking legal subterfuges such as a twenty-year statute of limitations, the non-applicability of the constitution, and in the case

65) Wan, *Sino-Japanese Relations*, p. 88.

66) For a succinct treatment of this subject, see Wan, *Sino-Japanese Relations*, chapter 12 entitled 'The Sino-Japanese Redress Movement', pp. 304-327.

of the chemical weapons lack of evidence that the weapons were left there by the Japanese, not the Kwantung or Russian or Chinese (communist) armies.

What is needed here is honour and leadership, not legalistic pettiness. Perhaps here, the Germans can point the way. In Germany there is no statute of limitations. Prosecutions continue up to the present day, although the suspects are, at youngest, well into their 80s. As Gebhard Hielscher, former Tokyo correspondent of the *Süddeutsche Zeitung*, said in an interview with *Asahi Shimbun*:

If you feel an obligation, you can make a new law and give those people a claim. That is what Germany did as late as 2000. The German parliament almost unanimously passed a law in which the government and companies equally shared the cost of compensating forced labourers. This has very little to do with the Holocaust because 80 per cent of the forced labourers were from the Soviet Union and East European countries. The reason it came so late was because of the Cold War. That is a typical case — if you have the political will, there is always a way.⁶⁷

The Yasukuni Shrine

Many Japanese prime ministers have visited the Yasukuni Shrine since the end of the Second World War in 1945, including well-known ones such as Kishi (twice), Ikeda (five times) and Sato (eleven times). The prime minister who established diplomatic relations with China in 1972, Kakuei Tanaka, visited five times and continued to do so in 1973 and 1974. All Tanaka's successors until the mid-1980s went there more than once. The Class-A war criminals were secretly enshrined in 1978, which gave umbrage to China, but visits continued without any outcry from Beijing. Ohira visited three times in 1979-80, Suzuki nine times in 1980-82 and the famous strongly nationalistic Yasuhiro Nakasone went there ten times during 1983-1985. After his visit on 15 August 1985, the day of Japan's surrender, Nakasone led his whole cabinet into worshipping at the Shrine. China for the first time lodged a strong diplomatic protest and Nakasone stopped.⁶⁸

Seven of Nakasone's successors refrained from visiting the Shinto Shrine, until Ryutaro Hashimoto went again in 1996. Again, China protested vehemently and the visits stopped until Koizumi appeared on the scene in 2001. During the chronic crisis in Sino-Japanese relations caused by Koizumi's visits, the former strongman Nakasone explained that he initially saw nothing wrong in visiting the Shrine, but once China had objected strongly, he concluded that it was not in Japan's national interest to continue

67) Karasaki Taro, 'Why Japanese Wartime Apologies Fail: A German Perspective', *Asahi Shimbun*, 9 May 2005.

68) Wan, *Sino-Japanese Relations*, p. 96.

the visits.⁶⁹ Japan was still sufficiently penitent, or at least sufficiently muzzled by post-war guilt, not to stoke the embers of painful memories too much, and China did not have the luxury of nurturing its grudges too strongly because the US-China-Japan united front against the Soviet Union was still a priority.⁷⁰

So what had changed in 1985? Relations were generally still reasonably positive. It was not the enshrinement of the war criminals, which happened in 1978, but China's greater sensitivity as a result of the first history textbook dispute in 1982, clashes with the Reagan administration over Taiwan, the first anti-Japanese student demonstrations in 1985 and the first emergence of a civilian movement for redress, which claimed war reparations. At the time of China's protest against Hashimoto's Yasukuni visit in 1996, prickly Chinese nationalism had become a standard feature in China's foreign relations.

Koizumi was the first Japanese prime minister who knew no restraint in his dealings with China. It all started with a telephone call that Koizumi made on the night of 15 April 2001 to Tsuguo Morita, the Vice-Chairman of *Nippon Izokukai*, the Japan War Bereaved Families Association (WBFA). Koizumi promised that he would certainly visit the Yasukuni Shrine annually if elected President of the Liberal Democratic Party (LDP) in September 2001. The WBFA claims a membership of one million households whose kin are among Japan's war dead, and is one of the LDP's largest support groups. It is politically as powerful and feared as the National Rifle Association in the United States. 'We've highly appreciated [Koizumi's] visits to the shrine', Morita told the *Japan Times* in an interview four years later.⁷¹

Sources close to Koizumi said that he reckoned that the diplomatic row with China over the visits would calm down and eventually go away if he only gave it time. 'China will eventually admit its error', a source quoted Koizumi as saying during a meeting with business leaders in 2004. Instead, the row escalated. After the violent anti-Japan demonstrations in China's major cities in spring 2005, Koizumi's coalition partners, moderate politicians in his own party, his foreign policy advisers, academics and top business leaders all appealed to him to stop his folly, which was doing grave damage to Japan's foreign policy and business interests.

Even the WBFA weighed in and implored Koizumi to refrain from further visits out of consideration for war victims in neighbouring countries. 'We appreciate [the visits] very much, but at the same time it is most important that the spirits of the war dead rest in peace. It is necessary to give consideration to neighbouring countries and obtain their understanding', the

69) Tetsushi Kajimoto, 'Nakasone Hits Koizumi Populism: Yasukuni Visits', *Japan Times*, 23 November 2005.

70) Mike Mochizuki and Michael O'Hanlon, 'Put a Lid on Rising Sino-Japanese Tensions', *Japan Times*, 20 April 2005.

71) Reiji Yoshida, 'Koizumi's Shrine Trips Baffle Officials, Aides: War-Dead Lobby Happy but Notion Asia Row Will Fade Defies Reality', *Japan Times*, 28 May 2005.

association was quoted as saying.⁷² Koizumi would not budge. The most senior Chinese visitor to Tokyo in years, Vice-Premier Wu Yi, cancelled a meeting with Koizumi on a few hours' notice and departed for home because the previous day he had again reiterated his intention to continue his Yasukuni routine. Koizumi took an especially offensive tack on the matter: 'People often touch upon the fact that Hideki Tojo was a Class-A war criminal', Koizumi said on 16 May 2006 at the Lower House Budget Committee, 'but it was Confucius who said "condemn the offence, but pity the offender"'.⁷³ The only explanation for Koizumi's behaviour was that he was a stubborn maverick. Koichi Kato, his former political partner, described Koizumi as 'a politician who depends much on emotion and intuition instead of logic and reason when making decisions. And he's also not one to listen to the advice of others'.⁷⁴

Reform of Yasukuni?

A recurrent national debate continues about reform of Yasukuni. The most radical proposal, endorsed by the nationalistic Foreign Minister Taro Aso, was to push for a new national state memorial to Japan's war dead. Aso is a scion from a noble family of industrialists, which profited mightily from forced labour during the war and never paid a penny to the victims, many of whom had died. Another proposal was to remove the Class-A war criminals from the shrine's rolls. This so-called disenshrinement, however, is problematic, because Shinto priests say that it violates the tenets of Shintoism. It could only be carried out on a voluntary basis after a negotiated settlement is reached by the Shinto priests and the surviving family members.⁷⁵

The position of Shintoism in twenty-first century Japan is a divisive issue. The American occupation authorities abolished State Shinto, but the two most prominent symbols of Shintoism — the Emperor and Yasukuni — were preserved, although in a radically modified form. The Emperor's divinity was publicly denied and his political functions were limited to a purely informal but implicit legitimization of bureaucratic power.

Yasukuni became a private Shinto shrine under the rigorous (Western) constitutional principle of separation of church and state. This gave it freedom and independence and paved the way for Yasukuni as the rallying

72) David Pilling, 'Koizumi Offered Way to Break Shrine Deadlock', *Financial Times*, 12 June 2005.

73) Hidehito Fujiwara, China's domestic politics trumped protocol in Wu's snub of Koizumi, *Asahi Shimbun*, 26 May 2005.

74) Yoshida, *ibid.*

75) David Pilling and Richard McGregor, 'Call for Japan to "Dis-enshrine" War Criminals', *Financial Times*, 1 July 2005.

point of militarists, rightists, nationalists, revisionists, revanchists, war criminals and war-crime deniers, as well as war victims, many of them old soldiers and their widows, who are now in their 80s. Post-war Yasukuni came to represent the pre-war view of Japan's modern wars and actively combats the results of the Tokyo Trials.⁷⁶ Thus Koizumi's visits highlighted the gap in historical consciousness between Japan and the Asian neighbours that it attacked and occupied during the first half of the twentieth century. His actions also kept Korea and China fixated into pre-Second World War images of Japan. The great paradox was that the premier of the state went out to worship in the main memorial of a discredited state religion, which had been abolished and privatized by the American victor of the war. The rules and rituals were set by Shinto priests (usually retired army officers), who also determined the historical narrative at the Yushukan Museum, adjacent to the Yasukuni Shrine.

The fact that Class-A war criminals are enshrined together with other war dead is causing controversy both at home and abroad. Looking at it from a religious viewpoint, we see other aspects of the problem. Unlike Buddhism and Christianity, Shintoism has no theological content and thus no prescriptions for moral conduct, including the concept of 'hell'. All people, good or bad, become 'deities' when they die. People worship good gods to seek their blessings and offer prayers to bad gods to deliver them from evil. That is the basic philosophy of Shintoism. After the war, even Shintoism denied State Shintoism. Now, Yasukuni Shrine is a Shinto facility that enshrines people classified as 'war dead' as 'deities'. As such, it is natural for Shinto believers and people who worship deities who perished in war to visit the shrine.

Among the many ideas and proposals that have been aired to solve the complex Yasukuni predicament, perhaps the most comprehensive has come from Kazuhiko Togo, a former Japanese ambassador to the Netherlands and now a research scholar in the United States. Togo is the grandson of wartime Foreign Minister Shigenori Togo, who was sentenced to twenty years by the Tokyo Tribunal. His fundamental approach is that since Japan was the perpetrator of the war, it has to take the first step. This should be a moratorium on prime ministerial Yasukuni visits: 'This will bring nothing but moral dignity to Japan'.⁷⁷ During the moratorium period, Japan should sort out its history more straightforwardly until a broad consensus has been reached on all of the unresolved historical issues. Focus should be on three main issues: reform of Yasukuni, a national debate on the question of war responsibility and the establishment of a national museum of (pre-war) history.

76) Herbert P. Bix, 'Emperor, Shinto, Democracy: Japan's Unresolved Questions of Historical Consciousness', *Japan Focus*, June 2005.

77) Kazuhiko Togo, 'A Moratorium on Yasukuni Visits', *Far Eastern Economic Review*, June 2006.

Yasukuni is a leftover of State Shinto, the chief ideology of militarist Japan. Under the American-imposed constitution, State Shinto was abolished but Yasukuni was preserved as a religious organization under the Western principle of separation of church and state, but performing state rituals: honouring the war dead, in whose management the state could not interfere because of the very separation of church and state. Thus the Shinto priests kept the power to develop their own thinking about history, which evolved into an appalling ultra-nationalist, militarist version of history at the Yushukan, the museum attached to the private Yasukuni Shrine, which performs state functions over which the state has no say.

Construction of a neutral, non-religious, national memorial of war dead could be a solution for the Yasukuni controversy, but according to Togo this is undesirable because for all of the dead soldiers, Yasukuni was the place of 'reunion for their souls'. This has to be respected, otherwise it will bring more polarization than reconciliation. Togo therefore suggests preserving Yasukuni and transforming it into a place of pure mourning, without the museum that depicts and glorifies the worldview that led to the war and Japan's devastating defeat. In short, Yasukuni should be 'de-historicized' and prime ministers should be explicitly banned constitutionally from going there in their official capacity.

To decide on the issue of Class-A war criminals, the question of war responsibility should first be resolved, and there is no answer, no consensus and not even direction for this. The two largest quality newspapers in Japan, *Yomiuri Shimbun* (right of centre) and *Asahi Shimbun* (liberal), both with a circulation of over ten million, have agreed on a large joint project to delve into the question of war responsibility, but the impact of this search and its conclusion are not predictable. Togo foresees a consensus at some point where the outcome is related to the verdicts of the Tokyo Tribunal and could lead to the re-examination of the enshrinement of some or all of the Class-A war criminals at the Yasukuni Shrine. The government should then compose a new list of who can be enshrined at Yasukuni, which should then be accepted by the Shinto priests.

The Yasukuni issue has lost some of its urgency now that Koizumi has gone and Abe may have quietly imposed a moratorium on visits to the shrine by himself already. 'But Abe will not be able to stay away from Yasukuni for too long, lest he lose the support from the nationalist right-wing of the political party that put him in power', says Koichiro Matsuda, Professor of Japanese Political Thought at Rikkyo University in Tokyo.⁷⁸

78) Interview by the author with Professor Matsuda, International Institute of Asian Studies, Leiden, 10 November 2006.

CHAPTER V

US-JAPANESE RELATIONS, CHINA AND THE TAIWAN ISSUE

US-sponsored Remilitarisation of Japan

When conservative populist Junichiro Koizumi became Japan's prime minister in April 2001, his first priorities were domestic economic and financial reform. He did not have a specific foreign policy agenda and belonged to the rather large and growing constituency who believed that it is a good idea to revise Japan's pacifist constitution — that is, to abolish the war-renouncing article 9, which would have major foreign policy implications.⁷⁹ Makiko Tanaka, the daughter of Kakuei Tanaka, the forceful prime minister who normalized relations with China in 1972, had helped Koizumi's victory over his rival Ryutaro Hashimoto, and as a reward she became the new foreign minister. However the 'marriage of convenience' did not last long. Tanaka, by her own description a 'housewife-turned-politician', was highly popular with

79) The Constitution of Japan, article 9: 'Aspiring sincerely to an international peace based on order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes. In order to accomplish the aim of the preceding paragraph, land, sea and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized'.

the public for her determination to eradicate corruption in the foreign ministry. As part of her father's legacy, Tanaka had kept close ties with China and considered Japan's subordinate role in the US-Japan alliance as inimical to its national interests. Within weeks of her cabinet appointment, transcripts of discussions with European foreign ministers were leaked, revealing that she opposed the US National Missile Defense system because it antagonized China, and she was hostile towards the Bush administration in general. She later expressed sympathy with the calls for the removal of the US military bases on Okinawa and allegedly told Chinese leaders that she supported Taiwan's reunification with China.

Koizumi and his Chief Cabinet Secretary Yasuo Fukuda, son of former Prime Minister Takeo Fukuda, represent another tendency.⁸⁰ The Fukuda Sr faction had opposed Tanaka Sr's normalization of relations with China in 1972. Frustrated by Japan's failure to become the leader of Asia during the 1970s and 1980s, this time by economic means, they advocated repeal of Japan's constitutional constraints on the use of military power, which converged with the Bush administration's policy of encouraging Japan to remilitarize so that it could play an active role in any conflict on the Korean peninsula or with China and beyond. In order to build a broader base for this constitutional change, Koizumi was actively promoting Japanese nationalism. He supported the publication of school textbooks promoting right-wing patriotic views, resumed visits to the Yasukuni Shrine, and simplistically dismissed Chinese and Korean official and popular anger over his insensitivity as ephemeral with the cliché: 'Sooner or later they will understand'. The main thing that Koizumi considered was that China-bashing is a winning formula in Japanese domestic right-wing politics. Tanaka publicly criticized Koizumi's reckless actions for poisoning relations with China and the Koreas, which fear that they could be targets of a resurgent Japanese militarism. The unstable Koizumi-Tanaka alliance came to an end with '9-11', when Koizumi went out of his way to support the US 'war on terror'. To the alarm of China, as well as sections of the ruling elite in Tokyo, Koizumi pushed through legislative changes enabling the Japanese military to deploy the navy in support of the US campaign in Afghanistan. For the next step in Japan's remilitarization, American pressure was hardly needed. Koizumi volunteered to send 1,000 troops, ground-, air- and maritime units to Iraq for non-combat duties in the field of water supply and medical aid. Japan's bitter experience during the 'legal' multilateral coalition Gulf War in 1991, when Tokyo paid US\$ 13 billion in cash, but did not send troops and did not get any recognition or respect in return, informed Koizumi's cooperativeness. However, according to some analysts, including Gavan McCormack, Professor of Japan Studies in the Research School of the Australian National University, the decisive reason

80) Koizumi, Fukuda and Tanaka are three paragons of Japan's hereditary politics: Koizumi's father and grandfather had been ministers; Fukuda's and Tanaka's fathers had been prime ministers.

was a deal that Koizumi made personally with Bush: 'I [Koizumi] help you in Iraq and you [Bush] help me in North Korea'.⁸¹

Washington had become increasingly satisfied about the 'maturity' of the alliance, but on top of billions of dollars of cash payments (US\$ 5 billion for the second Iraq War), Japanese naval supply ships in the Indian Ocean and troops in Iraq, there was still one unfulfilled demand that the US had on Japan: it should also install a 'missile defence shield' and co-finance the development of the project for the United States as well. The initial estimates called for US\$ 4.5 billion over five years, but within a matter of months that had almost doubled. The Rand Corporation in 2001 estimated that a basic system, capable of intercepting 'only a few North Korean missiles', would cost approximately US\$ 20 billion, and a full coverage system would cost more than the national defence budget. Despite the astronomical cost, the Pentagon was absolutely determined to integrate Japan ever more firmly under its control. Whether missile defence would work is unknown. The best scientific and military opinion seems to be that the present system is unproven — that is, it might or might not work.⁸² Japan invoked missile tests from North Korea — in 1998 and again in July 2006 — as justification for its growing partnership with the United States in developing a missile defence. This has allowed Japanese military planners to avoid referring directly to China.⁸³ In the *National Defence Programme Guideline Fiscal Year 2005*, however, the Japanese government identified China's modernization of its military and increasing defence spending (and North Korea's nuclear weapons ambitions) as concerns. Japanese Defence Agency Director-General Yoshinori Ono specifically cited 'the recent case where a Chinese submarine intruded into Japanese waters'. Ono agreed in separate talks with US Secretary of Defense Rumsfeld on a US proposal for advancing joint research on a theatre missile defence (TMD) system to the development stage in fiscal year 2006, potentially targeting North Korea's Nodong and Taepodong missiles as well as China's Dong Feng missiles. The missile defence system was assumed to become the actual core of the Japan-US security alliance of the future. The Japanese announcement was generally considered as a paranoid over-reaction. Japan's emphasis that China now (that is, in 2003) spent more on defence than Japan — US\$ 55.95 billion versus US\$ 42.84 billion — was misleading, since Japan was the increasingly intimate junior partner of the United States, which spent US\$ 404.92 billion in 2003 and US\$ 500 billion in 2005, more than the aggregate total of the rest of the world. On the very same day, Japan also announced that it would exempt the export of missile defence components to the US from its arms' export ban, creating the impression that Japan was becoming an arms' exporting nation

81) Gavan McCormack, 'Koizumi's Japan in Bush's World', *Z/Net Japan*, 7 October 2004.

82) McCormack, 'Koizumi's Japan in Bush's World'.

83) James Brooke, 'Japan to List China as a Major Threat', *New York Times*, 16 September 2004.

again.⁸⁴ When the American and Japanese foreign and defence ministers two months later declared the peaceful solution of the Taiwan issue as a common strategic objective, this was new evidence for the Chinese of US-Japanese collusion on Taiwan and further intensification of the US-Japan military alliance. At this point, the Chinese government gave up hope that worsening Sino-Japanese relations could be turned around any time soon. 'Only a major crisis can make both sides realize the necessity of accommodation', said a concerned academic.⁸⁵ Perhaps the outburst of popular anti-Japanese violence in April 2005 in major Chinese cities was that crisis.

In June 2005, the US government asked Japan to pay US\$ 545 million, the same amount that it would spend itself to develop the high-tech defence project during 2006-2011. The *Yomiuri Shimbun*, however, reported that Tokyo found the sum too high and wanted to negotiate a significant cut in the costs. 'Japanese and US authorities are now in the work of determining cost-sharing and other points as the project moves from joint research to the development phase, but nothing has been decided yet', the spokesman for the Japanese Self-Defence Agency said.⁸⁶ By the end of June 2005, the Pentagon notified Congress of a proposed sale to Tokyo of nine more sea-based missiles and related gear valued at up to US\$ 387 million built by Raytheon. They would be used on Japanese ships equipped with high-tech AEGIS combat systems, built by Lockheed Martin. Japan has four AEGIS destroyers and two more are under construction.⁸⁷

The Taiwan Issue

Since the Asian Financial Crisis in 1997, an open contest had unfolded among the Chinese and Japanese for pre-eminence in East Asia in terms of politics, trade, investment and soft power. The Chinese are clearly gaining and the Japanese are losing ground. The Japanese answer has been to align itself more closely with the United States, and as Japanese insiders outside of the government openly say, to strengthen their unofficial, secret military ties with Taiwan. Masashi Nishihara, the President of the National Defence Academy, said in an interview that Japan and Taiwan maintained unofficial military contacts through retired generals, such as the unofficial representative (de facto ambassador). In November 2004 when a Chinese submarine intruded in Japanese waters, somewhere halfway between Okinawa and Taiwan, Taiwan's President Chen Shui-Bian claimed that he had informed Japan about this intrusion. Asked whether this was accurate, Nishihara said:

84) Kyodo News Service, 'Analysis: Japan Naming China a Concern may Lead to a Vicious Cycle', 10 December 2004.

85) Interview with Professor Shi Yinhong, Beijing, 31 March 2005.

86) *Yomiuri Shimbun* (English-language edition), 20 June 2005.

87) Reuters, Washington DC, 29 June 2005.

‘We are not supposed to talk about submarine surveillance’. Nishihara said bluntly that Japan will become more involved in a possible future armed conflict between the US and China over Taiwan. ‘In the past we would say we have nothing to do with it, but now we have expressed our concern’.⁸⁸

Tense China-Japan relations are apparently in the interest of the United States as long as they do not get out of US control:

The US can relax as long as Sino-Japanese relations are bad. Every month there is a new dispute between China and Japan and the US never says anything. If Japan takes a more confrontational approach, China’s strategic environment will deteriorate. The independence hardliners in Taiwan have great hope for Japanese support. The Taiwan issue will become more difficult to solve. China’s diplomacy in Asia will become more difficult.⁸⁹

China’s main concern related to Taiwan is that Japan has in recent years overtly joined the United States in *diversifying* the US-Japan alliance to include Taiwan, to create more ambiguity and to come closer to what amounts to *containment* of China.

The original purpose of the US-Japanese alliance was to protect Japan against a monolithic communist bloc, headed by the (former) Soviet Union. After US President Richard Nixon’s overtures to China in 1972, China became a partner of the United States in the containment of the (former) Soviet Union. At the end of the Cold War, the US-Japan alliance had to redefine itself, which took some time because China was not identified yet as a threat. The first signs came in 1995-1996 when China conducted missile tests in Taiwan’s waters, to intimidate the electorate not to vote for the independence candidate, who at that time paradoxically was not the Kuomintang’s Lee Teng-hui, but the ageing Democratic Progressive Party militant Peng Ming-min. After the dispatch of a US carrier taskforce ‘to restore stability’, a vague clause was added to the US-Japan Security Treaty, which opened the way for joint US-Japanese military action in Taiwan.⁹⁰ President Bill Clinton and Prime Minister Ryutaro Hashimoto agreed on bilateral cooperation in dealing with situations that may emerge in areas surrounding Japan. Beijing protested vehemently and demanded Tokyo’s assurances that the wording ‘areas surrounding Japan’ did not include Taiwan. The Japanese responded that they were unable to give such assurances because the definition of ‘areas surrounding Japan’ was

88) Interview with Masashi Nishihara, National Defence Academy, Yokosuka, 19 April 2005.

89) Interview with Professor Shi Yinhong, Beijing, 31 March 2005.

90) Text of the US-Japan Joint Declaration on Security, paragraph 5b: ‘The two leaders [Clinton and Hashimoto] agreed on the necessity to promote bilateral policy coordination, including studies on bilateral cooperation in dealing with situations that may emerge in the areas surrounding Japan and which will have an important influence on the peace and security of Japan’, File ID:96041704.EEA, 17 April 1996. Also see Wan, *Sino-Japanese Relations*, pp. 25 and 356.

‘situational, not geographical’. That was the public understanding of this issue, at least during the aftermath of the crisis in 1996. But now, nine years later, a prominent mainstream political analyst, Professor Akihiko Tanaka said that what Japan generally had in mind in 1996 was a contingency in North Korea:

It was two years after the first nuclear crisis in North Korea. If something happens on the Korean peninsula, then America as an ally of South Korea is automatically involved. Japan would not be automatically involved because we have no security treaty with South Korea. But then America is automatically involved and the bases are in Japan. In the case of Taiwan, it is not very clear whether the US is automatically involved, despite the existence of the Taiwan Relations Act.⁹¹

Professor Tanaka agreed that the United States is deliberately obfuscating and that therefore Japan cannot be very clear either: ‘We may well, or may not join the US in defending Taiwan against a Chinese invasion. It will depend on the circumstances’.⁹²

American policy during the Clinton and previous administrations was one of ‘strategic ambiguity’ — that is, we are not going to say specifically when we will intervene or not because if we spell that out, either side will exploit this to its advantage. President George W. Bush changed it orally in 2001, saying: ‘We will do whatever it takes to defend Taiwan [...] in case of an unprovoked attack’. Again, there is no clear definition of what an unprovoked attack is. In the US there are indications every once in a while that the US will intervene in any military conflict between China and Taiwan, regardless of the prelude and the chain of causation.⁹³ Professor Tanaka concluded: ‘Japan would not say that it would automatically support the US if a military contingency arises from whatever reasons. We cannot make any judgement until that happens. This is not an official alliance, it is not a legal thing. If it were a legal thing, then we are quite sure, Japan would be involved. What Japan would do depends on the circumstances. It depends not just on who is the prime minister, but on the distribution of power in the parliament. How strong is the ruling party, how strong the opposition parties? So, it’s a matter of politics’.⁹⁴ Diplomats from both China and Japan named this episode as ‘the lowest point in Sino-Japanese relations in the 1990s’.⁹⁵

91) Interview with Akihiko Tanaka, Tokyo, 18 April 2005.

92) Interview with Tanaka, 18 April 2005.

93) Michael E. O’Hanlon, Senior Fellow, Brookings Institution, ‘The Risk of War over Taiwan is Real’, *Financial Times*, 1 May 2005. O’Hanlon plays down the positive momentum of the historical Lien/Soong visits to China and emphasizes that US *principledness and credibility* [italics added] in support of Taiwan’s vibrant democracy will be decisive.

94) Interview with Tanaka, 18 April 2005.

95) Wan, *Sino-Japanese Relations*, pp. 25 and 356.

Japan invoked North Korea's missile tests as justification for its growing partnership with the United States in developing a missile defence. This has allowed Japanese military planners to avoid referring directly to China. However, after the intrusion of a Chinese submarine in Japanese waters between Okinawa and Taiwan in November 2004, as discussed above, the Japanese government openly raised the spectre of a 'China threat'. During summer 2005, speculation about what Japan would do if a China-Taiwan war broke out and the US decided to intervene was rife among diplomats and military.

Japan's Official Line on Taiwan

Under the US-Japan Security Treaty of 1952, which was revised in 1960, Japan has no obligation to fight on the side of the US under any circumstances. The treaty does not even mention Taiwan once. In the Communiqué on the Establishment of Diplomatic Relations (dated 29 September 1972), the government of Japan showed full understanding and respect for the stance of the government of the People's Republic of China, that Taiwan is an inalienable part of the territory of the PRC and it firmly maintains its stand under article 8 of the Potsdam Declaration (1945), in which Japan retroceded Taiwan (which was annexed in 1895) to China.⁹⁶ The third US-Japanese document, and the first official document making the Taiwan issue contentious again, is the Joint Statement of the US-Japan Security Consultative Committee of the foreign and defence ministers of the two nations of 19 February 2005, the so-called '2 + 2 Statement'. For the first time since Japan returned Taiwan to Chinese sovereignty in 1945, the reluctant Japanese were pressurized by the Americans to declare a peaceful solution of the Taiwan issue to be a 'common strategic objective', on a par with issues relating to the Korean peninsula and the Russian Far East.

For China this represented another gross interference in its domestic affairs, as if Taiwan was another sovereign state in the North-East Asian region, like Russia or Korea. Even after the end of the Cold War, China did not consider the US-Japan Alliance as opposed to its interests and viewed it as an instrument to prevent the remilitarization of Japan. However, since the Bush administration has been pushing the Koizumi administration openly and consistently towards amending its pacifist constitution and assuming a more assertive military role, not only regionally but also globally, in support of the overstretched United States, China has come to view the alliance as a direct

96) Interview with Shigeo Yamada, Principal Senior Foreign Policy Coordinator, Japanese Ministry of Foreign Affairs, Tokyo, 21 April 2005.

threat to its security, particularly to what it considers its core interest — the resolution of the Taiwan issue.⁹⁷

Making the Unthinkable Happen: War in the Taiwan Straits

It would be rather inconceivable that the Japanese or US governments, or mainstream Japan or even mainstream Taiwan, wish a war that would enable Taiwan to complete its secession from China. All of them probably prefer the status quo of ‘no independence, no reunification, no war, joint economic development and some integration’. Japan wants to be protected from the emerging superpower China by the United States and wants to help maintain American control over a de facto independent Taiwan. The United States wants to maintain its strategic dominance over both Japan as a satellite ally and Taiwan as an unrecognized protectorate, being the twin pillars of its military supremacy in North-East Asia. An officially independent Taiwan means war with China, which the US cannot fight and does not want to fight, not as long as the debilitating and unwinnable war in Iraq drags on and most likely not afterwards either.

Under what circumstances is war in the Taiwan Straits imaginable then ? On all sides there are vocal minorities and interest groups that think that they will benefit from a war, which they reflexively assume the US/Japan/Taiwan will win. The pro-Taiwan minority in the Japanese Diet and ultra-nationalist fringe groups in Japan, hardliners in Taiwan’s ruling DPP and the pro-Taiwan religious and neo-conservative groups in the US Congress, and the arms industry, etc., in the United States together form the ‘pro-war front’. Although there is growing support in the Diet now for a constitutional amendment that will broaden the scope of non-belligerent actions for the Japan Self-Defence Forces (SDF), the prospect that it will enable the SDF to take part in offensive operations in an American war against China is virtually nil. Kenjiro Monji, Director-General International Affairs of the Japan Defence Agency said that a conflict arising from US ambiguity over intervention in a war or more limited military clash between China and Taiwan is a most troublesome scenario for Japan (this is not mentioned in Japan’s National Defence Programme Guidelines (NDPG) at all):

If the US asks Japan to use American bases here, the official answer is: ‘We don’t know’. It will depend! Public opinion in Japan is divided but people are becoming more anti-China, while at the same time economic interdependence is expanding. So, we think we will have to permit the US to use the bases. It will be a contingency situation. We will not get involved beyond rear-area support, search

97) For a good analysis of the process of Japan’s subordination to Bush’s US, see McCormack, ‘Koizumi’s Japan in Bush’s World’.

and rescue of non-combatant refugees, provision of water, transportation, medical care, etc.⁹⁸

Yasuhiro Matsuda, a senior research fellow at the National Institute for Defence Studies (NIDS) under the Defence Agency, is very explicit that Japan will never get involved in American offensive operations against China: 'No, no, no! There is no legal basis. Our constitution doesn't recognize the right of collective defence. Only if Japan itself is attacked will we counterattack. In practice, if China conducts a very limited operation against Taiwan, we will not come into action. But in the case of a massive attack, we will give rear-area support to the US'. Matsuda elaborates that the SDF air force may have to set up an air bridge, to evacuate approximately 15 to 20,000 Japanese citizens from Taiwan: 'Will Japan allow US forces to use their military bases in Japan for a war against China? Theoretically yes, and now practically also yes! If Japan would not allow the US to use their bases in Japan, it would be tantamount to: YANKEE GO HOME! It would mean, we opt for China and end the US-Japan alliance. This is a very unthinkable situation'.⁹⁹

The United States is still working assiduously to improve the command structures in Japan for perpetuating the Cold War in East Asia. The centrepiece of US requests is the plan to transfer the command functions of the US Army I Corps (now based in Fort Lewis, Washington State) on the US Pacific coast, which is responsible for the whole Pacific region, to Camp Zama near Yokohama, south of Tokyo. The Army I Corps Command would then command US forces as far as the Middle East. The only problem that this raises is that it goes way beyond the scope of the US-Japan Security Treaty. The Japanese government is very reluctant to approve the transfer of the Army I Corps Command functions, because it fears that this could become a major bone of contention in the domestic political arena. One specialist on the US-Japan alliance, Kazuya Sakamoto, a professor at Osaka University, is advocating that Japan should willingly accept an expanded role in defending US interests in the Middle East. Sakamoto argues:

If the purpose of the Japan-US alliance is mutual cooperation to ensure the security of both parties, then surely it is only natural for Japan to cooperate in maintaining stability in the Middle East.

Sakamoto recklessly concludes:

Essentially, Japan must broaden the scope of Japan-US cooperation as far as possible and at the same time increase its own voice. [...] The Bush administration holds Japan in high regard, and during the next four years it may make requests for Japanese cooperation based on its awareness of the limits of US

98) Interview with Kenjiro Monji, Tokyo, 22 April 2005.

99) Interview with Yasuhiro Matsuda, Tokyo, 21 April 2005.

power. Such requests will improve Japan's chances to get action on its own agenda.¹⁰⁰

The Chinese Anti-Secession Law Vis-à-Vis Taiwan

Americans and Japanese, and also Europeans, were alarmed by the adoption of an Anti-Secession Law (ASL) by the Chinese National People's Congress in March 2005, which authorized the use of force where possibilities for a peaceful reunification are completely exhausted.¹⁰¹ Although the ASL had a negative impact in the US and in Europe, where it was a key factor in the indefinite postponement of the lifting of the embargo, its shock-and-awe effect in Taiwan was very short-lived indeed.

One month after the furore over the ASL, the Chinese leadership welcomed Lien Chan, chairman of the Kuomintang, the largest opposition party in Taiwan, in Beijing as if he was a major political leader. The historic visit resulted in a fundamental consensus 'that hostilities that had enveloped both sides of the Taiwan Straits for half a century must end'. Lien told the *Washington Post* that his eight-day visit had unleashed a process of engagement that holds out the promise of peace, stability and increased trade.¹⁰²

According to Taiwanese television polls, the visit met with strong approval of the people of Taiwan. 53 per cent of the people considered the visit a success; 55 per cent said that it had advanced cross-Straits relations; 60 per cent disagreed with charges by secessionists that Lien had sold out the interests of Taiwan; and 59 per cent found that Lien had delivered an impressive key-note speech at Beijing University. Lien's visit was soon followed by visits by the leaders of the smaller opposition parties, which met with similar levels of approval.¹⁰³ The EU's view that the ASL increased

100) Sakamoto Kazuya, 'A Bigger Japanese Voice through Bilateral Cooperation', *Japan Echo: Insight and Analysis from the Japanese Media*, 4 April 2005. See also Simon Tisdall, 'Japan Emerges as America's Deputy Sheriff in the Pacific', *The Guardian*, 19 April 2005.

101) Anti-Secession Law, article 8: 'In the event that the "Taiwan independence" secessionist forces should act under any name or by any means to cause the fact of Taiwan's secession from China, or that major incidents entailing Taiwan's secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity.

The State Council and the Central Military Commission shall decide on and execute the non-peaceful means and other necessary measures as provided for in the preceding paragraph and shall promptly report to the Standing Committee of the National People's Congress'.

102) Peter S. Goodman, 'Taiwan Nationalist Cites "Consensus" with Chinese on Ending Hostilities', *Washington Post Foreign Service*, 4 May 2005.

103) See http://www.tvbs.com.tw/news/poll_center/default.asp, 4 May 2005.

tensions in the Taiwan Straits, used as a justification for not lifting the arms' embargo, has been rendered out of date and irrelevant by subsequent events.

In a similar fashion, US insistence that Taiwan should pay up to US\$ 15 or 18 billion for long-term arms' purchases from the US for its defence against China is disingenuous. The US has spent decades pressurizing authoritarian, Kuomintang-led Taiwan towards becoming a democracy, and indeed by the early 1990s Taiwan was firmly on the road towards democracy. The Kuomintang lost the presidency in 2000 but still has, with other opposition parties, a parliamentary majority, which in opposition to the pro-independence President Chen Shui-bian, favours — long term — dialogue with China, rather than a long-term arms race, which Taiwan will inevitably lose in any case. The US no longer respects the democracy that it has, to a significant degree, imposed on Taiwan, because Taiwan's democracy — like South Korea's — no longer favours the strategic designs of the US. From the signing of the Shanghai Communiqué in 1972 by US President Richard Nixon, US policy has been to support the peaceful reunification of China and Taiwan. Until the late 1990s, senior US officials took the standard line that cross-Straits' relations were none of America's business as long as they were handled peacefully.

The great paradox in Taiwan at this moment is that the government of President Chen Shui-bian, which lacks a parliamentary majority, wants to buy huge quantities of US arms to curry political favour with the American Right. While it is increasingly unlikely that these arms will be needed for the defence of Taiwan, they nonetheless might, if purchased, serve the purpose of future containment of China by the US-Japanese security alliance in which a junior, surreptitious role is reserved for Taiwan. China was the pre-eminent power in East Asia for some 2,000 years until its decline in the mid-nineteenth century. Conservative nationalistic elements in both the United States and Japan, with the hardline Taiwan separatists in the background, are keen to block China's re-emergence.

US Deputy Under-Secretary of Defense Richard Lawless, as the Bush administration's point-man on Taiwan, regularly uses threats and warnings to coerce Taiwan into starting payments on the multi-billion dollar arms deal, adding that 'if Taiwan doesn't take its own defense seriously, why should the US be committed to it?'. The Taiwan electorate is shifting away from military defence against China and reliance on the US, towards accommodation with China. The elections to the Legislative Yuan in December 2004 produced a majority for the joint opposition which has consistently blocked the big arms' deal with the US. The latest election in early December 2005 for local governments yielded fourteen mayoralities and district magistracies to the opposition and only six to the Democratic Progressive Party (DPP). If current trends continue, a rout of the DPP in the 2008 presidential election is increasingly likely, and the charismatic new leader of the Kuomintang, Ma Ying-jeou, will be the favourite to replace Chen Shui-bian. This should not be envisaged as a Kuomintang sell-out to the mainland, but rather the beginning

of a new era of accommodation and compromise, with closer economic and transportation links, etc.

During 2006, Taiwan's internal politics degenerated into a chronic crisis that has reduced the mercurial President Chen Shui-bian to lame-duck status. Efforts by the parliamentary majority to impeach and oust Chen in June 2006 failed. Then an influential group of professors from Chen's own Democratic Progressive Party called on him to resign over a series of corruption scandals. Then a former DPP chairman and political prisoner during the Kuomintang era, Shih Ming-teh, started a mass movement to bring down Chen. On top of that, a public prosecutor, Eric Chen, who belongs to President Chen's own core constituency, the so-called 'Deep Green' — that is, the hardline pro-independence faction of the DPP — indicted the President's wife, Wu Shuchen, in November 2006 on serious corruption charges, adding that there was sufficient evidence of corruption against the President himself. President Chen enjoys immunity while in office, but he will have to face charges immediately after he leaves office. Considering Taiwan's domestic turmoil, talk of a China-Taiwan war during the remainder of Chen Shui-bian's term is therefore no longer on the agenda.

Japan strongly favours continuation of the status quo around Taiwan, but it is in no position to shape events or act independently towards that goal. In September 2006, President Chen Shui-bian, while visiting the tiny island republic of Palau, called on Japanese Fuji TV for 'a new military partnership with Japan to bolster security in East Asia'.¹⁰⁴ Although Chen's call was not much more than an attempt to stir up some trouble in Sino-Japanese relations on the verge of Koizumi's resignation, it again gives rise to the question of whether and to what extent there are illicit military relations between Japan and Taiwan. Two weeks before, the chief of Taiwan's General Staff had attended a military drill on Mount Fuji near Tokyo.¹⁰⁵ Retired Japanese generals serve as quasi-diplomats in Taiwan, which is normal practice, since Taiwan has no official diplomatic relations with most countries.

Motofumi Asai, a former head of the China Bureau in the Japanese Foreign Ministry and now a professor at the Peace Institute at Hiroshima University, maintains that the real problem in Sino-Japanese relations is not the Yasukuni Shrine, history textbooks and other Second World War issues, but Taiwan and the US-Japan military alliance.

On this subject, there is no room for any Japanese leader to consider the Chinese side. Even if the diplomatic dialogue resumes, I am not optimistic at all about the future prospects, because the Americans will not give up Taiwan in any case and the Japanese government is now totally involved with US military strategy.¹⁰⁶

104) 'President Calls for Japan-Taiwan Military Partnership', Central News Agency, Taipei, 10 September 2006.

105) 'China Protests: Reports Taiwan General at Japan Drill', *Dow Jones Newswires*, 25 August 2006.

106) Interview with Motofumi Asai, Hiroshima, 11 July 2006.

Asai stresses that the China-Japan Communiqué on the establishment of diplomatic relations is the same product of ambiguity, double dealing and deception as the US-China communiqués: ‘On the one hand, the Japanese government understands and respects the Chinese position, that Taiwan is part of China, but on the other hand, it does not recognize it. [...] Both the US and Japan have kept room for manoeuvrability. We have never legally recognized that Taiwan is part of China. That is the point’.¹⁰⁷

Japan’s leading foreign affairs commentator, Yoichi Funabashi, disagrees. On the Taiwan issue, he believes that the Chinese leadership trusts Japan: ‘China is unlike the 1960s and 1970s no longer interested in undercutting the US-Japan alliance, except for the Taiwan issue. Koizumi and Bush have actually sent a very clear message to Chen Shui-bian: “enough is enough, don’t overstep”. That has been very satisfactory to China. This is a very unique plus-sum of dynamics’.¹⁰⁸ Funabashi elaborates that neither the US nor Japan have any interest in Chen Shui-bian’s independence politics:

Destabilizing the Taiwan Straits cannot help the US at all with its preoccupation in Iraq and elsewhere with the war on terror. And in the case of Japan: we have had enough trouble with China already over history issues and others and we don’t need another one to complicate things further. And I think the Japanese leaders, although they have greater affinity for Taiwan’s democracy, they have been very much alarmed by Chen Shui-bian’s persona and his politics’.¹⁰⁹

The overarching question is whether closer Japan-China relations are compatible with the very close relations that exist now between Japan and the US or should there be a gradual dilution of a too close US-Japan alliance? Funabashi is still hopeful that this can be achieved:

“But unfortunately in the past five years or so, under Koizumi’s leadership, we have lost the big picture of how we can make this link, to make Japan and the US-Japan relationship into stabilizers in East Asia. Japan should make utmost efforts to convince and persuade East Asian countries, particularly China, to embrace and accept Japan as a stabilizer and the US-Japan alliance also functioning as a stabilizer and vice-versa. So far Japan has not succeeded in persuading any side. Unless Japan finds a formula to make this simultaneously feasible, the US-Japan alliance will be challenged in the coming years — seven to ten years. Suppose the US would reorient its policy towards China, in an antagonistic way, suppose it will turn into a Cold War, then that opportunity will be gone.”¹¹⁰

107) Ibid.

108) Interview with Yoichi Funabashi, Chief Foreign Affairs Commentator and former Beijing correspondent of *Asahi Shimbun*, Tokyo, 7 July 2006.

109) Ibid

110) Ibid.

If things turn out that way, Japan will not have enviable choices. It will have to perpetuate its unequal alliance with the United States as an obedient junior partner, or 'Finlandize' itself to its big continental neighbour. Funabashi is very stoical about it: 'Japan will have no choice apart from just being a junior partner, either to China or to the US. Certainly, Japan would be more content to remain the junior partner of the US, even in the long term. I think in large part because of the political regime, the nature of the regime there. It is very difficult to see how China will evolve politically'.¹¹¹

111) Ibid.

CHAPTER VI

CHINA, JAPAN AND ENERGY DISPUTES IN THE EAST CHINA SEA

*The Legal Conundrum*¹¹²

Is the East China Sea between China and Japan ‘another Persian Gulf’, a treasure trove of untapped seabed oil and gas reserves, as a United Nations’ survey mission reported already in 1968?¹¹³ The East China Sea is thought to contain up to the equivalent of 100 billion barrels of oil. It is one of the last unexplored high-potential resource areas, located near large markets.¹¹⁴ During the Mao era, nobody was encouraged to find out.

Until 1993 China was exporting oil and only became a net importer in 1996.

112) Selig S. Harrison, *Seabed Petroleum in North-East Asia* (Washington DC: Woodrow Wilson Center, 2005); and Mark J. Valencia, *The East China Sea Dispute: Ways Forward*, paper presented to the ‘Workshop on Sino-Japanese Reconciliation: The Search for Solutions’, Australian National University, Canberra, August 2006.

113) K.O. Emery, *Geological Structure and Some Water Characteristics of the East China Sea and the Yellow Sea*, CCOP Technical Bulletin, (Bangkok: United Nations ECAFE, 1969), p. 41.

114) Valencia, *The East China Sea Dispute*.

Over the last ten years, China and Japan have been locked in a complex legal dispute over their seabed jurisdictional rights that has paralysed petroleum exploration.

Prior to the coming into effect of the United Nations Convention on the Law of the Sea (UNCLOS) in November 1993, the People's Republic of China (PRC) adopted in February 1992 its Territorial Water Law, which asserts that the entire East China Sea continental shelf is a 'natural prolongation' of the Chinese mainland that extends eastwards all the way to the Japanese islands of Okinawa. According to this position the Chinese-Japanese boundary falls near the Okinawa Trough, approximately 130 kilometres from Japan's coast. Apart from historical precedent, China claims sovereignty over the Diaoyu Islands on this legal basis, among others.¹¹⁵ Japan has a median line approach, which is an interpretation of different clauses of UNCLOS. This approach sets the boundary at about 180 nautical miles equidistant between the coasts of China and Japan.¹¹⁶ Each side rejects the other's boundary line proposal. Despite this collision of sovereignties over Diaoyu/Senkaku, 1992 was a memorable year in the improvement of Sino-Japanese relations: President Jiang Zemin visited Japan in April 1992 and Emperor Akihito returned the courtesies by visiting China in October 1992.

Clashing interpretations of international law were not the only obstacle. Starting in 1978 the Diaoyu Islands — Senkaku Islands in Japanese (see map) — have been a regular battleground between Japanese nationalist extremists and ardent Mainland-, Hong Kong- and Taiwan-Chinese patriots, after the right-wing Japanese Youth Federation in March 1978 erected a lighthouse on the largest of the islands to symbolize Japan's claims. China responded by sending a flotilla of more than 80 armed fishing boats that repeatedly circled the islands. The People's Liberation Army (PLA) navy commander reportedly planned a major naval exercise as a show of force, but was overruled by Chinese paramount leader Deng Xiaoping, who in a few months would sign the Sino-Japanese peace treaty, ending the Second World War between the PRC and Japan. Deng attached more importance to Japanese concurrence with an anti-(Soviet) hegemony clause in the treaty than to the islets, and spoke the historical words: 'Our generation is not wise enough to find common language on this [Diaoyu/Senkaku] question. The next generation will certainly be wiser. They will surely find a solution acceptable to all'. Then Chinese President Jiang Zemin reaffirmed China's commitment to Deng Xiaoping's legacy of 'shelving' the Diaoyu/Senkaku question during the Japanese imperial visit to Beijing in 1992. In 2006, 28 years after Deng's soothing words and 14 years after Jiang's, no solution of the Diaoyu/Senkaku question is in sight.

115) Chris Chung, *Forging Cooperation between China and Japan in the East China Sea*, 'Workshop on Sino-Japanese Reconciliation: The Search for Solutions'.

116) International Crisis Group, *North-East Asia's Undercurrents of Conflict*, December 2005, p. 5.

The Diaoyu are a textbook case of Chinese 'irredenta'. The ancient Ryukyu Kingdom, of which Okinawa was the main island, was a tributary state of the Chinese (Qing) Empire and simultaneously a fief of the Daimyo (Lord) of Satsuma on the main southern Japanese island of Kyushu.¹¹⁷ In 1879 Japan declared the kingdom to be part of the Meiji Empire under the name 'Okinawa Prefecture'. The Diaoyu Islands were not part of this new prefecture, but when Japan annexed Formosa in 1895, the Treaty of Shimonoseki stipulated, among other things, that China cedes to Japan 'the island of Formosa together with all islands appertaining or belonging to said island of Formosa'. The Japanese name Senkaku was given to Diaoyu only in 1900. During the final stages of the Second World War, a US military government was established on what was renamed the Ryukyu and Adjacent Islands. Only 'Formosa and the Pescadores' were specifically mentioned in the Cairo Declaration (of 1943) and the Potsdam Proclamation (of 1945) as 'to be restored to the Republic of China (after 1949 on Taiwan)'. The US considered Senkaku (Diaoyu) as administratively belonging to Ryukyu, now Okinawa, and took no position on the dispute over sovereignty. When the US returned Okinawa to Japan in 1972, adjacent islands, regardless of whether they had historically or geographically belonged to Ryukyu, were handed over to Japan as well.¹¹⁸ Both China and Taiwan burst out in shock and disapproval when Japan took over the Senkaku Islands in 1972.¹¹⁹

In rejecting the Chinese claim to Diaoyu, Japan has drawn a hypothetical median line based on its own unilaterally defined Law of the Sea criteria. Faced with this impasse, China respected the Japanese line for nearly three decades, restricting its petroleum exploration to waters close to the Chinese coast. But multiplying energy needs, plus the discovery of promising gas deposits in the middle of the East China Sea, have gradually led Beijing to adopt a more assertive posture.

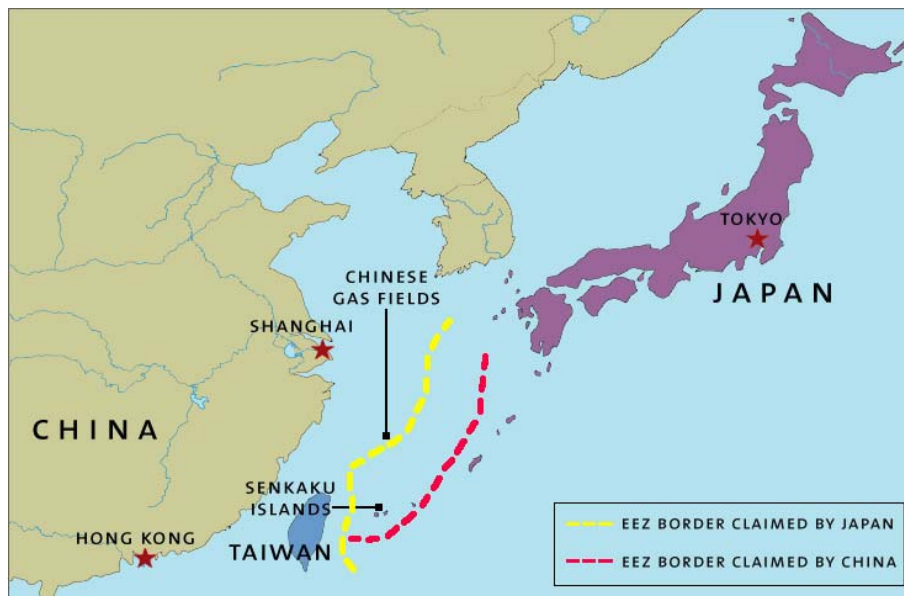
By 1995, Chinese geologists had pinned high hopes on the potential of a 940-square-mile swathe of the seabed straddling the median line north-east of Shanghai in a seabed geological depression known as the Xihu Trough. Chun Xiao, the most promising, overlaps the line for some ten miles, although the exact distance has not yet been determined. While setting the stage for production at Chun Xiao on the Chinese side of the line, Beijing launched

117) Robert K. Sakai, 'The Ryukyu Islands as a Fief of Satsuma', in John K. Fairbank, *The Chinese World Order: Traditional China's Foreign Relations* (Cambridge MA: Harvard University Press, 1968).

118) In 2005, the US State Department said that it would back up any Japanese security claim on the Senkaku Islands. After the Second World War, at the San Francisco peace treaty, a line was drawn in the Pacific that was regarded as giving the Senkaku Islands to Okinawa, which for many years was administered by a UN high commissioner. The Senkaku Islands had been and still are often used by the US as practice grounds for bombing runs.

119) Suganuma Unryu, *Sovereign Rights and Territorial Space in Sino-Japanese Relations: Irredentism and the Diaoyu/Senkaku Islands* (Honolulu: University of Hawaii Press, 2000), pp. 142-143.

survey operations to assess petroleum prospects on the Japanese side — of the median line that they did not recognize — triggering steadily spiralling tension that still continues.



Source: Yale Global Online, April 2006.

A new dispute erupted in July 1996, when the right-wing Japan Youth Federation erected a second makeshift lighthouse to buttress Japan's sovereignty claim. On 20 July 1996 Japan ratified the Convention on the Law of the Sea, declaring a 200-nautical mile exclusive economic zone that included the Diaoyu Islands.

Japanese right-wing activism had fanned patriotic fervour in Hong Kong and Taiwan, from where expeditions to Diaoyu were being dispatched. The situation became tragic following the death of David Chan, a 40-year-old pro-China activist from Hong Kong who drowned after jumping in the water when Japan's Maritime Safety Agency prevented his boat from landing on one of the Diaoyu Islands. Chan's death inspired large anti-Japanese protests and boycotts of Japanese goods in Hong Kong and Taiwan, and prompted a second and more successful attempt by Hong Kong and Taiwanese activists to plant their national flags on the Diaoyu Islands on 9 October 1996. The Chinese government, which had been trying to calm the situation, had issued only mild statements condemning the Japanese. The real Chinese patriots were in free Hong Kong and Taiwan, and they accused the mainland

government of being illegitimate and unpatriotic and criticized it for selling out to Japan for economic aid and trade.¹²⁰



Source: Ship & Ocean Newsletter, Institute of Ocean Policy, Tokyo, March 2003.

From January 1998 through August 2000, sixteen Chinese ships intruded into areas on the Japanese side on twelve different occasions. In July 2001, a Chinese-chartered Norwegian seismic survey ship, the 'Nordic Explorer', turned up on the Japanese side and stayed for two months. When China set up production platforms in August 2003 at Chun Xiao, one of them less than one mile from the median line, Japan finally reacted by chartering another Norwegian seismic survey ship, equipped with the latest three-dimensional seismic survey technology.

Japan wanted to know how far the geological structures underlying the three gas fields extended onto the Japanese side, and whether these structures were configured in such a way that China could suck up gas from the Japanese side even if its production sites are located on the Chinese side. Japan called on China repeatedly during 2004 to suspend production close to

120) Erica Strecker Downs and Phillip C. Saunders, 'Legitimacy and the Limits of Nationalism', *International Security*, spring 1999, vol. 23, no. 4, p. 114.

the median line pending a diplomatic resolution of the dispute and to share geological data on the three gas fields with an eye to a possible joint development programme. China reacted with new military moves.

On 10 November 2004, the Japanese navy spotted three Chinese submarines near Chun Xiao and chased them for two days. In early January 2005, two Chinese navy destroyers criss-crossed the Chun Xiao area for one week, provoking a series of patrol missions by Japanese PC3 patrol planes. The Chun Xiao dispute finally came to a head on 19 February 2005, when the Japanese Agency for Natural Resources and Energy issued a report on the findings of the US\$ 75 million 'Ramform Victory' survey, announcing a 'high probability' that the structures where China is drilling extend onto the Japanese side. While it is 'not fully certain' that there is oil and gas on the Japanese side, the report said, 'we believe on the basis of the available evidence that such deposits exist'. Moreover, it added, 'there is reason for concern' that Chinese production operations will extract gas from the Japanese side. The only way to find out how much petroleum exists on the Japanese side and exactly where it is located, the report concluded, would be for Japan to start drilling on the Japanese side of the line.¹²¹

Drilling for gas and trouble

During spring 2005, all of the negative factors in Sino-Japanese relations were coalescing (see chapter V). Chinese outrage over extension of the US-Japan security alliance to include Taiwan, a Chinese mass campaign on the internet to oppose Japan's bid for a permanent seat at the United Nations Security Council and Chinese protests against a new school history textbook that whitewashed Japan's Second World War aggression and war crimes had culminated in anti-Chinese riots in major Chinese cities, etc.¹²²

Amid this combustible mix of popular anger and government manoeuvres, Japan on 14 April 2005 authorized three of its oil companies to proceed with test drilling on the Japanese side of the line, threatening to set up its own production platforms to compete for Chun Xiao's resources if a diplomatic compromise could not be reached. The bold Japanese action followed China's outright refusal to share geological data on the three gas fields and was the first show of Japanese assertiveness against its powerful neighbour.

China has kept its options open in the East China Sea. Beijing has repeatedly offered to negotiate joint development arrangements in contested areas. At the same time, however, it has continued to assert the 'natural

121) Harrison, *Seabed Petroleum in North-East Asia*.

122) In the early morning of 9 February 2005, Tokyo informed Beijing's embassy in Japan that the Senkaku Islands would from now on be administered by the Japanese coastguard, which was another sign of deepening animosity.

prolongation' principle, which makes it difficult, if not impossible, to reach agreement with Japan on the location and demarcation of joint development zones. Beijing's spokesmen reiterated that the Japanese permits were 'a serious provocation' and said that it had 'never recognized and will never recognize' the Japanese demarcation line'.¹²³ In September 2005 China deployed a fleet of five warships to the Chun Xiao area, which was apparently meant as a 'curtain-raiser' for the start of drilling operations. Naval analysts compared the situation with the 1930s, when Japan's rapidly expanding navy was a matter of concern for the United States.¹²⁴ On 1 October 2005 Japan proposed a 'comprehensive and final solution' to the long-running dispute over oil- and gas reserves, which was expected to be a bold leap in responding for the first time to earlier Chinese overtures for joint development in the disputed zone. Japan's offer for joint development has three main elements. First, all oil and gas reserves that straddle the median line, including Chun Xiao, would be jointly developed. Second, fields that were clearly on one side of the line or the other would be developed by either China or Japan alone. Third, Japan has demanded that, while negotiations on its 'final solution' proceed, China should suspend development of fields close to the line. Chinese negotiators said that they would consider Japan's offer, which would be discussed in detail at talks in Beijing scheduled for November 2005.¹²⁵ However, the talks did not materialize because bilateral relations were plunged into crisis again after Japan's (then) Prime Minister Koizumi found it necessary to make another Yasukuni visit on 17 October 2005.

The talks were rescheduled for early March 2006 but led nowhere. Japanese Foreign Minister Taro Aso rejected joint development of the Chun Xiao field, as China had proposed, and stated: 'It is clear from a historical perspective and international law that the Senkaku Islands are Japanese territory. We have no intention of engaging in such a proposed joint development project'.¹²⁶ The historical perspective on the Diaoyu/Senkaku Islands is not clear at all. It is uniquely ambiguous. The best European comparison would be nineteenth-century Luxembourg. Luxembourg used to belong to the Holy Roman Empire, and when this was dissolved by Napoleon in 1804 it became a member of the German Confederation (*Deutsche Bund*), but was placed under the King of the Netherlands after the defeat of Napoleon in 1815. The Dutch kings continued as sovereigns of Luxembourg until there was no male successor in 1890 as Salic law required. Ryukyu (Okinawa) was a kingdom with two overlords — the Emperor of China as

123) David Pilling in Tokyo and Mure Dickie in Beijing, 'Tokyo Mulls Sharing Oil Exploration with China', *Financial Times*, 15 April, 2005.

124) Norumitsu Onishi and Howard French, 'Chinese Warships Remind Japanese of Challenge on Seas', *New York Times*, 11 September 2005.

125) David Pilling, 'China to Consider Japan Oil Dispute Solution', *Financial Times*, 2 October 2005.

126) 'Japan Rejects China's Proposal on Gas Fields', *Asahi Shimbun*, 9 March 2006.

tributary suzerain and the Daimyo of Satsuma in Tokugawa Japan as the dominant power over its trade. The Diaoyu/Senkaku Islands belonged neither historically nor geographically to Ryukyu, but to Taiwan instead. Whatever any Japanese politician says, China will never, ever accept the name Senkaku, or that it belongs to Japan. Neither will China accept a median line based on the Japanese interpretation of UNCLOS, but an exclusive economic zone (EEZ) based on the continental shelf. When Deng Xiaoping spoke the wise words in 1978 that his generation did not have the wisdom to solve the problem, he may have meant: 'China does not have the power to solve the problem now, but in a few decades it will'.

Aso is a scion of a noble industrial family, which owns Aso Mining Company. During the Second World War it employed over 10,000 Korean forced labourers, plus 300 Western prisoners of war, mostly British, with some Dutch and Australians. None of those who survived has ever been paid a penny in compensation.¹²⁷ In his short tenure as foreign minister under Koizumi, Aso has distinguished himself in badmouthing China, and on each occasion he had to eat his words. In autumn 2005 Koizumi replaced the China-bashing Minister of Economy, Trade and Industry Shoichi Nakagawa with Toshihiro Nikai, who was known for his close contacts with political circles in China.

Aso used threatening language towards China that if China pushed ahead with drilling in the East China Sea, Japan would have to take countermeasures. Nikai publicly rebuked him: 'It is useless to say something that could not be carried out'.¹²⁸ Aso then wrote a conciliatory, constructive OpEd page article in the *Asian Wall Street Journal* and he has behaved diplomatically since.¹²⁹ Anticipating Koizumi's departure in September 2006, Chinese and Japanese officials, diplomats and business executives were quietly preparing for the post-Koizumi era. The first spectacular step happened much sooner than anyone had expected. On 9 October 2006, China's President Hu Jintao and Japan's Prime Minister Shinzo Abe issued a communiqué with the following paragraph (6):

In order to make the East China Sea a 'sea of peace, cooperation and friendship', both sides agreed to properly handle relevant disputes through dialogues and consultations. Both sides vowed to speed up the process of consultation on the East China Sea, bear in mind the overall common development and discuss solutions acceptable to both sides.

127) Christopher Reed, 'Family Skeletons: Taro Aso and Forced Labour by Koreans and Allied POWs during World War II', *Japan Times*, 25 April 2006; and expanded version in *Znet*, 30 April 2006.

128) 'Top Ministers Split over China Gas Field', *Asahi Shimbun*, 20 March 2006.

129) Taro Aso, 'Japan Welcomes China's Democratic Future', *Asian Wall Street Journal*, 13 March 2006.

Both sides have gone to the brink in recent years, but never crossed it. With dialogue at the top level restored, conditions are favourable for a settlement of the oil and gas disputes, which could serve as a basis for broad regional cooperation on energy development. Perhaps the magic formula would be to put the gas and oil reserves in the East China Sea under a single supranational high authority, an East Asian version of the ECSC (European Coal and Steel Community) set up in 1952 as a first step in the evolution of the European Union. 'The solidarity between the two countries established by joint production will show that war between France and Germany becomes not only unthinkable, but materially impossible', Schuman said in launching his plan on May 9, 1950.¹³⁰ Will an East Asian Robert Schuman and a Jean Monnet come forward please?

129) Dick Leonard, *The Economist: Guide to the European Union, The Definitive Guide to All Aspects of the EU*, Ninth Edition (Brussels, 2005).

CHAPTER VII

CHINA, JAPAN AND THE PROSPECTS FOR EAST ASIAN REGIONAL INTEGRATION: THE RE-ASIANIZATION OF JAPAN

Regional integration in North-East Asia, political and economic, is in its infancy, with several missing links, most spectacularly the direct Japan-China link. With a two- way trade volume in 2006 that is expected to exceed US\$ 200 billion, it is one of the largest trade and investment relationships in the world. Yet the two great powers have been unwilling and unable to maintain friendly political relations with each other and engage in structured trade- and investment agreements. The two neighbours are increasingly interdependent, but Japan in recent years has been moving further away from continental Asia , seemingly to become an ever closer military ally of the United States. China has used Japan's failure to atone for its criminal war past to keep it down and deny it membership in the most exclusive political club in the world, the permanent members of the Security Council of the United Nations. Former Japanese Prime Minister Junichiro Koizumi's annual pilgrimages since 2001 to the Yasukuni Shrine, where Japan's war dead, including executed class-A war criminals, are enshrined, have become the prime symbol of the bad blood between China and Japan. With the accession of Japan's new Prime Minister

Shinzo Abe, there is a beginning of change, but it is too early to say whether this will be sustained and consolidated.

Two other legacies of the Second World War and the Cold War are bedevilling stability and security in the region: Taiwan's drive for formal independence (although receding); and the volatile North Korean nuclear issue. China's rapid rise and these long term challenges are all unfolding in a region that lacks firmly established integrating institutions like those of the European Union, which help to build trust. Officials and academics are fully aware that integration in East Asia will be far more difficult than in Europe, since there is a mosaic of six distinct civilizations — Japanese, Sino-Confucian, Islamic, Buddhist, Hindu and Christian — whereas in Europe there is historically only one: Judeo-Christian with three major branches — Catholic, Orthodox and Protestant.¹³¹ Political and systemic differences are also much deeper because of the profound cultural-religious and linguistic diversity, different legacies of colonialism and communist revolutions. Gaps in economic development are deeper than anywhere else in the world. Per capita income in Japan is more than twenty times China's. Despite its relative decline, with a GDP of over US\$ 4 trillion, Japan is the second largest economy in the world and China, with over US\$ 2 trillion, the fourth — after the US, Japan and Germany. But China has ten times as many people as Japan, who are willing to work hard for between five to ten per cent of the average salary of a Japanese.

On top of all of these glaring disparities, Asia has no security community in the transatlantic sense, comparable to NATO and the OSCE. The Association of South-East Asian Nations (ASEAN) has a security dialogue process — the ASEAN Regional Forum (ARF) — but it is only a consultative organ without any treaty- or military command structure. In North-East Asia there are/were the halting 'Six-Party Talks on the North Korean Nuclear Issue', which after two breaks of more than one year each are expected to resume before the end of 2006. Military conflict in North-East Asia is still quite imaginable in two or perhaps three (potential) trouble spots: the Korean peninsula; the Taiwan Straits; and the East China Sea around the Chun Xiao gas field and/or the Diaoyu/ Senkaku Islands.

The need for a multilateral security structure is keenly felt, but no roadmap is on the table yet. 'Continuous security dialogue on an equal footing serves as the only road to the establishment of a multilateral security mechanism', said Wang Xingyu, a professor at Renmin University in Beijing.¹³²

131) Some consider Japan part of Confucian civilization, but Samuel Huntington, in his famous 1993 *Foreign Affairs* essay 'The Clash of Civilizations', lists Japanese as a separate civilization besides Western, Confucian, Islamic, Hindu, Slavic-Orthodox, Latin American and possibly African civilizations.

132) 'East Asia Badly Needs Security Partnerships', *China Daily*, 29 September 2005.

Sino-Japanese Economic Rivalry in the Asia Pacific Region

The preface of a book entitled *Japan in Asia: The Economic Impact on the Region*, published by the Far Eastern Economic Review in 1991, starts as follows: 'Asia is entering an era in which the dominance of the US is being increasingly challenged by Japan, by virtue of its economic might. Governments and people in Asia are looking more and more to Tokyo for a lead, rather than to Washington. But it is a role that Japan is reluctant to play'. If one interchanges Japan and Tokyo with China and Beijing, the quotation, except for the last sentence, exactly depicts the situation in Asia in 2006 and illustrates how abruptly the brief historical cycle of Japan's rise was aborted. China is rising and challenging US dominance. During more than a decade of recession, Japan has been named a 'newly declining country' in commentaries around the world. 'Will Japan Rise Again?' was the bold-face red title of a debate in *Foreign Affairs* six years ago.¹³³ After some years of some financial reform but more obstruction of reform by the LDP old guard, Japan is showing economic growth again, paradoxically thanks to its vastly expanded trade with China, the relocation of Japanese industries to China, the re-export of affordable Japanese goods for the Japanese consumer from China back to Japan, and the creation of jobs in Japan because of insatiable Chinese demand for steel, cement, paper and other old economy products.¹³⁴ It is not only the Japanese economy that is benefiting from China's rise; other countries in the region are benefiting increasingly from the China factor and less so from Japan.

As the largest magnet of foreign direct investment (FDI) in the world, China has sucked a lot of investment away from South-East Asia, but in compensation it has spectacularly opened its market for huge imports of energy, raw materials, components and semi-manufactures from the region and the world at large, making everybody benefit. China has offered quick tariff reductions that will boost imports of agricultural products from ASEAN, whereas Japan is much less willing to engage in trade liberalization, especially in the highly protected agricultural sector. China has been leading in regional integration, which Japan did in the early 1990s but it has been holding off in recent years. China wanted to form an East Asian bloc in 2001-2002 that would include Japan, but since the cooling of relations caused by Koizumi's Yasukuni visits, the Chinese blueprint ceased to eye Japan, but primarily continental plus archipelagic South-East Asia as part of its grand strategic goal of a multipolar world, so as to counter American global domination.

133) Diana Helweg, 'Japan: A Rising Sun?', *Foreign Affairs*, July/August 2000, on the coming economic revolution; and Aurelia Mulgan, 'Japan: A Setting Sun?', *Foreign Affairs*, July/August 2000, on the roadblocks to reform.

134) Interview with Tatsuya Terazawa, Director North-East Asia Bureau, Ministry of Economy, Trade and Industry, Tokyo, April 2005.

'Facts have proved that East Asian countries share the same stance with China on many issues, and China will wield more clout in the world arena when backed by East Asia', said Niu Jun, Research Fellow in the Institute of American Studies at the Chinese Academy of Social Sciences.¹³⁵ China's main concern, economic development is shared and supported by the region. China together with India and Brazil — the so-called G-3 — is a champion of the interests of the developing world in the Doha Round of World Trade Organization negotiations. Japan, to the contrary, is viewed as a 'non-Asian' protectionist partner of the United States.¹³⁶

Japan has traditionally focused more on South-East Asia than on China. ASEAN was a key region for Japanese corporate investment long before China opened. ASEAN has received approximately US\$ 100 billion of Japanese investment since its founding in 1967.¹³⁷ Japanese-funded projects in China totalled 31,000 by the end of October 2004, with a combined investment of US\$ 46.1 billion, according to Chinese Commerce Minister Bo Xilai.¹³⁸ During the Asian financial crisis, Japan extended US\$ 80 billion in aid to victimized ASEAN countries and Korea. China has received a total of US\$ 30 billion in official development assistance from Japan since the late 1980s.

In the political and security realm, Japan's attempts to lead Asia have been stymied for decades by its strategic dependence on and subservience to the US and more recently by the rise of China. Japan has tried to break out of its 'satellite-relationship' with the United States several times, but each time external events and American pressure frustrated this. Koizumi's announcement in 2002 that he would go to Pyongyang, just after George Bush had branded it part of the 'axis of evil', was the latest example. The first time was in the early 1990s. As a member of the Western-dominated G-7, Japan had joined in imposing sanctions on China after the Tiananmen repression, but as an oriental country, Japan refrained from criticizing China harshly and publicly and was the first to lift sanctions in 1991. It then tried to play the role of mediator between China and the West. Then Japan tried détente with Russia in getting the Southern Kurile Islands back for a huge pay-out of US\$ 25 billion. Russian President Boris Yeltsin would not play ball. Then the first North Korean nuclear crisis in 1993-1994 pulled Japan back into the American orbit and China's firing of missiles close to Taiwan in 1995-1996 further restrengthened the US-Japanese alliance. During the Asian financial crisis in 1997, the United States, followed by China, torpedoed a

135) Interview with Professor Niu Jun, Beijing, June 2005.

136) 'Japan in Asia: The Economic Impact on the Region', *Far Eastern Economic Review Books*, Hong Kong, 1991.

137) Yoriko Kawaguchi (Foreign Minister of Japan), 'A Summit to Build On: Japan-ASEAN Partnership', *Wall Street Journal*, 11 December, 2003.

138) Phar Kim Beng, 'Japan Eyes Greener Pastures in South-East Asia', *Asia Times Online*, 11 January 2005.

Japanese plan to set up an Asian Monetary Fund that would help Asian countries, not according to the IMF criteria of the Washington Consensus but according to 'Asian values' with Japan in the lead. Then China took over. It ignored the pressure from the World Bank, the IMF and the US and this saved it from the financial collapse that hit Thailand, South Korea and Indonesia during the 'Asian crisis' of 1997. China now has its own independent 'coordinated development' strategy, the so-called 'Beijing Consensus' — that is, to approach privatization and free trade with caution, to open capital markets only gradually, to use 'asymmetric' power such as huge dollar reserves to get leverage over a recklessly spending US, and to befriend neighbours with massive, fast-increasing imports.¹³⁹

The Hot Economics and Cold Politics of the Sino-Japanese Relationship

Despite chilling political relations, Sino-Japanese trade is soaring. In 2002, China became Japan's largest import partner. Japan's imports from China exceeded those from ASEAN in 1991, from the Newly Industrializing Economies (Hong Kong, Taiwan, South Korea and Singapore) in 1997, from the European Union in 2000 and from the United States in 2002.¹⁴⁰ In 2004, China surpassed the US for the first time as Japan's largest trading partner, with a two-way trade volume of US\$ 167.89 billion. It rose to US\$ 184.44 billion in 2005 and will exceed US\$ 200 billion in 2006. Nevertheless, the growth rate has been decreasing every year as a result of deteriorating political relations.¹⁴¹

Japanese direct investment in China, led by car manufacturers and electronics companies, reached US\$ 6.5 billion in 2005. Most of Japan's imports from China are manufactured goods. The ratio of manufactured goods to Japan's total imports from China rose 84.1 per cent from 58.1 per cent during 1991-2001. The percentage of textiles and clothing remained relatively unchanged at 29.7 per cent in 1991 and 29.1 per cent in 2001. The ratio of machinery rose considerably to 28.5 per cent from 5.8 per cent in 1991. In 2001, import items recording the highest growth over the previous year were mostly IT products: telephone and facsimile machines by 98.2 per cent; telecom equipment and TV parts and accessories by 81.4 per cent; computers by 67.1 per cent. In the near future, Chinese products are

139) Joshua Cooper Ramo, *The Beijing Consensus* (London: Foreign Policy Centre, May 2004).

140) Hideo Ohashi, 'The Impact of China's Rise on Sino-Japanese Economic Relations', in Ryosei and Wang, *The Rise of China and a Changing East Asian Order*, chapter 11, pp. 175-193.

141) 'Will Political Chill Dampen Economic Ties?', *People's Daily*, 29 March 2006.

expected to dominate Japan's IT markets. Nearly two-thirds of Sino-Japanese trade is apparently in the form of intra-industry and intra-company trade.¹⁴²

For an increasing number of Japanese companies, China is their main profit source. For example, the profit of the China subsidiary of construction equipment giant Komatsu increased 63 per cent in 2003. Of the company's global profit, 40 per cent came from its China operations.¹⁴³

Some 20,000 Japanese are registered as residents in Shanghai, but the real number is estimated at over 100,000. 35,000 Japanese companies have operations in China, with more than one million Chinese employees. The Japanese School in Shanghai has reached its capacity with 2,214 students and there are 135,000 Chinese students in Japanese universities. The students consider Japan 'a more foreign country' than America.¹⁴⁴

Tatsuya Terazawa, Director of the North-East Asia Division in the Ministry of Economy, Industry and Trade, explained that more factors are complicating the further expansion of trade and industrial relations, not only politics. There are two reasons for investing in China: one is for production; one is for the market. Investment for export will decline in importance, because labour cost is increasing, not just value but also social security and other costs. Managing labour is becoming very difficult. One reason is the spread of cell phones. Moving further inland will not be the solution, because it will be costly. Top-level meetings between Japan and China have been frequently cancelled or postponed because of Koizumi's erratic behaviour. This did not affect projects between private sector companies from both sides, but it had a negative impact on big-industry deals, such as the *Shinkansen* (the high-speed train system) and nuclear power station deals, which could not materialize without governmental involvement. 'There is a lot of negative feeling towards the Japanese, problems with employment policy, for example, the best qualified guys don't want to work for Japanese companies, more and more Chinese don't want to drive Japanese cars anymore. Chinese TV commercials have an anti-Japan slant, etc.'¹⁴⁵

142) Ohashi, 'The Impact of China's Rise on Sino-Japanese Economic Relations', *ibid.*

143) *Ibid.*, p. 180.

144) Howard French and Norimitsu Onishi, 'Economic Ties Binding Japan to Rival China', *New York Times*, 31 October 2005.

145) Interview with Tatsuya Terazawa, Tokyo, 4 July 2006.

China Rebuilding its Traditional Sphere of Influence: The China-ASEAN Free Trade Agreement

After its accession to the WTO in 2001, China immediately moved towards establishing a free trade agreement (FTA) with ASEAN — CAFTA — at the Phnom Penh summit in 2002. Japanese Prime Minister Koizumi was shocked by the dynamism of his Chinese counterpart Zhu Rongji. Koizumi had launched his own lukewarm initiative to pursue a Japanese FTA with ASEAN, but he had no strategy and faced the impossible domestic political challenge of liberalizing Japan's highly protected agricultural market. To the great annoyance of Japanese officials, China and ASEAN moved forward to sign a framework for the FTA negotiations at Phnom Penh. The Japanese media described the Chinese moves as stepping stones towards Chinese leadership in East Asia and a 'threat' to Japan. The momentum towards the creation of an East Asia Free Trade Area was now a reality and it was generated by China, not Japan.

China's drive to integrate with ASEAN is motivated by a triple strategic design. First, compensate ASEAN for sucking investment from South-East Asia to China: 'They already opened their market; they paid a huge cost to enter WTO, now they think they can expand to other countries. Furthermore, they might be concerned about some ASEAN countries' wariness against China. Because as you know most of the world's investment to Asia has been redirected towards China. So China needs to soothe them and court further the ASEAN peoples by market-opening'.¹⁴⁶

Second, marginalize Taiwan as a major trade- and investment partner in South-East Asia. Hu Zhaoming, the Director of the Division of Regional Cooperation in the Asia Department of China's Foreign Ministry, said 'Taiwan has close trade and investment relations with all the countries there. We just want to have better and closer economic relations with ASEAN countries, compared with Taiwan'. Hu also considered China having a stronger trade and investment presence in South-East Asia than Taiwan to be a security interest.¹⁴⁷

Third, outmanoeuvre Japan as a regional leader. Trade figures show how decidedly China is replacing Japan as the trade hub of the region. China's share of Asian imports rose from 10.5 per cent in 1995 to 23.7 per cent in 2003 and Japan's share declined from 26.7 per cent to 22 per cent during the same period.

Japan is much less willing to engage in trade liberalization, especially in the highly protected agricultural sector.

146) Interview with Kim Han Soo, Director-General of the FTA Bureau, Korean Ministry of Foreign Affairs and Trade, Seoul, 26 April 2005.

147) Interview with Hu Zhaoming, Beijing, 3 June 2005.

A China-Japan-Korea FTA: A Non-Starter for Now

Following Phnom Penh in 2002, the leaders of Japan, China and Korea agreed to initiate a study group of think tanks to explore prospects for closer cooperation among the three countries. China wanted to upgrade the study group but Japan wanted an investment treaty first. The Koreans are sceptical about this. Kyung Tae Lee, President of the Korea Institute for International Economic Policy (KIEP) and an insider on North-East Asian integration, says:

They [the Japanese] say that China is still far from having the economic infrastructure that will conform to the market economy. They have a long way to go to reach market economy status. So it is premature for Japan to have an FTA with China. That's what Japan says, but is that the whole story? There might be some other reason. Maybe political. Senkaku, energy exploration, the history issue. And also, in the region, China's presence is now becoming more prominent than Japan's. China is importing more from the region now than Japan. ASEAN countries are now depending more on China than on Japan. Before, ASEAN was kind of the backyard of Japan. But Japanese investment in ASEAN has been slowing down these days and Chinese companies are becoming big investors there. Japan feels that its status is challenged by China's emergence. I guess the Japanese perception is that they think their predominance is threatened by China. They see China as their rival, not as a partner for cooperation.¹⁴⁸

China has its FTA with ASEAN ready and has positive relations with South Korea. South Korea has its own negotiating relationship with ASEAN and Japan, and Japan is negotiating with ASEAN and Korea as well, but the big missing link is between China and Japan. Although there is no specific agreement yet on forming a region-wide FTA, a web of bilateral FTAs is now in the pipeline. As a Chinese official put it: 'There is no ASEAN + 3. In fact there are only "three ASEANs plus one"'.

The East Asia Summit

With economic and trade integration proceeding slowly step by step, political integration is far more onerous, due in the first place to the poor relations between China and Japan. Comparing the relationship between Japan and continental Asia with that between Britain and Europe has some relevance. Koizumi has often been nicknamed the 'Tony Blair of Asia'. Both men had a misguided, subordinate relationship with the most defective American president of the twentieth century and were spoilers in their own regions.

148) Interview with Kyung Tae Lee, President of the Korea Institute for International Economic Policy (KIEP), 29 April 2005.

Despite Koizumi's lack of interest in Asia, Japan did participate in the rituals of East Asian integration. The first East Asia summit (EAS) was held in the Malaysian capital Kuala Lumpur in December 2005. Since bilateral dealings between China and Japan had been severely impaired for quite some time, the two regional great powers were unable to lead, because neither of them would accept the other's leadership. That is why ASEAN took the driver's seat. Participants were the ASEAN 10 + 3 — ASEAN plus China, Japan and South Korea, plus another three — India, New Zealand and Australia — making it ASEAN + 3 + 3. The idea of involving India, Australia and New Zealand was initiated by Japan, Indonesia and Singapore as a hedge against Chinese domination. China had misgivings about Australia because, like Japan, it is another obedient junior military ally of the United States, particularly under the Howard government. The condition for participation was accession to the so-called Treaty of Amity and Cooperation in South-East Asia (TAC). This pact for regional peace and stability was originally entered into by the five founding members of ASEAN — Indonesia, Singapore, Malaysia, Thailand and the Philippines — in 1976, and its basic aim was to keep the region free from foreign — that is, American — interference and domination. Besides promoting amity and cooperation, the treaty includes a 'renunciation of the threat or use of force' and an agreement that all parties 'shall not in any manner or form participate in any activity which shall constitute a threat to the political and economic stability, sovereignty, or territorial integrity of another High Contracting Party'. Australia finally signed the treaty in July 2005, but it refused to repudiate the right to launch pre-emptive strikes if, for example, terrorists in neighbouring nations would plan attacks. So Australia wants to keep its options open for Bush/Blair-style invasions of countries in the region.

China became the first major power to accede to the TAC when Premier Wen Jiabao attended the ninth ASEAN summit in Bali in October 2003. The accession can be seen as the political complement to China's breakthrough in economic relations at the 2002 summit in Phnom Penh, when the China-ASEAN Free Trade Area was initiated. This promises a virtually tariff-free trade zone with a population of 1.8 billion people by 2010 (less-developed ASEAN countries have a 2015 timetable). India joined the TAC immediately after China; Japan and South Korea signed on in 2004.¹⁴⁹

The East Asia summit in 2005 was meant to be a historical event, the inauguration of the 'Asian Century', but it was a cacophony of discord instead. Chinese Prime Minister Wen Jiabao refused to meet his Japanese counterpart, because Koizumi deemed it necessary to visit the Yasukuni Shrine once more in October 2005. China saw Australia, New Zealand and Japan as conduits for American interests, and Tokyo and Washington were alarmed by a perceived Chinese scheme to use the tentative East Asian Community as an instrument to limit American influence. The United States

149) The Treaty of Amity and Cooperation can be viewed at <http://www.aseansec.org/1654.htm>.

could have first-hand experience, but so far it does not want to join because it would also be required to accede to the TAC, which would prejudice its military options. Russian President Vladimir Putin was present as an observer — Russia is at least part of East Asian geography, although not much of the economy. The US in the end might also want to join, at least as an observer and perhaps as a full participant, but in that case it must sign the TAC.¹⁵⁰

The Re-Asianization of Japan

Koizumi's worldview was very simple — that there is only one abroad that matters to Japan, namely the United States. More and more Japanese profoundly disagree. One of them is Yotaro Kobayashi, former CEO of Fuji-Xerox, now 'Chief Corporate Adviser' and holder of many (honorary) chairmanships of influential committees, most prominently Pacific Asian Chairman of the Trilateral Commission:

"There is no way for Japan to avoid developing meaningful relationships with China and other Asian countries. Not just for economic reasons, but in the long term even for the survival of the Japanese identity. There is even one issue, coming up slowly but steadily. This Yushukan [the museum on the — ultra-nationalist — history of the Second World War, which is attached to the Yasukuni Shrine]. This whole Yasukuni commotion has made more and more Japanese people interested. Many of them who come back from visiting not only question the China-Japan-Asia [...] relationship, but they question whether this US-Japanese relationship is really that sound! What about the Tokyo carpet bombings, the nuclear holocausts of Hiroshima and Nagasaki, the victor justice of the Tokyo Tribunal? [...] More and more people are having doubts about the US-Japanese relationship, particularly in the long term. One element is the switch from Japan to China. All of these questions are now thrown into an active debate, which I think is healthy. We re-evaluate our external relations, including the US-Japanese relationship [...]"

150) Alan D. Romberg, *The East Asia Summit: Much Ado about Nothing — So Far?*, Freeman Report (Washington DC: Center for Strategic and International Studies, December 2005).

THE RE-ASIANIZATION OF JAPAN

INTERVIEW WITH YOTARO KOBAYASHI, PACIFIC ASIA CO-CHAIRMAN, TRILATERAL COMMISSION, TOKYO, 6 JULY 2006

Van Kemenade: Do you really find it conceivable that the US-Japanese relationship will be reversed or cut down in the medium or short term?

Kobayashi: In relative terms YES. It is going to happen in the next five to ten years. Ten years ago I was at Stanford University with George Shultz. I was asked to make some comments about Japan's position and Japan's direction in the future. And I used a term like the 're-Asianization' of Japan. I said the Japanese strategy during the Meiji Restoration (1868) was 'de-Asianization', or 'Westernization' and I think at that time it was a well-focused and very clever strategy. But now, looking into the future, a very important option is 're-Asianization'. We really have to make Japan a part of Asia again, because all of our friends view Japan as not being part of Asia. But in the long term, our interests lie in repositioning ourselves as part of Asia.

Van Kemenade: Can you be a bit more specific about your timetable?

Kobayashi: The beginning of the process will be within the next ten years. The completion will take more than twenty years. And during the process we will have to be very careful. We have no intention of antagonizing the US. But there is no doubt that our future lies in balancing our relationships with the other powers, including Europe.

Van Kemenade: The old Trilateral Commission: is it still as relevant as it used to be during the Cold War?

Kobayashi: As you know, the Trilateral Commission started as a grouping of West Europe, North America and Japan and about five or six years ago, when China was already visibly emerging, discussions started about the future shape. And we concluded just on the basis of common sense that it was not right that only Japan would represent this part of the world. After very heated discussions, we decided to expand the membership beyond Japan. So now we call it 'Pacific Asia Region, including China (plus Hong Kong and Taiwan)' and I am still acting as the co-chairman. Korea, Singapore and Indonesia, plus five ASEAN members and Australia and New Zealand, are all new members. We are inviting important Chinese participants who can speak freely. It's just a matter of time.

Van Kemenade: The EU and US stress that they have common values of democracy and human rights with Japan and not with China. But the US and Japan, and to an extent also Europe and Japan, differ deeply about a common perception of history. And that is also a common value. How can you face a common future if you differ deeply about the past? What is your view on this?

Kobayashi: This is a very important observation. Number one, I don't want to badmouth our leaders, but unfortunately it is a fact that Japanese leaders routinely describe our relations with the US as the best ever. This is obviously not true. The personal relations between Mr Koizumi and Mr Bush may be good, but we often wonder what they really talk about. Beyond Elvis and baseball, maybe not much. I personally and a lot of people feel the same way: sort of scared that the future not only of Japan but of the whole world is partly in the hands of such men.¹⁵¹

Van Kemenade: But if there is going to be an accommodation between China and Japan, it is going to be an accommodation between the political and the business elites. Is that enough? Exchanges of top academics, bright young people, etc., and broad people exchanges in general are essential to build a common future!

Kobayashi: We don't have high-level programmes. We are not there yet [...] Even the best young Chinese brains, even if they dislike the US, they still prefer to go to the US or even Europe.

Van Kemenade: Where does Europe come in?

Kobayashi: I think that Europe is becoming very important in a lot of ways. My personal view is that Europe, through the development of the EU, really has shown us a wonderful model of, first, an economic community, but there are further goals and aspirations being developed by leaders in Europe. In the Trilateral Commission we have already had discussions with the Chinese and maybe we can emulate certain elements of the Franco-German relationship. The Chinese response was very positive.

151) These undercurrents showed up in a revealing December 2005 Yomiuri-Gallup poll: although 76 per cent of US respondents said that they trusted Japan, 53 per cent of Japanese said that they did not trust the United States, 43 per cent said they felt that the US military presence in Japan should be reduced, and 27 per cent characterized US-Japanese relations as bad.

CHAPTER VIII

THE EUROPEAN UNION, CHINA AND JAPAN

How to Head Off an Asian Cold War?

During my research trip to Japan in April 2005, Masashi Nishihara, then President of the National Defence Academy and one of Japan's leading conservative strategic thinkers, presented me with a shocking scenario for Sino-Japanese relations in the short to mid-long term:

Tensions will continue for some time. I cannot see that even ten or twenty years from now, we will become friends. We will have huge trade, summit meetings, etc., but tension will continue. [...] Like during the Cold War, with the Soviet Union and the United States, two very different powerful empires, they could never get really close. But there was détente, disarmament, reduction of tensions, etc. They managed to be able to coexist without fighting. Maybe something like that can develop between China and Japan. There will be disagreements, conflicts, but both sides will become more rational, less emotional.¹⁵²

Former Japanese Prime Minister Koizumi's resignation, a new climax in the recurring crisis over the North Korean nuclear issue and the accession of new Japanese Prime Minister Shinzo Abe have unlocked stalemated Sino-

152) Interview with Masashi Nishihara, Yokosuka, 19 April 2005.

Japanese political relations, but it is too early to say whether the danger of an Asian Cold War has been reversed.

Two senior diplomats — James Goodby, former US ambassador to Finland, and Markku Heiskanen, a Finnish ambassador currently working at the Nordic Institute of Asian Studies in Copenhagen — suggest that a new multilateral security mechanism is needed in North-East Asia and that the European Union should take the lead in this initiative. Finland holds the EU presidency until 31 December 2006. Germany will then take over for six months on 1 January 2007. As Goodby and Heiskanen say:

European experience with reconciliation and multilateral organizations has a special resonance in Asia at this moment in history. Both Finland and Germany have strong credentials in these fields. Willy Brandt's policy of reconciliation with Germany's eastern neighbours paved the way to the ending of the Cold War in Europe, and to the reunification of Germany. This policy made it possible to realize the Finnish initiative on the Conference on Security and Cooperation in Europe (CSCE), which led to the signing of the Helsinki Final Act in 1975. Germany has been China's biggest trading partner in Europe and experience with German reunification has been carefully studied in South Korea.¹⁵³

Goodby and Heiskanen conclude their recommendation as follows:

Europeans can make a unique contribution to peace in North-East Asia: they have shown that multinational cooperation really works. Its example complements the American emphasis on power relationships, which is also a reality in today's international system. North-East Asia needs both elements to create a security community. Now it is Europe's turn at bat.¹⁵⁴

Although Goodby and Heiskanen's proposal is more of a 'declaration of intent and wishful thinking' than a programme for action, during my visit to Tokyo I nevertheless tested these ideas on several of my interlocutors. As a result of the virulent transatlantic dispute over the lifting of the EU arms' embargo on China, three parallel strategic dialogue processes on global consequences of the 'rise of China' have been set in motion: one between Washington and Brussels; one between Washington and Beijing; and one between Brussels and Beijing. Actually, there is a fourth party — Japan — but Japan only has strategic partnerships with Brussels and Washington, unfortunately not (yet) with Beijing.¹⁵⁵

153) James Goodby and Markku Heiskanen, 'Making Progress While Marking Time', *Policy Forum Online*, 18 May 2006. at <http://nautilus.org>.

154) Ibid.

155) Hidenao Nakagawa, who in September 2006 became Secretary-General of the Liberal Democratic Party, told the *Financial Times* in March 2006: 'There is no precedent in Asia for two big countries to have a strategic partnership based on equality. We want to establish such a strategic partnership with China. That's what we're aiming for'. See David Pilling, 'Japan Talks of Strategic Partnership with China', *Financial Times*, 6 March 2006.

A Sum of Strategic Partnerships

The EU has six strategic partnerships, China and Japan among them. The others are with the US, Canada, Russia and India. There is no standard definition of a strategic partnership in Brussels parlance and the content and extent of the six vary widely. The partnership with China is never mentioned without the epithet 'strategic', because from the beginning in 2003 it was linked with the lifting of the EU arms' embargo on China and French President Chirac's push for a multipolar world. However, the global strategic content of the EU-China partnership is still quite limited, because of the continuation of the arms' embargo and the fact that transatlantic relations have recovered to some extent during US President George W. Bush's second term.¹⁵⁶

The EU partnership with Japan (1991) graduated to 'strategic' status in 2005 when (then) Japanese Prime Minister Koizumi, like his close friend US President Bush, strongly opposed the EU's plan to lift the arms' embargo on China. Opposition by the two certainly played a role in maintaining the embargo, but lack of consensus within the 'EU 25' was the decisive factor. So Japan and the EU now have regular 'strategic dialogues', mostly focused on regional security issues such as North Korea and Taiwan and global issues related to the 'rise of China', such as energy, the environment, human rights, and most recently Iran and China's cozy relations with rogue regimes in general. The Japanese have in recent years felt that the EU was too much tilted towards China, but they feel now that there is more balance. At the last EU-Japan summit in Brussels, High Representative for Common Security and Foreign Policy and European Council Secretary-General Javier Solana in April 2006 gave a strongly worded speech in which he stressed the common ideals and objectives of the European Union and Japan, while making clear that the EU does not share the same values with China. But he still emphasized that China is a key strategic partner of the EU.¹⁵⁷

China is deeply disappointed over the EU's stalling on the arms' embargo and the lack of progress in the strategic partnership that should lead towards a multipolar world, in which the EU, China and Russia would balance the unipolar domination of the United States, with Japan as its junior partner. One prominent Chinese academic did not just blame the EU for the slow

156) Willem van Kemenade, 'China-EU Issues: Commonalities, Limitations, Potential'; in *China, Developments and Prospects 2005-2010* (Hong Kong: Exceptional Resources Group, 2006), at <http://www.willemvk.org>.

157) 'The EU's Strategic Partnership with Japan', speech by Javier Solana, High Representative for the Common Security and Foreign Policy, at Keio University, Tokyo, 24 April 2006, at <http://www.consilium.europa.eu/solana>.

motion on the arms' embargo, but also the Chinese leadership for its retrogression on political liberalization and human rights.¹⁵⁸

Michael Reiterer, Deputy Head of the European Union Delegation in Tokyo said: 'We have made it clear to the Chinese that the lifting of the arms embargo is not for free: You have to release the remaining Tiananmen detainees, you have to ratify the UN Covenant on Political and Civil Rights [signed on 5 October 1998], you have to improve the human rights' situation in general and you have to show more transparency in your military expenditure'.¹⁵⁹

While Japan and the European Union share common political and humanitarian values, in global strategic terms they do not have common views. Japan sees American unilateralist military power and its expanding military alliance with the US as the universal organizing principle and enduring cornerstone of its security. Most of Europe considers a multilateral system based on international law, respect for human rights and institutions like the United Nations and the recently established International Criminal Court in The Hague to be a better form of global governance than American military power. In several respects, China comes closer to the European model than Japan.

Reiterer, is very realistic about the different roles of the United States and the European Union in East Asia:

We are not in competition. They are the hard power. We are the soft, transformative power. When it comes to cooperation, integration, international rule-making, Europe is on the mind of Asians. When they think about hard, military security, America is on their mind. We are strong in new security threats, crisis and post-crisis management situations. It has done us a lot of good to have this mission in Aceh. These are two examples that show each other's strength. I think we should keep it that way.

Europe's 'Invisible Hand'

It appears that the European Union is not exerting influence by playing a proactive role per se, but just by being a distant role model. Informed Asians are fascinated by what Europe has achieved. Here is a motley array of countries that have waged war on each other for centuries, and for the last 55 years have been cooperating peacefully in a sustainable way, by forming a supranational union under a rotating presidency in which sovereignty is pooled. By attending dozens of summits and endless negotiations, many of the elected leaders and career officials have become close friends and

158) Interview with Professor Zhu Feng, Head of the International Security Programme, Peking University, 28 July 2006.

159) Interview with Michael Reiterer, Tokyo, 28 June 2006.

colleagues and have forged a new collective European identity that transcends the old national ones.

Since French and Dutch voters rejected the EU's Constitutional Treaty in 2005, prospects that there is going to be a European super state have become dim. But that may not be so bad after all. The other option is what is called a '*neo-medieval empire*': a polycentric system of government, multiple overlapping jurisdictions, cultural and economic heterogeneity, fuzzy borders and divided sovereignty.¹⁶⁰ Whatever the new European polity will look like it will be a (emerging) global civilian soft power.

The European Union, Russia and China were, in part because of British Prime Minister Tony Blair, playing the role of spoiler and junior aggressor to US President George Bush in Iraq, unable to prevent the Iraq War in 2003, but the evolving European Union's soft power approach of oscillating between a diplomatic stance and proactive multilateral and preventive crisis management, both at global and regional levels, have helped to prevent the United States from launching new wars against Iran and, with the support of China, South Korea and even more so Japan, against North Korea.¹⁶¹

China is following a distinctive soft power model in regional and global affairs, by active membership of the global network of the UN and its agencies and the World Trade Organization (WTO). Political ties with Japan have been too bad to be handled bilaterally and multilateral relationships with Japan through ASEAN + 3, APEC, the ASEAN Regional Forum (ARF) and Free Trade Area negotiations keep the two big regional powers from becoming completely estranged. China has shown more interest from the beginning of 2003 in transforming the 'Six-Party Talks on North Korea' into a permanent, stable multilateral regime. This is even more the case after the American hardline approach has failed and has contributed to the North Korean walk-outs, missile tests and a nuclear test.

Chinese foreign ministry officials stressed that they would welcome a European advisory role in setting up a permanent North-East Asian multilateral security mechanism.¹⁶²

160) Jan Zielonka, *Europe as Empire: The Nature of the Enlarged European Union* (Oxford: Oxford University Press, 2006).

161) Mario Telo, *Europe: A Civilian Power? European Union, Global Governance, World Order* (New York: Palgrave/Macmillan, 2006), chapter one.

162) China's view of a European role in East Asian security:

"The European side is always very positive, moderate and constructive in promoting the world's common security, peace and stability, unlike the United States. The problem is that the US is trying to use a very different way, which is unacceptable to a lot of countries in this world. The European side emphasizes dialogue, cooperation, economic assistance, based on international law, to help other countries to make their right strategic choice. For example, the role that is being played by the European side in promoting a peaceful solution of the Iranian nuclear issue is very constructive. Talking about the nuclear issue on the Korean peninsula, we also believe that if the European side could join the current six parties, it could have a very constructive effect. We also know the European side is not

A senior official in the Japanese Defence Agency expressed similar interest in Europe's extensive expertise in collective security arrangements, especially the OSCE, which is considered a model for the ARF to set up an East Asian cooperative, or common — not collective — security organization in the region.¹⁶³ He was obviously dismissive of a direct European role in Sino-Japanese reconciliation:

We are the direct parties and we have to do our own jobs. People cite the example of Franco-German reconciliation after the Second World War. Of course we have to learn from those experiences with countries with which we share values, but at the same time we would like to learn from the CSCE/OSCE. We have to learn to develop more structured CBMs. The most important thing in the OSCE is to prevent 'accidental war', because of misunderstanding. That's why you developed a very sophisticated mechanism. The notification, two months or 40 days in advance, and detailed rules for the role of observers? That is something well developed even during the Cold War.¹⁶⁴

In conclusion, whether the EU, and whatever form a future East Asian regional, multilateral security organization will take, the existence of 'civilian power EU and the OSCE' and its permanent negotiating processes are always

interested enough to join the current six-party process now. But I must say, when your side decides to join this common effort and expand this to seven-party talks, we would welcome that. [...] Your side is not interested in joining this process currently. [...] Some important members in the European Union, including Holland, France, Germany, and also non-members like Norway and Bulgaria, enjoy good relations with North Korea and send delegations to Pyongyang to have direct dialogues with Kim Jong-Il to persuade, to convince the DPRK to give up its nuclear programme. This is very positive. We also believe that in another regional issue you can also have an important role, such as the regional security cooperation: how to establish, how to develop the regional security cooperation mechanism, a permanent mechanism. Frankly speaking, we are currently still in the process of exploring such kinds of possibility. As you know, there are too many forums, too many proposals. Asian countries like to learn from the European experience. As I know, in the process of European integration, your countries have gained long experience. Of course Asian countries are much more different from each other than in Europe: different religions, different political systems, economies at different levels. Despite all these differences, we know cooperation is very, very important."

Interview by Willem van Kemenade with Li Yang, Director of the Multilateral Cooperation Division, Asian Department, Chinese Ministry of Foreign Affairs, Beijing, 17 May 2005.

163) The OSCE is the successor (since 1992) to the Conference on Security and Cooperation in Europe (CSCE), which was set up by the Helsinki Final Act in 1975. The Organization for Security and Cooperation in Europe (OSCE) is an international organization for security. In its region, it is concerned with early warning, conflict prevention, crisis management and post-conflict rehabilitation. The Organization for Security and Co-operation in Europe has 55 participating states from Europe, the Caucasus, Central Asia and North America.

164) Interview with Kenjiro Monji, Director-General for International Affairs, Japan Defence Agency, Tokyo, 12 July 2006.

reminders to East Asians that there is an alternative to the American approach of military alliances, unilateralism and misguided pre-emptive war.

CONCLUSIONS

This paper is a 'Pandora's Box' of potential crises and conflicts and at the same time expresses strong hope that China and Japan will find a set of 'magic' formulas to rebuild their fragile relations in a sustainable way.

Six weeks after Japanese Prime Minister Shinzo Abe made his ice-breaking visit to Beijing, Chinese President Hu Jintao and Abe met for the second time in the Vietnamese capital Hanoi on 18 November 2006 for the Asia-Pacific Economic Cooperation (APEC) summit and expressed willingness to maintain the good momentum of recent developments in relations between the two countries. That is a good thing, but a few days before, the Japanese media reported that in these six weeks the support rate for Abe's new cabinet had already dropped ten per cent, from 63 to 53 per cent. When asked what Abe's greatest achievement was, only 23 per cent cited his visits to China and South Korea, 55 per cent of respondents disapproved of Abe's ambiguity in expressing his political beliefs and ideas. Sooner rather than later, Abe may have to realize that he has to keep the support of the 'right wing' and he may again have to go to the Yasukuni Shrine, thereby jeopardizing the progress in relations with China.

It is obvious that there are deeply ingrained antagonistic feelings among the Chinese against the Japanese and vice versa. Will the two governments be willing and able to manage these negative sentiments in constructive ways? Four years ago, those in China who had advocated 'new thinking' about relations with Japan, away from the history of the Second World War and geared towards the future, were marginalized, and troubled relations with Japan further escalated as a divisive issue in Communist Party factional

disputes. This coincided with a shift in Japanese policy towards China, away from extending aid and yen loans and offering occasional — unsatisfactory — apologies, to Koizumi's defiant Yasukuni visits combined with his American-inspired design to turn Japan into a fully-fledged military power again. When after years of accumulation of combustible negative factors — the East China Sea energy disputes, the Diaoyu/Senkaku issue, history textbooks, Japan's policy towards Taiwan, etc. — anti-Japanese sentiment exploded into mass violence in 2005, the Chinese leadership took effective action and, for the one-and-a-half years since, has managed to prevent further outbursts of anti-Japanese fury. The Chinese regime can influence popular feelings and give 'guidance' to the media, but it can no longer control them fully. Therefore there are limits as to what Beijing can do.

The role of government in Japan is even more limited. Koizumi's landslide victory in the September 2005 election illustrated that his defiant China policy was not an issue of public concern. Japan's free, although conformist, media report more negatively than positively about China. So it will be very, very difficult to turn around Japanese public sentiment towards China. The former right-wing nationalist ideologue, Shinzo Abe, although more moderate and pragmatic since becoming prime minister, may therefore face a very hard time in keeping up the momentum of rebuilding sound relations with China. Japan's continued subservience to the United States may become increasingly unsatisfactory, but Japan cannot commit itself to China's future, which remains uncertain.

The North Korean nuclear test on 9 October 2006 was initially seen as a defeat for China's 'sweet-and-sour' policy of extending aid to and exerting pressure on North Korea. Owing to stepped up Chinese pressure, North Korea agreed in late October 2006 to return to the Six-Party Talks, which are expected to reconvene in December 2006. The talks will only have a chance of success if the American hardline approach of favouring regime collapse/change and rigorous sanctions, supported by Japan, reaches a reasonable degree of convergence with Chinese support for the survival of Kim Jong-Il's regime, the wholesale introduction of Chinese-style economic reforms and the maintenance of Chinese — and Russian — influence, if not domination, over North Korea. The key to such an evolution lies in the balance of domestic forces in North Korea. Will military hardliners block Kim Jong-Il from pursuing a more pragmatic policy? We hardly have any idea what is going on in the Stalinist bunkers of Pyongyang and therefore this outcome remains even more uncertain.

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