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Sino-Japanese Relations: Issues for U.S. Policy

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Summary

After a period of diplomatic rancor earlier this decade, Japan and China have demonstrably improved their bilateral relationship. The emerging détente includes breakthrough agreements on territorial disputes, various high-level exchanges, and reciprocal port calls by naval vessels. Over the past ten years, China-Japan economic interdependence has grown as trade and investment flows have surged. China -Japan economic ties serve as an anchor for the overall bilateral relationship and have become the center of a robust East Asian trade and investment network. On the other hand, military strategists on each side remain wary of each other's motives. Beijing is suspicious of any moves that hint at Japan developing a more active and assertive security posture, and Japanese defense planners note with alarm China's burgeoning military modernization.

The durability of the recent détente could have significant implications for U.S. interests. U.S. interests in the region are generally well served by pragmatic Sino-Japanese accommodation. Equanimity in the Tokyo-Beijing relationship not only fosters stability and prosperity, but also allows the United States to avoid choosing sides on delicate issues, particularly those related to historical controversies. Multilateral efforts such as the Six-Party Talks on North Korea's nuclear weapons program can be complicated by acute bilateral tension among the participants.

The history of post-war Sino-Japanese relations reveals why the relationship has been so difficult to manage for the past several decades. Japan's conquest of large swathes of China, and perceptions in China that Japan continues to downplay wartime atrocities committed by Japan's imperial forces, remain sensitive subjects. Historical grievances have framed much of the interaction between Beijing and Tokyo, including a particularly rocky period under former Prime Minister Junichiro Koizumi (2001-2006). The United States has also played a major role in shaping relations between the Asian powers through its war-time involvement, post-war occupation and reconstruction of Japan, the "Nixon Shock" of the early 1970s, and its reaction to the events in Tiananmen Square in 1989.

Despite the promise of Sino-Japanese relations remaining strong in the short-to-medium term, there are multiple potential complications and issues of concern for the United States. Among these are the dynamics of economic and diplomatic rivalry in the region, the fragility of the relationship due to historical differences and skeptical public sentiment, sensitive sovereignty issues in territorial disputes, complications surrounding the Taiwan factor in East Asian geopolitics, ongoing military incursions by Chinese vessels, and suspicions in both Tokyo and Beijing.

This report will be updated as warranted by events.

Contents

Introduction 1
China's and Japan's Regional Strategies 2
China 2
Japan 2
Historical Background 3
Brief Summary of Sino-Japan Relations 3
The U.S. Role 4
Occupation after World War II 4
The "Nixon Shock" 5
Sino-Japanese Post-Cold War Relations 5
Taiwan's Role 6
Tiananmen Sanctions 6
Japan's War History 7
Outline of Détente 2006 - Present 7
Tokyo's Motivations 7
Beijing's Motivations 7
Yasukuni Shrine Issue Evolves 8
High-Level Visits 8
Significance of East China Sea Agreement 9
Sichuan Earthquake Relief 10
Military to Military Relations 10
Japan-China Economic Ties: The Main Anchor for the Relationship 11
An Overview of the Bilateral Economic Relationship 11
China-Japan Trade Ties 12
Foreign Direct Investment 15
Multilateral and Regional Frameworks for the Relationship 17
Potential Complications and Issues for U.S. Policy 18
U.S. Interests and Regional Rivalry Versus Cooperation 18
Regional Balance of Power Issues 19
The Sino-Japan Bilateral Economic Relationship and U.S. Interests 19
Fragility of Détente and Public Sentiment 20
The Taiwan Factor 20
Territorial Disputes Remain Sensitive 21
Ongoing Military Concerns 22
Timeline of Major Events in Sino-Japanese Relations, August 2001 - September 2008 23

Figures

Figure 1. Japan Merchandise Trade with China, 1980-2007 13
Figure 2. Japan Trade in Services with China, 2000-2006 15
Figure 3. Japanese FDI Flows into China, 1995-2007 16
Figure 4: Map of Japan and China 26

Tables

Table 1. Key Comparative Economic Indicators for China and Japan 11
Table 2. Japan's Merchandise Trade with China, 1980-2007 13
Table 3. Japan Trade in Services with China, 2000-2006 15
Table 4. Japanese FDI Flows into China, 1995-2007 15

Contacts

Author Information 27

Introduction

After a period of diplomatic rancor earlier in the decade, Japan and China have demonstrably improved their bilateral relationship since 2006. Sino-Japanese relations over the past ten years have followed a remarkable trajectory: from a disastrous Japan visit by former Chinese President Jiang Zemin in 1998 to Hu Jintao's well-orchestrated and highly successful visit to Tokyo in May 2008. The emerging détente has expanded to include breakthrough agreements on territorial disputes, various high-level exchanges, and reciprocal port calls by naval vessels.

Despite the rollercoaster of political and diplomatic ties, other aspects of the relationship have remained relatively consistent. China-Japan economic interdependence has grown as trade and investment flows have surged over the past decade. China-Japan economic ties serve as an anchor for the overall bilateral relationship, and the two nations and have become the key players in a robust East Asian trade and investment network.

On the other hand, military strategists in each country remain wary of the other's motives. Beijing is suspicious of any moves that hint at Japan developing a more assertive and active security posture, and Japanese defense planners note with alarm China's burgeoning military modernization. Japanese defense documents have publicly declared their concern with Beijing's lack of transparency and apparently aggressive military spending over the past several years. In addition, occasional incursions by Chinese vessels into Japan's territorial waters have kept tension high at times despite the overall improving relations.

The détente, pursued with vigor by leaders in both Beijing and Tokyo, follows an exceedingly tense period in the relationship under former Japanese Prime Minister Junichiro Koizumi (2001-2006). Koizumi's annual visits to the controversial Yasukuni Shrine, which honors Japan's war dead—including several convicted Class A war criminals—particularly rankled Beijing. The visits, together with changes to Japanese history textbooks that critics claim whitewash Japan's wartime behavior, led to large, sometimes violent anti-Japan protests in Chinese cities that damaged Japanese diplomatic posts.

Since 2006, political leaders on both sides—even those whose rhetoric was the most vehement—appear to have concluded that political accommodation is the best course, at least temporarily. The fact that this trend has survived several political transitions in Tokyo is particularly promising. Many analysts contend that the short- to medium-term outlook is remarkably stable, but acknowledge that fundamental distrust and disagreements over history could threaten ties in the longer term. In short, it appears that these disputes have created a firm ceiling for Chinese-Japanese relations; the question is if this recent détente points to the establishment of a new, higher floor.

The durability of the recent détente could have significant implications for U.S. interests. U.S. interests in the region are generally well served by pragmatic Sino-Japanese accommodation. Equanimity in the Tokyo-Beijing relationship not only fosters stability and prosperity, but also allows the United States to avoid choosing sides on delicate issues, particularly those related to history. During the tension of the Koizumi years, U.S. officials voiced fears—both publicly and privately—that the discord was harmful to regional stability. Multilateral efforts such as the Six-Party Talks on North Korea's nuclear program can be complicated by acute bilateral tension among the participants.

On the other hand, some U.S. officials and analysts who view China as a security threat find the recent détente somewhat disconcerting. Although this tends to be a minority view among influential policymakers, this school of thought advocates building up Japan's military capability to deter any of China's strategic ambitions. This camp encourages Japan to move past some of

restrictions placed on its military, including Article 9, the so-called peace clause of the Japanese constitution, authored by U.S. officials during the post-war occupation.

The chance for Japan and China to grow *too* close for U.S. interests appears, at this point, remote. Historical grievances and contemporary distrust, combined with the inherent tension of two major powers competing in the same region, seem to preclude the possibility of a more exclusive political partnership between Tokyo and Beijing that could marginalize U.S. interests. Moreover, despite some signs of drift in the U.S.-Japan alliance, the American security commitment to Japan appears to remain fundamentally solid. In the event of a conflict in the Taiwan Straits, Japan would almost definitely play a role in a U.S. military response. The presence of 47,000 U.S. troops in Japan (65% of them stationed in Okinawa, geographically proximate to Taiwan) implies that a U.S. counter-attack could be staged from Japan. To many security analysts, Taiwan's status as a potential flashpoint for conflict between China and the United States provides a fairly reliable bulwark for the U.S.-Japan relationship despite periodic bilateral tension.

China's and Japan's Regional Strategies

In the post-Cold War environment and into the 21st century, both Japan and China have reassessed their bilateral and regional strategies and likely will continue to do so in light of continuing global changes. Each country figures as an important calculation in these ongoing strategic reassessments, as does the United States.

China

China's overriding primary goal is sustainable economic development at home. In pursuit of it, Beijing has placed a high priority on maintaining a "peaceful international environment" both regionally and globally. Smooth ties with the United States and Japan are thought to figure prominently in Beijing's foreign policy calculations, on the theory that even the appearance of a more overt pursuit of its interests could prompt responses from Washington and Tokyo that would be detrimental to its own continued development. Concern about China, for instance, could lead the United States to strengthen its alliance with Japan, or could convince Japan to strengthen its own defense resources.

In addition, Beijing now sees itself facing new national security challenges in the post-Cold War environment. Among these challenges are the demise of the Soviet Union and international communism, the surge in U.S. global power, and pro-independence activism on Taiwan. Beijing appears suspicious about the extent of Japan's own regional ambitions—for example, its territorial claims in the East China Sea—and the degree to which these may adversely impact China's economic and political interests. Chinese leaders are especially concerned about the potential role of Japan—both directly and as host to U.S. military forces—in the event of a conflict involving China's claims on Taiwan.

Japan

Despite its status as a world economic superpower, Japan is struggling to adjust to increasingly challenging domestic and geopolitical realities. Domestically, the economy is struggling in the current global downturn, after an extended period of stagnation in the 1990s. In its first real experiment with divided government, the political process is uncertain and somewhat paralyzed. Demographically, concerns about a shrinking labor force have grown more acute, driven by Japan's combination of a low birth rate, strict immigration practices, and a rapidly-ageing population. Outside its borders, Japan cannot ignore China's skyrocketing economic growth and political clout. Its impressive GDP per capita and admirable standard of living for its citizens

notwithstanding, Japan sees the enormous challenges ahead. Tokyo's strategy appears to be to maintain its close security ties with the United States, re-assert itself as a crucial trading partner for other Asian nations, and avoid counterproductive spats with Beijing, its main regional competitor.

Japan also would like to raise its global profile in order to be recognized for its generous provision of foreign aid and other contributions to international development. In 2004, Japan accelerated its longstanding efforts to become a permanent member of the United Nations Security Council by forming a coalition with Germany, India, and Brazil (the so-called "G-4") to achieve non-veto membership for all four countries. Though the Bush Administration backed Japan's bid, it did not support the G-4 proposal, and Security Council reform efforts have stalled. Japan is the second-largest contributor to the U.N. regular budget, paying more than 20% of the total, more than twice the percentage paid by the third-largest contributor. Overcoming Beijing's traditional opposition to permanent membership for Japan is a key obstacle to realizing this eventual goal.

Historical Background

Brief Summary of Sino-Japan Relations

China's relationship with Japan is complex and long-standing, dating back at least to the first century A.D. when China's greater size, advanced achievements, and more prominent culture served as both model and rival to its smaller neighbor. Geographic proximity brought the two countries into constant contact over the centuries through maritime trade, cultural contacts, periodic military battles, regional rivalries, and economic exchanges. Much of Japanese development—including its culture, religion, form of writing, and philosophical tradition—was greatly influenced by comparable traditions in a more developed and more influential dynastic China.

This relationship of Chinese dominance changed in the late 19th century, when Japan's growing militarism and imperial ambition enabled it to gain a series of military victories and impose punitive economic arrangements over the weakened Qing Dynasty and the government that replaced it, that of the Republic of China (ROC). In addition to requiring China to pay huge indemnities, Japan's victories included the annexation of Taiwan (after the 1894-1895 Sino-Japanese War), acquisitions in China's Shandong Province, occupation of Manchuria, and full-scale invasion of the Chinese mainland.[1] By the end of World War II, Japan's military campaigns and conquests in China had left a legacy of bitterness that continues to affect Sino-Japanese relations into the 21st century.

In 1949, Mao Zedong's communist forces triumphed in the civil war with the ROC government. Mao established the People's Republic of China (PRC) on the mainland, and the government of the ROC fled to Taiwan, an island off the south China coast. Japan-PRC relations since then have consisted of attempts at economic and political engagement mixed with periods of renewed tension and confrontation. On the "engagement" side, Japan has provided significant economic development aid to the PRC since 1979 through concessional loan programs, and its trade with

[1] Confrontations involving Japan and China included the First Sino-Japanese War (between Japan and the Qing Dynasty, 1894-1895); the Boxer Rebellion (against which Japanese troops participated, resulting in the "Boxer Protocol" signed in 1901); and the Second Sino-Japanese War (between Japan and the Republic of China, 1937-1945, merging into the second World War in 1941).

the PRC broadened to $237 billion in 2007.[2] Both countries have engaged in high-level summitry, and both participate in the Six-Party Talks and in regional groupings such as the Asia Pacific Economic Cooperation forum (APEC) and the East Asia Summit (EAS). However, confrontations have arisen periodically over a number of lingering issues.

The U.S. Role

Occupation after World War II

After Japan's unconditional surrender to Allied Forces on August 15, 1945, decisions made by the United States played a significant role both in Japan's post-war construction specifically and in the structure of East Asia more generally. Rather than dividing the main Japanese islands among the Allied Powers, the United States appointed General Douglas MacArthur as Supreme Commander of the Allied Powers (SCAP) to supervise a unified (primarily American) occupation. For occupation purposes, outlying Japanese possessions were divided among other Allied Powers. Taiwan and the Pescadores were assigned to the Republic of China, a decision that took on greater significance four years later, when the ROC government fled to Taiwan after the communist victory on mainland China.

Among other efforts to rebuild Japan, SCAP established a post-war constitution (1947) that established a parliamentary system of government for Japan. Article 9 of the constitution, drafted by Americans during the Japanese occupation, outlaws war as a "sovereign right" of Japan and prohibits "the right of belligerency."[3] The prevailing interpretation of the constitution also forbids "collective self-defense," although there is political movement in Japan today toward reconsidering this restriction. Under the ban on collective self-defense, the Japanese Self-Defense Forces (SDF—the official name for the Japanese military) can only respond to an attack on Japan and cannot defend an ally if that ally is attacked. Although occupation officials initially set distinct goals of thoroughly demilitarizing Japan, as confrontation with the Soviet Union materialized, the goals of the occupation shifted to building Japan up as a strategic bulwark against the perceived communist threat. On September 8, 1951, (after the beginning of the Korean War), the United States and Japan signed the Mutual Security Treaty, which allowed the United States to station troops on Japan for Japan's defense.

The occupation of Japan officially ended on April 28, 1952, when most of Japan again became an independent, self-ruled country.[4] Two years later, both countries built on the 1951 treaty by signing the Mutual Defense Assistance Agreement (which entered into force May 1, 1954). The agreement permitted the United States to station military forces on Japan to provide for regional security and obliged Japan to re-arm for self-defense purposes only. Finally, on January 19, 1960, both countries entered into a defense alliance in a new agreement that revised the 1951 treaty, the Treaty of Mutual Cooperation and Security. The 1960 treaty obliged both parties to assist each other in resisting an armed attack on territories under Japanese administration. Japan's military alliance with the United States became an additional factor affecting Sino-Japanese relations.

[2] International Monetary Fund. *Direction of Trade Statistics. September 2008.*

[3] Chapter II, Article 9 of the Constitution of Japan.

[4] The end of the occupation was crafted in the San Francisco Peace Treaty of 1951, signed on September 8 of that year. It entered into force on April 28, 1952.

The "Nixon Shock"

For decades after the PRC communist victory over ROC military forces in 1949, Japan followed the U.S. lead in having no official political relations with the PRC and in recognizing the ROC government on Taiwan as the legitimate government of China. Still, through the 1950s, Japan's unofficial economic contacts with the PRC broadened, including a number of private agreements (sanctioned by the two governments) to enhance mutual trade. The PRC suspended these trade arrangements for several years in 1958 in a possible attempt to pressure Japan (unsuccessfully) for full political recognition. Japan-PRC trade improved in 1962 with the negotiation of new trade arrangements,[5] but Japan's expanding trade with the PRC met with objections from Taiwan, which considered it out of step with Tokyo's recognition of the ROC government. As a result, in 1964 Taiwan suspended new government purchases from Japan for six months.[6]

In July 1971, reportedly without first informing Japan, U.S. President Richard Nixon announced that he would visit the PRC in 1972 to seek normalized relations between the United States and China. The announcement came to be known in Japan as the "Nixon Shock," and it quickly prompted a reassessment of Japanese policy toward the PRC on the mainland and the ROC on Taiwan. Discussions to establish Sino-Japanese diplomatic relations began in December 1971, and on September 29, 1972, both countries signed the "Joint Communique of Government of Japan and Government of People's Republic of China," establishing mutual diplomatic relations, six years before the United States and China took this step. The period that followed from 1971 until the fall of the Soviet Union in 1991 was a time of significant rapprochement in Sino-Japanese relations (as it was in Sino-U.S. relations). In addition to substantial bilateral re-engagement, Japan offered China substantial aid and investment and transferred much-needed technology.

Sino-Japanese Post-Cold War Relations

The demise of the Soviet Union prompted a reassessment of overall global relationships and brought new challenges to Sino-Japanese relations. While growing Sino-Japanese economic interdependence served as what one study called a "shock absorber" for many of these challenges, the adaptation to post-Cold War realities proved problematic. In Japan's eyes, China began to appear less as a supplicant for Japanese aid and investment and more as a regional rival to Japan's own interests. It also was not hard for Tokyo to infer that China's expanding military force modernization, while fostering capabilities aimed at the island of Taiwan, had the same disturbing implications for Japan and other island nations in the region. The potential dangers were brought home pointedly during the 1995-1996 Taiwan missile crisis, when China conducted live-fire missile exercises opposite the Taiwan coast.

Tokyo's growing suspicions of Beijing were returned in kind. China increasingly saw itself as a replacement focus of the U.S.-Japan alliance—an alliance which not only did not fade away after the fall of the Soviet Union but which both countries acted to strengthen after the Taiwan missile crisis in 1996. China also became concerned over what it saw as a change in the alliance's focus, away from Japan's defense and toward Taiwan's status and other broader (but vague) regional security issues. Some of the U.S.-Japan initiatives that concerned Beijing included the 1996 U.S.-Japan Joint Declaration on Security, in which both parties reaffirmed their alliance; the 1997 Review of the Guidelines for U.S.-Japan Defense Cooperation, which avowed mutual cooperation not just in Japan's defense but "in areas surrounding Japan," although without mentioning

[5] The "Liao-Takasaki" Memorandum Trade agreement.

[6] The suspension lasted from January 11 - July 18, 1964.

Taiwan; and the 2005 Joint Statement of the U.S.-Japan Security Consultative Committee, which for the first time mentioned both countries' concerns that the Taiwan issue be resolved peacefully through dialogue. These and other tensions continued to plague Sino-Japanese relations until the new period of détente began in 2006.

Taiwan's Role

Current controversy over the status of Taiwan is in part a legacy issue of Japan's 19th and 20th century militarization. After the 1894-1895 Sino-Japanese War, Japan acquired the island of Taiwan "in perpetuity" from the Republic of China, turning it into a Japanese colony, called Formosa, and investing heavily in the island's development. Although not a part of Japan's World War II conquests, the Japanese colony of Formosa nevertheless came under Allied Power occupation after Japan's defeat and unconditional surrender. This decision was set forth in the "Cairo Declaration" of December 1, 1943, issued after a meeting by U.S. President Franklin Roosevelt, ROC President Chiang Kai-shek, and British Prime Minister Winston Churchill. Among other things, the Cairo Declaration stated:

> It is [the Allied Powers] purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the first World War in 1914, and that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and The Pescadores, shall be restored to the Republic of China. Japan will also be expelled from all other territories which she has taken by violence and greed.[7]

In keeping with the Cairo Declaration, after Japan's defeat in 1945, Taiwan and the Pescadores were assigned to the Republic of China for purposes of post-war occupation. Taiwan was still under this occupation four years later, when the ROC government fled to Taiwan after the communist victory in the civil war on mainland China. The formal state of war between Japan and the Allied Powers was ended by the 1951 Treaty of Peace with Japan (also known as the San Francisco Peace Treaty.) Article 2(b) of that treaty stated that "Japan renounces all right, title, and claim to Formosa and the Pescadores," but the treaty mentioned nothing about Taiwan's new sovereign status. The failure to specify Taiwan's sovereignty in this treaty, the specific reference to Formosa's return to the ROC in the Cairo Declaration, and the ROC's physical occupation of the island after 1949 all contributed to future controversy over Taiwan's political status.[8]

Tiananmen Sanctions

In the aftermath of China's Tiananmen Square crackdown in 1989, Japan demonstrated more independence from the U.S. position in imposing sanctions against the PRC government. It appeared to follow the U.S. lead—most notably, the suspension of the $5.57 billion six-year concessional loan program that Japan had announced for China in 1988. At the same time, Japan also withdrew all Japanese "experts" working on various projects in China and announced a review of Japan's Export-Import Bank policies toward China. While these steps seemed to be severe sanctions, the effects were mitigated by the fact that the concessional loan program was not scheduled to begin until April 1990. In addition, Japanese rhetoric toward China throughout much of 1989 was somewhat muted; Japanese officials rejected use of the term "sanctions" in referring to its actions toward China, and Prime Minister Sosuke Uno publicly stated that

[7] Cairo Communique, http://www.ndl.go.jp/constitution/e/shiryo/01/002_46/002_46tx.html.

[8] Neither the ROC government on Taiwan nor the PRC government on the mainland were signatories to the 1951 treaty; however, the ROC government on Taiwan concluded a separate treaty with Japan in 1952 that was based on the San Francisco Peace Treaty.

imposing sanctions against China "is very impolite to a neighboring country."[9] Japanese officials at the time also criticized some steps taken by the United States as overly punitive against China, capable of deepening China's isolation. Japan also sought to moderate the position of G-7 countries toward China at the G-7 economic summit in Houston in July 1990.[10]

Japan's War History

Since the conclusion of World War II, the sharpest confrontations between Japan and China have arisen over Japan's wartime history and the differing ways in which both countries perceive it. China routinely protested former Japanese Prime Minister Junichiro Koizumi's annual visits to the Yasukuni Shrine, where war criminals are also enshrined. (See later section on the controversial visits.) After Koizumi first visited the shrine in 2001, China used the issue to justify its refusal to engage in bilateral summitry, except as part of multilateral meetings. PRC officials have criticized Japanese history textbooks which they say appear to minimize or even to deny Japan's wartime atrocities. China also has declared that the periodic statements of Japanese senior leaders apologizing for Japan's wartime aggression are insufficient; Beijing points to the Yasukuni Shrine visits and history textbooks as examples of actions that seem incompatible with those conciliatory statements.

Outline of Détente 2006 - Present

Against this background of historical division but increasing economic interdependence, Japan and China have undergone a remarkable reversal from the tension of the Koizumi years (2001-2006). This section outlines the motivations and most prominent aspects of the reconciliation of the past few years.

Tokyo's Motivations

Japanese leaders appear to have been shaken by the hostile turn of relations under Koizumi and determined to set the relationship on a stronger course. Despite its suspicion of China's long-term intentions, Tokyo has many reasons to pursue better ties with its biggest neighbor. Chief among them is facilitating continued robust trade relations; increased exports to China was one of the main reasons that Japan's economy began to recover since 2000. Although security planners may eye China's military modernization with alarm, security specialists also recognize the need to avoid bilateral tension that could lead to an armed conflict—for example, in the contested Senkaku/Diaoyutai islands—if proper safeguards are not in place. Broader regional—and even global—considerations may also be at play for Japan: for example, the importance of garnering some degree of support for Tokyo's priorities in the Six-Party Talks and even ultimately for Japan's bid for a permanent seat on the UN Security Council.

Beijing's Motivations

Better relations with Japan are thought to be an important calculation in the premium that PRC leaders have placed on maintaining a stable regional environment conducive to national economic development. China's economic interests are well served by being able to cooperate effectively with Japan on trade, investment, energy efficiency, environmental protection, fisheries, and other

[9] Foreign Broadcast Information Service East Asia Daily Report, June 8, 1989, p. 2.

[10] Dittmer, Lowell, "The Sino-Japanese Russian Triangle," *Journal of Chinese Political Science,* vol. 10, no. 1, April 2005.

issues of mutual importance. But PRC leaders also are thought by some to be playing a hedging game in relations with Japan. They are thought perhaps to be seeking to nudge Japan out of its orbit as a U.S. ally, or at least to make more difficult Tokyo's choices between advancing future PRC or U.S. interests. Beijing may calculate that increasing Tokyo's decision dilemmas could remove or minimize Japan as a potential factor in the event of a future Taiwan contingency. But this requires a delicate balance, as Beijing is thought to be more comfortable living with a U.S.-Japan alliance than with a fully militarized Japan.

Yasukuni Shrine Issue Evolves

Over the past ten years, the most consistently divisive issue between Japan and China has involved the visits of high-level Japanese officials to the Yasukuni Shrine, a Shinto shrine that honors Japanese soldiers who died in war. Those enshrined include several Class A war criminals who were convicted by the International Military Tribunal for the Far East following Japan's defeat in World War II. While Japanese defenders of the practice claim leaders are simply paying respects to all of Japan's war dead, Chinese and other Asian leaders claim the ritual disregards the brutality of Japan's imperial conquests.

When former Prime Minister Koizumi visited the shrine annually during his tenure—including the last visit on the sensitive date of August 15, the anniversary of Japan's surrender to the Allied Forces—Chinese leaders emphasized repeatedly that the visits constituted a stumbling block in moving political relations forward. Since the war criminals were enshrined in 1978, four Japanese prime ministers have visited the shrine. Objections were first raised by Japan's neighbors in 1984 when Prime Minister Yasuhiro Nakasone went, after which he discontinued the practice.

Koizumi's hand-picked successor, Shinzo Abe, had voiced support for the shrine visits before assuming office, but refrained from visiting during his year-long tenure. Abe did pay a low-profile visit to Yasukuni shortly before assuming the premiership, and remained non-committal on his future plans to the press. Despite Abe's rhetoric, relations with China almost immediately brightened and he made an early trip to Beijing that was viewed as successful. Abe's successor Yasuo Fukuda pledged not to visit the shrine before becoming prime minister, explicitly explaining his decision as based on considering the feelings of other countries. His declaration may have been the most effective measure to improve the atmosphere between Tokyo and Beijing and likely set the stage for the considerable advancement in relations. Chinese leaders were quick to praise Fukuda's statements on Yasukuni.

Given the success in improving relations, Japanese politicians appear to want to avoid provoking Beijing by visiting Yasukuni. In the past, current Prime Minister Taro Aso suggested that the emperor should visit the shrine, as well as defended other politicians' visits. However, he indicated that as Prime Minister he would not pay respects at Yasukuni. At times, he has also been a supporter of transforming Yasukuni into a secular, state-run institution to commemorate the war dead. Ichiro Ozawa, head of the Democratic Party of Japan, has criticized past prime minister's visits to the shrine because of the damaging effect on ties with China.

High-Level Visits

Perhaps nothing is more emblematic of Japan and China's shifting relations than the trajectory of top-level leaders' visits. In a 1998 visit to Tokyo that was considered a public relations disaster, Chinese President Jiang Zemin openly scolded Japanese officials for failing to appropriately acknowledge imperial Japan's war-time aggression. With the exception of a Koizumi visit to Beijing early in his tenure, Chinese and Japanese leaders did not have an official summit during Koizumi's five years in office. (Koizumi did hold several sideline meetings with China's leaders

at various international fora.) Chinese leaders explicitly stated that they would resume bilateral summits if Koizumi ceased visiting the Yasukuni Shrine.[11]

Shortly after assuming office, Abe visited Beijing in October 2006 to indicate his determination to improve ties. Chinese Premier Wen Jiabao reciprocated with an April 2007 visit to Japan, including a historic address to the Japanese Diet (parliament). Fukuda, seen as more friendly to Beijing than Abe, was then warmly welcomed in Beijing in December 2007, building on his predecessor's success. The détente climaxed with Chinese President Hu Jintao's carefully orchestrated visit in May 2008, the first by a Chinese leader to Japan in a decade. The heads of state summit was heavy on symbolism, if thin on concrete substance. Notably absent from the Chinese leader's statements was a call for Japan to apologize for historical grievances, and both sides emphasized a "forward-looking" friendship. The two leaders agreed to hold annual summits, cooperate on environmental technology, and enhance cultural exchanges.

Significance of East China Sea Agreement

Following PRC President Hu Jintao's visit to Japan in May 2008, China and Japan announced a "consensus" on joint exploration for oil in the resource-rich East China Sea, as well as an "understanding" on Japanese participation, under PRC jurisdiction, in development of one of the area's proven gas reserves, the Chunxiao gas field. Some hailed the agreement as a "remarkable improvement" that would "remove a major obstacle" in Sino-Japanese relations.[12] According to another view, the agreement allows Japan a face-saving way to participate in energy development in a disputed area while not requiring the PRC to accept Japan's claims that a "median line" divides the East China Sea into Japanese- and Chinese-owned areas.

On the surface, the East China Sea agreement appears to lay the groundwork for addressing an area that has been the focus of years of competing Sino-Japanese territorial claims and tense stand-offs. Still, a number of potential obstacles could hamper future progress. Each country has put its own spin on the agreement, for instance, with China quickly clarifying that it is not a "joint development" project (as Japan claims) but a "co-operative development" venture, which Beijing describes as "a very different thing."[13] According to the PRC side, private Japanese investment will have to recognize PRC sovereignty over the Chunxiao gas field and will be conducted in accordance with Chinese laws. Details also remain sketchy on how the cooperation will move forward and on how revenues will be shared. Neither side has compromised on its core definition concerning its own sovereignty rights in the East China Sea, leaving this thorny issue as something still to be determined.[14]

Future Sino-Japanese cooperation under the East China Sea agreement will have to navigate multiple minefields of nationalistic sentiments—sentiments which at times appear outside the control of the involved governments. Such sentiments erupted after June 10, 2008, when a

[11] "Summit with Japan Tied to Shrine Deal," *Chicago Tribune*. April 2, 2006.

[12] Iwata, Mari and Moffett, Sebastian, "World news: Japan, China may end gas-fields dispute," *The Wall Street Journal*, June 17, 2008, p. A12; and "China's position on Japan gas fields row unchanged: foreign ministry," *Agence France Presse*, June 17, 2008.

[13] Japan's Foreign Minister Masahiko Komura described the agreement as one of joint development; see Kumagai, Takeo and Lee, Winnie, "Japan says settles dispute with China on East China Sea," *Platts Oilgram News*, Vol. 86, Issue 120, June 19, 2008. The vice-president of the PRC's China National Offshore Oil Corp. (CNOOC), Mr. Zhou Shouwei, differentiated between joint development and co-operative development; see Kwok, Kristine, "CNOOC official defense gas deal with Japan; sovereignty not in peril after controversial pact, media report," *South China Morning Post*, June 28, 2008, p. 5.

[14] China claims its sovereignty is based on the "natural extension" of its continental shelf.

Japanese patrol boat in the East China Sea collided with and sank a fishing vessel from Taiwan, whose government also maintains sovereignty claims in the disputed area. Taiwan responded by recalling its representative to Japan, and the following week a boat of Taiwan activists, accompanied by Taiwan patrol boats, entered Japanese waters in the disputed area in apparent protest of the collision. PRC nationalist sentiments also surged after the agreement was announced, with a small protest outside the Japanese Embassy in Beijing and online commentary criticizing PRC officials for allegedly "selling out" China's interests to Japan.[15]

Sichuan Earthquake Relief

After China was struck by a devastating earthquake in Sichuan province in May 2008, Japan immediately offered condolences and reportedly pledged $5 million in emergency aid in supplies as well as provision of satellite imagery of the quake zone.[16] In the weeks after the quake, Japan announced an additional $5 million in assistance in addition to tents and other supplies.[17] Tokyo also dispatched a group of 60 earthquake rescue experts, the first foreign team that Beijing accepted, and subsequently sent medical personnel to aid earthquake survivors. In addition to Beijing's official acceptance of Japanese aid, some news accounts reported that Japanese assistance was welcomed and met with gratitude by the Chinese people in the quake zone. But lingering historical sensitivities affected the scope and delivery of some Japanese aid. One initial plan to have Japanese Air Self Defense Forces C-130 transports carry supplies into China was shelved, apparently out of fears that Chinese citizens would react to the first arrival of Japanese military planes in China since World War II.[18] Supplies ultimately were ferried in by commercial aircraft.

Military to Military Relations

Even modest improvements in the defense relations between China and Japan are notable given the history of warfare—and particularly China's widespread accusations of the exceptional brutality of Japanese imperial forces during Japan's invasion and occupation of China. After Koizumi's second visit to the Yasukuni Shrine in April 2002, China protested by canceling a scheduled visit to Beijing by Japan's Defense Agency chief Gen Nakatani and a call by Chinese warships to Tokyo port.[19] From that point forward until Koizumi left office, military-to-military relations were essentially frozen.

Since 2007, military affairs between the two countries have improved alongside the warming up of Sino-Japanese relations. In November 2007, a Chinese missile destroyer visited the port of Tokyo, becoming the first Chinese warship to make a port call to Japan. In return, a Japanese Maritime Self-Defense Force (MSDF) destroyer paid a call to the Chinese southern port of Zhanjiang in June 2008.[20] In September 2008, Chinese air force general Xu Qiliang became the first commander of the People's Liberation Army (PLA) Air Force to visit Japan since 2001. He met with Japanese Defense Minister Yoshimasa Hayashi and agreed that there was a need to enhance bilateral defense exchanges.

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[15] "China on defensive again over Japanese gas deal," *Kyodo News*, June 24, 2008.

[16] "China requests quake aid, Japan foreign minister," *Reuter News English*, May 13, 2008.

[17] "Japan sends 800 more tents to quake-hit areas," *Xinhua News Agency*, June 4, 2008.

[18] "ASDF preparing C-130s to carry aid to China," *The Japan Times*, May 30, 2008.

[19] "China Puts off Japan Defense Minister's Visit," *Kyodo News*. April 24, 2002.

[20] "Warship Visit Brings Message of Peace," *China Daily*. July 2, 2008.

Despite these improvements, there is a limit to how far military exchanges can go, particularly when exposed to the public spotlight. The tentative steps toward cooperation between the two militaries has taken place against a backdrop of occasional intrusions by Chinese vessels into Japan's territory, although the reported incidence of naval incursions appear to have declined in the past few years.

Japan-China Economic Ties: The Main Anchor for the Relationship

The China-Japan economic relationship has become one of the most dynamic and important bilateral economic relationships in the 21st century. It combines the world's second largest national economy (Japan) with one of the world's fastest growing and potentially largest economies (China). The two economies have become the world's largest net savers and, thus, potential sources of credit to the rest of the globe. China and Japan are the largest and second largest holders of foreign exchange reserves. How the two countries conduct their economic relations will likely have important implications for East Asia and the rest of the world and, therefore, for the United States. The economic relationship is a critical part of the overall China-Japan relationship. While political and national security relations have made relations volatile through the years, economic ties have provided stability. China and Japan have grown more economically inter-dependent, which has provided great incentive for them to pursue better relations. The economic relationship has broadened and deepened over the last two decades and has become more complex.

Modern China-Japan economic relations developed at first very slowly after World War II as the two countries dealt with the legacies of Japan's colonial occupation of China and of the war. They were hampered also in the 1960s and 1970s as the two countries were on opposite sides of the Cold War, during which Japan largely followed U.S. policy, and because China's severely centralized economic system was not conducive to liberalized foreign trade and investment.

The climate for economic ties vastly improved first with Japan's diplomatic recognition of China in 1972, following the U.S. opening to China with the visit of President Nixon. Even more importantly, major economic reforms that China's leadership introduced beginning in the late 1970s included opening the Chinese economy to foreign trade and investment. While the economic relationship improved over the years, it has still experienced periods of turmoil but has stabilized in the last few years as the two countries have become more closely intertwined economically.

An Overview of the Bilateral Economic Relationship

Table 1. Key Comparative Economic Indicators for China and Japan

	China	Japan
GDP (2007)(billions of $US)		
-Nominal	3,242	4,380
-Purchasing Power Parity (PPP)	7,245	4,286
Per Capita GDP (2007)(U.S. Dollars)		
-Nominal	2,450	34,360
-PPP	5,480	33,630

	China	Japan
Real GDP Growth Rates (2007)	11.9%	2.1%
Average Annual Real GDP Growth Rate (1997-2007)	9.5%	1.2%
Exports as % GDP (2007) Imports as % GDP (2007)	41.3% 31.9%	17.6% 15.9%
Current Account Balance as % of GDP (2007)	11.5%	3.9%
Gross National Savings Rate (2007)	56.2%	28.7%
Recorded Unemployment Rates (2007)	9.2%	3.8%
Average labor costs ($US/hour)	1.73	19.59
Public Debt/GDP (2007)	18.4%	179.0%

Source: Economist Intelligence Unit

Table 1 presents comparative economic data to place the China-Japan relationship in perspective. These data indicate some significant contrasts between the two economies. For example, China's economy has grown substantially faster (albeit from a much lower base) than Japan's during the 1997-2007 period—9.5% per year on average for China compared to 1.2% for Japan. The comparative figures for total gross domestic product (GDP) reflect the results of the rapid growth. While Japan is still a larger economy in nominal terms, China appears to be catching up. In 2007, China's total GDP was $3.2 trillion compared to Japan's $4.4 trillion. However, China's economy is larger if measured in terms of purchasing power parity (PPP)—$7.3 trillion for China compared to $4.3 trillion for Japan.[21]

A more accurate measure of the relative state of two economies is the standard of living in each country. One measure of standard of living is the per capita GDP and a comparison of the two countries suggests that, as impressive as China's progress has been, it still has far to go to "catch up" with Japan. In 2007, China's nominal per capita GDP stood at $5,480 in PPP terms. On the other hand, Japan's nominal GDP was $33,630 in PPP terms. According to this measurement, China's standard of living is only 16.3% of Japan's. In addition, China carries a 9.2% unemployment rate compared to Japan's 3.8%, and labor costs in China are far below those in Japan—$1.73/hour compared to $19.59/hour. The labor cost differentials suggest an economic complementarity that would help shape the bilateral economic relationship, namely one economy (China) with a large pool of unskilled and low-skilled labor linking up with another economy (Japan) with a small and diminishing pool of highly-skilled, high-cost labor.

China-Japan Trade Ties

A significant element of the China-Japan economic relationship has been the growth of bilateral merchandise trade. As **Table 2** and **Figure 1** show, from 1980 to 2007 total China-Japan trade increased significantly with both Japanese exports to China (Chinese imports from Japan) and Japanese imports from China (Chinese exports to Japan) rising substantially. As **Table 2** and **Figure 1** indicate, Japanese imports from China have exceeded exports to China since the mid-1980s.

[21] Purchasing power parity (PPP) measurements are the value of foreign currencies in U.S. dollars based on the actual purchasing power of such currency based on price surveys. The PPP exchange rate is then used to convert foreign economic data in national currencies into U.S. dollars. The PPP exchange rate raises China's GDP significantly higher than Japan's because prices and goods and services are significantly lower in China.

Table 2. Japan's Merchandise Trade with China, 1980-2007

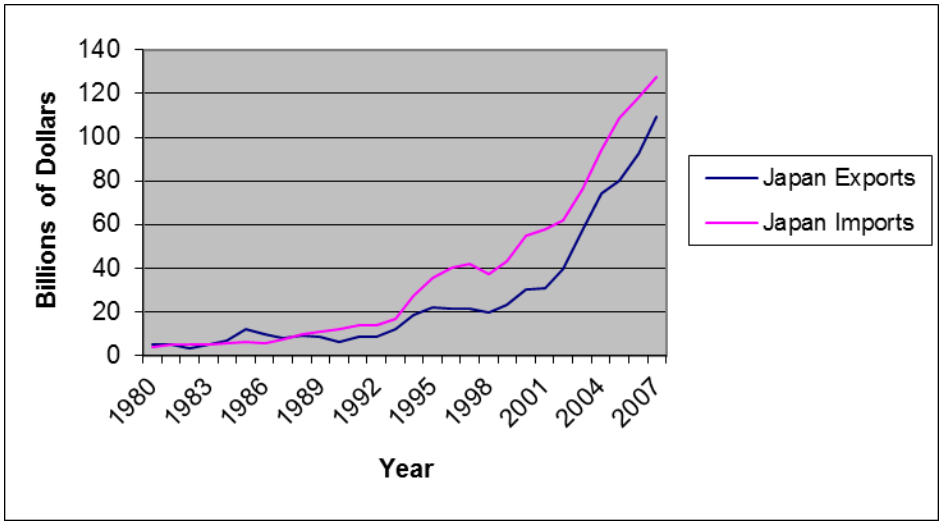
(in billions of U.S. dollars)

Year	Exports	Imports	Year	Exports	Imports
1980	5.1	4.3	2002	40.0	61.9
1985	12.5	6.5	2003	57.5	75.8
1990	6.1	21.1	2004	74.0	94.4
1995	21.9	35.9	2005	79.9	108.6
2000	30.3	55.1	2006	92.7	118.4
2001	30.9	57.8	2007	109.3	127.8

Source: IMF. Direction of Trade Statistics. Data do not include Japan Trade with Hong Kong or Macao.

Not only has China-Japan trade grown in absolute terms, but also in relative terms. The China and Japan trade relationship has tightened as they have become more important to one another as trading partners. In 1995, China accounted for 10.0% of Japan imports and was the second largest source of imports next to the United States. By 2007, China had replaced the United States in the first position and accounted for 20.6% of Japan's imports. Similarly, in 1995, China accounted for 5.3% of Japanese exports and was Japan's fifth largest export market; but, by 2007, it was the second largest market (next to the United States) accounting for 15.3% of Japanese exports.[22]

Figure 1. Japan Merchandise Trade with China, 1980-2007



Source: IMF. Direction of Trade Statistics. Data do not include Japan trade with Hong Kong and Macao.

On the other hand, while Japan is an important trade partner for China, its relative importance has declined over the years, as China has forged closer ties with other East Asian economies and with the United States. In 1995, Japan ranked first as a source of China's imports and accounted for 22.0% of total Chinese imports; but, in 2007, while still number one, Japan's share of Chinese imports had declined to 14.0%. During the same period, Japan's share of Chinese exports declined from 19.1% in 1995 to 8.4% in 2007, and Japan declined from the second most

[22] Global Information Systems, Inc. World Trade Atlas.

important export market to the third, having been displaced first by the United States then by Hong Kong.[23]

The commodity composition of China-Japan trade has changed over time reflecting shifts in the structure of the trading relationship. In the early 1980s, when China had just begun its economic reform program, a large portion of China's exports to Japan consisted of raw materials with manufactured goods accounting for only a small portion. In 1980, for example, mineral fuels accounted for 54.9% of China's exports to Japan and manufactured goods accounted for 22.6%. By 2000, the share manufactured goods had increased to 82.1% while the share of mineral fuels had declined to 3.9%.[24]

Within the category of manufactured goods, the type of products that Japan imports from China have changed significantly reflecting the growing sophistication of Chinese manufacturing and the decline– or offshoring– of Japanese labor-intensive manufacturing. In 1994, 32.7% of Japanese imports from China consisted of basic, low-skilled labor-intensive manufactured goods, including, woven apparel, knit ware, and footwear. By 2007, the share of those products declined to 17.2%. On the other hand, in 1994, technology- advanced goods, such as machinery and electrical machinery accounted for 8.6% of Japanese imports from China and for 36.6% of imports by 2007. Other products that Japan imports from China include toys, furniture, plastics, iron and steel products, and mineral fuels.[25]

Throughout this period a major portion of Japan's exports to China consisted of electrical machinery and machinery—44.5% combined in 2007. The intra-industry trade between the two countries is an indication of the emerging character of China-Japan trade: Japanese exports to China are dominated by shipments of parts, including integrated circuits, car parts, and digital camera components that are assembled in China by foreign owned firms including Japanese firms, and then exported to Japan as finished goods. These products include business equipment, computers, and audiovisual equipment.[26] Other Japanese exports to China include iron and steel products, cars, and organic chemicals.[27]

Bilateral China-Japan trade in services has increased and is another element integrating the two economies. Total Japan-China trade in services increased around 125% between 2000 and 2006, and has increased particularly rapidly since 2003, as indicated by **Figure 2** and **Table 3**. The balance of trade has shifted over that brief period as well. From 2000 to 2005 China's exports of services to Japan exceeded its imports probably because of surges in Japanese tourism to China. However, the gap diminished over time and in 2006 (latest data available) Japanese exports of services to China slightly exceeded its imports. Future data will determine if this trend will continue. It seems likely that the total bilateral trade in services will continue to grow, especially as China's economy continues to advance.

[23] Global Information Systems, Inc. World Trade Atlas. It should be noted that many of the products that China exports to Hong Kong are re-exported elsewhere.

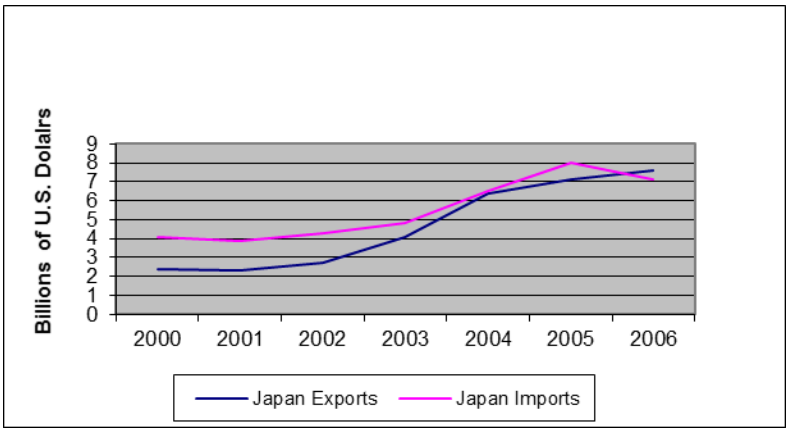
[24] Kwan, C.H. *The Rise of China as an Economic Power: Implications for Asia and Japan.* in Hilpert, Hanns Gunther and Rene Haak (eds.). *Japan and China: Cooperation, Competition and Conflict.* Palgrave. New York. 2002. p. 23.

[25] Global Trade Information, Inc.

[26] Hayashi, Yasuo. *Sustainable Development of Japan-China Economic Relations and Prospects for Business Alliance.* Keynote Address at the Symposium on Japan-China Business Alliance in Beijing. June 7, 2007.

[27] Global Trade Information, Inc

Figure 2. Japan Trade in Services with China, 2000-2006



Source: OECD.

Table 3. Japan Trade in Services with China, 2000-2006

(in billions of U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006
Japan Exports	2.4	2.3	2.7	4.1	6.4	7.1	7.6
Japan Imports	4.1	3.9	4.3	4.8	6.5	8.0	7.1

Source: OECD.

Foreign Direct Investment

Increased Japanese foreign investment in China has become one of the more significant elements of the China-Japan economic relationship. China has become more open to foreign investment particularly in the last decade. China-based affiliates of foreign multinational firms are significant sources of China's exports and imports and have allowed China to develop as a center of regional production networks throughout East Asia. In 2007, 57% of Chinese exports and 58% of Chinese imports originated with foreign-invested firms in China.[28]

Table 4. Japanese FDI Flows into China, 1995-2007

(in billions of U.S. dollars)

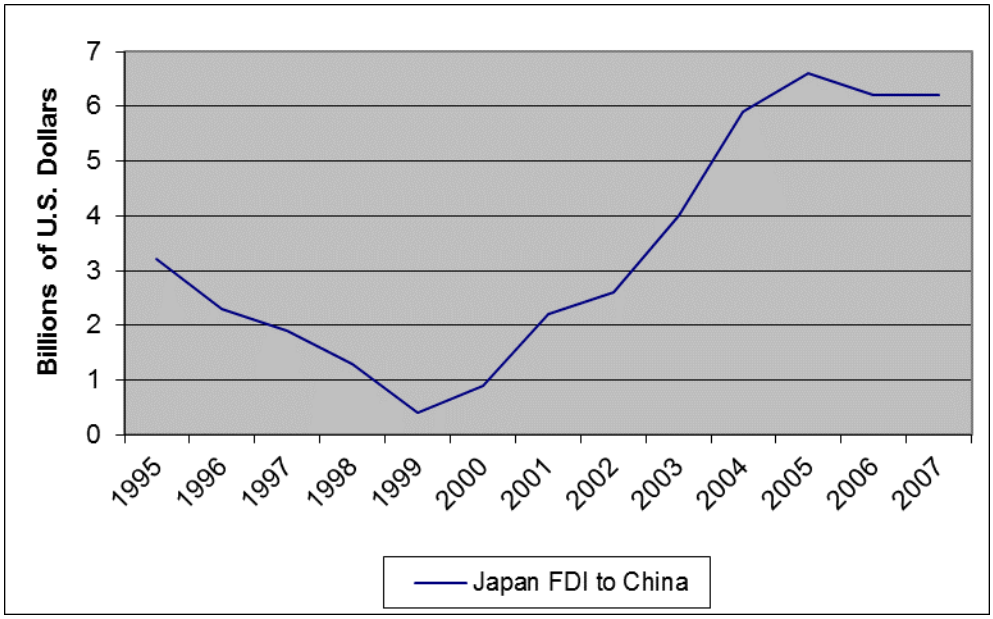
Year	Value	Year	Value
1995	3.2	2002	2.6
1996	2.3	2003	4.0
1997	1.9	2004	5.9
1998	1.3	2005	6.6
1999	0.4	2006	6.2
2000	0.9	2007	6.2
2001	2.2		

[28] EIU. Country Profile. China. 2008. p. 48.

Source: Japan Ministry of Finance.

Note: Comparable Chinese official data differ from Japanese data.

Figure 3. Japanese FDI Flows into China, 1995-2007



Source: Japan Ministry of Finance.

Note: Comparable Chinese official data differ from Japanese data.

Before the mid-1980s, Japanese investors were reluctant to invest in China as political instability in China and Chinese government restrictions, burdensome taxation, corruption, and an unskilled local labor force tainted the investment climate. Japanese direct investments in China picked up in the mid-to-late 1980s and into the early 1990s. Chinese economic reforms made foreign investment more acceptable, and the increase in labor costs in Japan made domestic Japanese production more expensive, causing Japanese producers to take advantage of low-wage labor in China by shifting production to China and other East Asian countries. As **Figure 3** indicates, FDI flows dipped between 1995 and 1999 because China had imposed some restrictions on foreign investment and made some other changes in economic policies.[29] In addition, during this period, East Asia had experienced a financial crisis and Japan was in the midst of a long recession.

As the figure above shows, since 1999, Japanese FDI has soared. According to Chinese official data that measures FDI accumulated from 1979 to 2007, Japan is the second largest source of non-overseas Chinese (primarily Hong Kong and Taiwan) FDI, with cumulative foreign direct investments of $61.2 billion.[30] As the graph in **Figure 3** shows, Japanese FDI in China has dipped somewhat since 2006. Among the factors causing the decline were an increase in the cost of investing in China, caused in part by a gradual but substantial appreciation of the renminbi, and an insertion of more country risk in Japanese investor strategies.[31]

[29] Japan Ministry of Foreign Affairs. *Japan-China Relations.* http://www.mofa.go.jp/region/asia-paci/china/.

[30] These data are reproduced in CRS Report RL33534, *China's Economic Conditions*, by Wayne M. Morrison. The British Virgin Islands are the largest sure of FDI to China; however, these funds likely originated from other sources.

[31] Japan External Trade Organization (JETRO). *2007 JETRO White Paper on International Trade and Foreign Investment.* August 8, 2007. p. 15.

Chinese official data also show that Japanese and other foreign-owned companies in China are becoming important platforms for trade through their global supply chains. In 2006, $86.1 billion in imports into China from Japan were to foreign-owned (presumably Japanese-owned) companies, or about 75% of total Chinese imports from Japan. In 2006, foreign-owned companies in China exported $61.1 billion in merchandise to Japan, or about 68% of total Chinese exports to Japan.[32] In 2006, around 70% of the products imported by foreign-owned firms in China were mechanical and electrical products, such as integrated circuits, parts for televisions and other electrical appliances, and computer parts. In 2006, 63% of exports by foreign-owned companies in China consisted of machinery and transportation equipment.[33] These figures suggest that those companies (including Japanese-owned companies) assemble parts into finished goods for export.

The increase in trade and foreign investment between China and Japan appears to have benefitted both countries. China has benefitted from the technology and know-how that Japanese foreign investment conveys as indicated by shifts in Chinese exports from low-skilled production of apparel and footwear to exports of machinery and transportation equipment. Japanese producers have benefitted from the lower production costs that foreign investment in China provides. However, some in Japan have expressed concerns that relocation of production to China signifies a "hollowing out" of Japan's manufacturing base. Such arguments could become stronger as Chinese labor becomes more skilled, and locally-based Chinese firms adapt foreign technology and become more independent and competitive.

Multilateral and Regional Frameworks for the Relationship

China and Japan are members of the major multilateral trade and international financial organizations, including the World Trade Organization (WTO), the International Monetary Fund (IMF), the Asian Development Bank (ADB) and the World Bank. These provide a venue for cooperation, channels for financial assistance, and mutually agreed upon rules for bilateral trade. Japan and China also participate together in the ASEAN+3 (Japan, China, and South Korea) group designed to facilitate trade among the member countries.[34] They both also support the formation of an East Asian FTA to include the ASEAN+3 members plus Australia, New Zealand, and India.[35]

At the same time, China and Japan appear to be using FTAs as vehicles to compete with another for influence in the region. For example, both countries have entered into free trade agreements (FTAs) with ASEAN. China was the first to launch an initiative by proposing a China-ASEAN FTA in November 2001. Japan followed soon after by launching its own initiative in early 2002 first with agreements with some of the more advanced members of ASEAN (Thailand, Malaysia, and the Philippines) followed later by agreements with the other ASEAN members, although with less success. At this writing, the parallel negotiations of China and Japan on viable FTAs with ASEAN appear to be stalled as the partner countries have resisted making concessions on some key issues such as intellectual property rights (IPR) and government procurement. Japan's focus in forming FTAs has been primarily to forge commercial ties, especially to secure access for

[32] China Customs Service.

[33] Ibid.

[34] ASEAN is the 10-member of the Association of Southeast Asian Nations that consists of: Brunei, Cambodia, Indonesia, Laos, Malaysia, Burma, the Philippines, Singapore, Thailand, and Vietnam.

[35] For more details on the frameworks of East Asian trade see CRS Report RL33653, *East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy*, by Dick K. Nanto.

Japanese investments. China's motives in FTAs have also included expanding its political influence in the region.[36]

However, a sign of enhanced cooperation occurred on December 13, 2008 in Dazaifu, Japan, when the leaders of China, Japan, and South Korea met to address issues pertaining to the global financial crisis. The three countries reached agreement on only a few items, including an increase in credit lines to South Korea to help address some of the effects of the crisis. However, the fact the unprecedented meeting took place at all was widely considered important.[37]

Potential Complications and Issues for U.S. Policy

U.S. Interests and Regional Rivalry Versus Cooperation

Maintenance of stronger relations between Japan and China serves U.S. interests by ensuring a degree of stability in the Asia-Pacific, particularly if other areas, such as the Korean Peninsula, threaten a disruption. This stability, in turn, fosters more robust trade and prosperity, which generally serves U.S. global priorities. Regional initiatives are also likely to fare better if the two largest Asian powers are amenable to cooperation. Prospects for success in the Six-Party Talks, for example, are better if the forum avoids becoming a platform for Chinese-Japanese tension. Further, Chinese accommodation of Japanese interests in other regional organizations—including those that do not include the United States such as the East Asia Summit—may help to promote democratic values that the United States and Japan share.

On the other hand, if Sino-Japanese ties grow closer, there is some chance that Toky could adopt positions that move it closer to Beijing on particular issues. Japan, along with Australia, tends to be the most reliable U.S. ally at such Asian fora. However, Japan's own interests appear at this point to be far more closely aligned with Washington's, and therefore this threat appears fairly small at this point.

Significantly, better communication between Tokyo and Beijing may help diffuse territorial issues and minimize potentially explosive miscommunication. A military clash between the two Asian giants involving one of the remote islands at the heart of territorial disputes could force the U.S. military to decide whether to intervene on Japan's behalf. U.S. and Japanese officials have given mixed answers when questioned about whether the U.S. military would engage if armed conflict were to occur over one of the territories in question. Former Deputy Secretary of State Richard Armitage asserted in 2004 that the U.S.-Japan treaty extends to the Senkaku Islands, but official guidance from the Departments of State and Defense declare that the U.S. government does not take a position on the question of sovereignty of the islands. The apparent determination to bring China into the international system would obviously be derailed by direct U.S. military confrontation with China.[38]

A question facing U.S. policymakers is how much the United States should engage in mediating the Sino-Japanese relationship. Certainly both powers are influenced by U.S. policy and opinion, although it is not clear that U.S. suggestions would actually alter policy. Although President Bush reportedly mentioned U.S. concerns about tension with China over the Yasukuni Shrine visits to Koizumi in 2006, in general the United States has not been particularly active in the evolving

[36] Searight, Amy. *Emerging Economic Architecture in Asia: Opening or Insulating the Region?*

[37] *The Wall Street Journal.* December 15, 2008.

[38] Armitage's remarks and Q&A at the Japan National Press Club, February 2, 2004.

relationship. Many analysts warn of the danger of U.S. officials getting entangled in thorny historical issues that have no easy resolution.

Regional Balance of Power Issues

One key policy issue for the United States is how to address U.S.-China-Japan relations in balance-of-power terms. Views in the United States differ somewhat on this point. Some see China's growing power as not just a challenge, but a threat to U.S. regional and global interests. Chinese leaders, these observers argue, see conforming to international norms as a strategy to employ while China is still weak; in reality, Beijing seeks at least to erode and at best to supplant U.S. international power and influence. In pursuit of this strategy, according to this view, Chinese leaders may be probing potential rifts in the U.S.-Japan alliance and expanding China's economic interconnections with Japan, seeking to complicate or raise the costs of Japan's policy choices where U.S. and PRC interests diverge. These observers argue that the United States should seek to counter this PRC strategy. For instance, the United States should avoid sitting on the policy sidelines or acting as a balancing agent between Japan and China, and instead should "unleash" Japan from some of the more restrictive confines of the U.S. security umbrella. For example, they say, U.S. policymakers could encourage Tokyo to develop a more muscular regional policy and a more robust military posture to provide a counterbalance to growing Chinese power.

Other observers stress that the U.S.-Japan alliance is an important foundation of U.S. strength and influence in Asia. While a passive approach between China and Japan may be counter to U.S. interests, these observers say, it would be a mistake for the United States to encourage enmity or dissension between Tokyo and Beijing as a counterweight to growing PRC power and influence. The way to deal with growing Chinese power, according to this view, is to strengthen and expand upon the U.S.-Japan alliance, helping to increase Japan's power and capabilities and knitting Tokyo more seamlessly into the U.S. regional presence.

The Sino-Japan Bilateral Economic Relationship and U.S. Interests

In economic terms, China and Japan are very important to the United States. Japan is the second largest national economy in the world and China is among the fastest growing economy in the world. Japan has been an important U.S. trade partner for a long time, and China has rapidly emerged as a critical partner. They are, respectively, the fourth and third largest markets for U.S. exports and the second and fourth largest sources of U.S. imports. Most important, perhaps, China and Japan are the largest and second largest, respectively, foreign holders of U.S. government debt in the form of U.S. Treasury securities, valued at $585.0 billion and $573.2 billion, respectively, as of the end of September 2008. (They both far exceed the United Kingdom which was third with $338.4 billion.) Japan and China, therefore, each play an important role in financing the U.S. national debt, a factor that becomes increasingly significant as the projected U. S. national debt soars in the wake of the global financial crisis. The two countries also hold the world's largest volumes of foreign exchange reserves and, therefore, have a major influence in the global capital markets. As of the end of September 2008, Japan had $969.2 billion in foreign exchange reserves and China had $1.9 trillion. Because Japan and China are each economically important to the United States, how they conduct their bilateral economic relationship could have significant implications for the United States.

The China-Japan economic relationship can be viewed as both an opportunity and as a challenge to U.S. interests. It can be an opportunity if the relationship promotes trade liberalization and foreign investment and, in so doing, leads to economic growth and opportunities for U.S. firms. In this regard, the United States and Japan share an interest in encouraging China to fulfill its

WTO commitments to adhere to the multilateral rules on trade; to enforce the rights of foreign holders of intellectual property in China; to ensure that goods produced in and exported from China are safe and of good quality; and to encourage China to welcome foreign investment by maintaining a transparent regulatory regime that does not discriminate against foreign investors. The bilateral economic relationship could operate against U.S. interests if the two countries try, through bilateral or regional trade agreements, to exclude U.S. exporters and investors from the region. In addition, some import-sensitive U.S. firms and industries view the closer economic relationship between China and Japan as possibly giving Japanese producers a competitive advantage over them by using low-wage Chinese labor to produce goods that are then exported to the United States.

Fragility of Détente and Public Sentiment

Regional analysts, while optimistic about the immediate future of Sino-Japanese relations, remain cautious about the ultimate stability of the relationship. The emotional element of the history issues that divide the countries is significant, and many observers warn that raw feelings could re-surface at any provocation. Promisingly, however, leaders in both Tokyo and Beijing appear to be quick to address any possible lightening rod. In November 2008, the chief of staff of the Japan Air Self Defense Force, Toshio Tamogami, was fired for entering and winning an essay contest with a piece that spoke admiringly of Japan's role in World War II. Prime Minister Aso—himself considered by some to be somewhat of a revisionist—terminated Tamogami's service upon the essay's release, indicating to many that Tokyo was concerned about damaging the positive relations with Beijing. The government re-iterated its official position of remorse for war-time suffering.

The official reconciliation may be challenged by sentiment among the Japanese public, some political groups, and the military. In early 2008, several packages of "gyoza" meat dumplings imported into Japan from China that contained a toxic pesticide sickened scores of people. Although Chinese and Japanese officials reportedly reacted quickly, the incident renewed long-standing concerns among the Japanese public about the safety and hygiene practices for Chinese products. Further, some conservative nationalist voices in Japan have criticized the Tokyo government for being too "soft" on Beijing and practicing "kow-tow diplomacy."

Anti-Japanese sentiment among the Chinese public also creates a stiff headwind for any efforts at Sino-Japanese reconciliation. In 2007, there were reports of a public outcry about the proposed official choice of a national bird (the Red-Crowned Crane, also known as the "Japanese Crane").[39] Chinese fans booed the Japan team during the Japanese national anthem at the 2008 East Asian Cup games. Later, after the Japanese team defeated the Chinese team, a group of fans burned the Japanese flag and jeered the Japanese team.

The Taiwan Factor

Although Japan's official ties with Taiwan were broken in 1972 when Tokyo normalized relations with the PRC, unofficial links have remained strong despite these periodic disputes. Japan's official ties with Taiwan were particularly close under former President Lee Teng-hui (1988-2000), when the Kuomintang (KMT, or Nationalist Party) had close contacts with Japan's ruling Liberal Democratic Party (LDP). The Tokyo-Taipei relationship also has not been hurt by issues surrounding Japan's historical legacy in Asia, a subject toxic to Tokyo-Beijing relations. But on an entirely different level, Taiwan also is a potentially important factor in the U.S.-Japan alliance.

[39] Guo Qiang, "Bird choice sparks anti-Japanese sentiments," *ChinaDaily.com*, April 24, 2007.

While Japan continues to recognize the PRC and not Taiwan, as a host to U.S. military facilities, Tokyo could become involved in any U.S.-China conflict over Taiwan. In 2005, for instance, the United States and Japan declared for the first time that Taiwan is a mutual security concern, implying a new Japanese willingness to confront China over Taiwan.

Territorial Disputes Remain Sensitive

Taiwan also factors into Sino-Japan territorial disputes, such as in competing claims over the eight uninhabited Senkaku Islands (called the Diaoyutai islands in Chinese) and the Ryukyu Islands (the largest of which is Okinawa) in the East China Sea. (See map at end of this report.) Japan, the PRC, and the ROC government on Taiwan all have had long-standing claims in these waters. Chinese claims to the Senkakus date back to the 14th century, when Ming Dynasty fishing vessels frequented the islands. Taiwan makes the same claims as the PRC does to these islands—that they belong to China—but its claims are based on the Taiwan government's pre-civil war status as the Republic of China on the mainland. On this issue, both the Taiwan and PRC governments find themselves in the unusual position of being on the same side opposite Japan, as both make their territorial claims on behalf of the Chinese nation. These competing claims can raise unusual problems affecting not only Japan-China-Taiwan relations but also U.S. policy.

In June 2008, for instance, lingering conflict over the Senkaku/Diaoyutais produced a crisis in Japan-Taiwan relations when a Taiwanese fishing boat sank after it collided with a Japanese patrol boat near the islands. Taiwan strongly protested the incident, recalled its envoy to Japan, and issued a statement affirming ROC sovereignty over the Senkaku/Diaoyutais. The incident riled Taiwan's relations with the PRC government, which also protested to Japan over the collision on the grounds that both the Senkaku/Diaoyutais and Taiwan are sovereign Chinese territory. The Taiwan Ministry of Foreign Affairs refuted Beijing's protest, saying that the PRC had jurisdiction over neither Taiwan nor the Senkaku/Diaoyutais. The United States declined to get involved in this dispute.

Apart from complications posed by Taiwan's territorial claims, the Senkaku/Diaoyutais pose additional problems for the PRC's relations with Japan. Japan's claim to the Senkaku/Diaoyutais dates from January of 1895, during the Sino-Japanese War, when the Chinese Emperor agreed to cede the islands to Japan.[40] In the 1951 Treaty of Peace with Japan after World War II, the United States assumed control over both island groups. In a 1953 proclamation, U.S. officials responsible for administering the Ryukyus broadly defined the region under U.S. control to include the Senkaku/Diaoyutais.[41] Thus, in 1971, when the United States signed the Okinawa Reversion Treaty with Japan, returning to Japan the areas and territories being administered by the United States, the Senkaku/Diaoyutais were included, thus giving the United States a recurring bit part in the ongoing drama over the Senkaku/Diaoyutais and the Ryukyu Islands (the largest of which is Okinawa, host of a U.S. military base.) Although there is some ambiguity, the U.S.-Japan Security Treaty appears to say that the an attack on the Senkaku/Diaoyutais would require a U.S. response. Sino-Japanese disputes also include areas of high oil and gas potential, such as the Chunxiao Gas Field.

[40] In the Sino-Japanese Treaty of Shimonoseki ending the war, signed in May 1895, China also ceded Taiwan (Formosa) to the Japanese. Since this Treaty did not mention the Senkaku/Diaoyutais, Japan has claimed that its rights to the islands were conveyed in a separate action unrelated to the war. This becomes relevant later, during Allied agreements at Potsdam, in which the Allies agreed to restore to China those territories it lost to Japan through military aggression.

[41] U.S. Civil Administration of the Ryukyus Proclamation 27 (USCAR 27).

Sino-Japanese territorial claims have continued to clash since the 1990s. PRC oceanographic research and other vessels repeatedly have entered jointly claimed areas, apparently to conduct marine research on natural resources. This reportedly has included preliminary drilling for mineral deposits on the ocean floor.[42] PRC fishing vessels also have been active. Periodically, PRC naval vessels and fighter aircraft have entered the disputed region.[43] In 1992 and 1993, Chinese naval vessels fired warning shots at Japanese civilian ships.[44] Japan launched fighters from bases in the Ryukyu Islands in August 1995 when PRC fighters entered Japan's air identification zone around the Senkaku/Diaoyutais.[45] The August 1995 incident and particularly heavy PRC ship activities in early 1996 led to an escalation of tensions between Japan and the PRC lasting until the end of 1996. The PRC's occupation of Mischief Reef in the South China Sea in early 1995 also increased Japanese suspicions.

The Japanese government also has had to deal with the actions of Japanese right-wing groups. These groups periodically send members to the Senkaku/Diaoyutais where they have implanted markers, flags, and even erected a small lighthouse. The rightist groups sometime act in response to heavy PRC ship traffic near the islands. Other times, they act without alleged PRC provocations. Beijing considers their actions as a provocation and has issued diplomatic protests to Japan demanding that the Japanese government prevent such activities. The Japanese government replies that the government is limited in its right to interfere with the activities of Japanese citizens.[46]

Ongoing Military Concerns

Despite the promising developments in Sino-Japanese détente, including in the military-to-military realm, there are strong indications of lingering mutual suspicion among the defense communities in both capitals. Japanese press outlets have reported repeated naval incursions by Chinese vessels and submarines into Japanese territorial waters. In July 2004, Japan's Maritime Self-Dense Forces website reported 12 occasions of PRC naval incursions into Japan's exclusive economic zone in the East China Sea in that month alone and 28 during the year up to that time.[47] In November 2004, an unidentified nuclear submarine, later discovered to be Chinese, entered Japanese territorial waters near the Sakishima island chain off Okinawa, initiating a two-day chase. Most of these incidents have occurred in waters or around islands claimed by both countries. The reports appear to have dwindled since 2006, but Japanese military officials remain concerned that China's military modernization and lack of transparency make Japan increasingly vulnerable.

At the same time, Japan's military ambitions and upgrades alarm some defense observers in China, who feel threatened by indications of increased cooperation between Japan's military with other regional militaries. In the past several years, Asia Pacific powers have pursued some modest development of trilateral and quadrilateral security architecture involving the United States, Japan, Australia, and India. Although the efforts have not yet developed into major initiatives, some diplomatic meetings and military exercises were held to explore the idea. China often

[42] "PRC Mobilizes Warships to 'Unlawfully' Explore for Resources in Japan's EEZ," in *The Daily Yomiuri* (Tokyo, Internet version), July 26, 2001. Gilley, Bruce, "Rocks of Contention," in *Far Eastern Economic Review*, September 19, 1996.

[43] Ibid.

[44] Kyodo News Service reports, July 21, 1992, and February 12, 1993.

[45] Lu Te-yun, "Official Views PRC-Japanese Fighter Encounter," in *Lien-ho Pao* (Taipei), August 25, 1995, p. 3.

[46] Agence France Presse (Hong Kong) report, May 1, 2000. Kyodo News Service (Tokyo) report, September 7, 1999.

[47] "Media Say Beijing Stepping Up Naval Incursions, Eyeing Conflict With US," *FBIS Report*. August 2, 2004.

complained about these activities, suspicious of strategic encirclement by surrounding maritime powers. Wariness on both sides of the relationship remain a serious obstacle to genuine cooperation between China and Japan.

Timeline of Major Events in Sino-Japanese Relations, August 2001 - September 2008

Sources: Jiji Press, Kyodo News, Nikkei Weekly, New York Times, BBC, Washington Post, Defense of Japan, Agence France Presse, Yomiuri Shimbun, Xinhua News Agency, People's Daily

8/13/01—Japanese Prime Minister Junichiro Koizumi pays homage at the Yasukuni shrine dedicated to the country's war dead, including war criminals, provoking protests from China and South Korea. The Chinese Foreign Ministry says in a statement that Koizumi's visit has damaged the political foundation of Sino-Japanese relations and insulted the feelings of Chinese and other Asian people.

8/31/01—Chinese Ambassador to Japan Wu Dawei says that Sino-Japanese relations are facing their "toughest situation" since the two countries normalized ties nearly 30 years ago due to history, trade and Taiwan issues. In a press conference, Wu criticizes Japan for issuing a visa to former Taiwan President Lee Teng-hui, who visited Japan in April for medical treatment. He also criticizes Japanese textbooks and Koizumi's Yasukuni visit.

10/8/01—Koizumi meets with Chinese President Jiang Zemin in China and tries to ease Chinese concerns over Japan's policy of sending troops of its Self-Defense Forces for logistical support for antiterrorist operations by the United States. Koizumi and Jiang agree to cooperate with each other toward the 30th anniversary of the restoration of diplomatic relations between the two countries next year.

4/21/02—Koizumi pays a surprise visit to Yasukuni Shrine, and Chinese Vice Foreign Minister Li Zhaoxing quickly summons Japanese Ambassador Koreshige Anami to express China's "strong dissatisfaction." China puts off a visit later in the month to Beijing by Japan's Defense Agency chief Gen Nakatani and a call by Chinese warships to Tokyo port in May in order to protest Koizumi's visit.

8/15/02—Five cabinet members visit the Yasukuni shrine to pay respects to the Japanese war dead on the anniversary of Japan's WWII surrender. Koizumi does not attend and instead had visited the Chidorigafuchi national memorial in Tokyo for the unknown dead earlier in the week.

11/15/02—Hu Jintao assumes office as President of China.

1/14/03—Koizumi visits Yasukuni Shrine for the third time. Chinese Vice Foreign Minister Yang Wenchang quickly expresses China's "strong displeasure and indignation" over the visit to Japanese ambassador Anami.

8/15/03—Four cabinet ministers attend but Koizumi does not visit Yasukuni Shrine on the day marking Japan's World War II surrender. Chinese Foreign Minister Li Zhaoxing praises Koizumi.

3/30/04—Chinese activists land on Uotsuri Island, the largest of Japan's Senakaku islands. The House of Representatives Committee on Security unanimously adopts a resolution emphasizing Japan's sovereignty over the East China Sea islands. The activists are arrested by Japanese officials and deported to China.

8/7/04—China and Japan face each other at the Asia Cup final. Chinese fans burn Japanese flags, yell "Kill! Kill! Kill!" and shout various insults at the Japanese spectators. Japan wins 3-1, leading to weeping Chinese fans and riots. Thousands of police are on hand, including riot troops in black body armor and special tactical units. Earlier in the tournament, in Chongqing, hostile Chinese fans booed the Japanese team throughout the games and surrounded the Japanese team's bus after one match.

11/10/04—An unidentified nuclear submarine, later discovered to be Chinese, enters Japanese territorial waters near the Sakishima island chain off Okinawa, initiating a two-day chase. Japan's navy goes on alert for the first time in five years. Japan accuses China of violating its sovereign rights and demands a formal apology. Beijing expresses regret over the incident, saying that the sub was on routine maneuvers and that it made the incursion due to a technical error.

11/21/04—Koizumi and Hu meet in a Japan-China summit in Santiago, Chile. The leaders agree to develop economic and cultural bilateral ties, which are important for themselves and also for other parts of the world, and pledge to make efforts for the resumption of multilateral talks over North Korea's nuclear ambitions.

1/6/05—Despite strong protests from China, Japan grants Taiwanese president Lee Teng-hui a weeklong visit to Japan. China postpones a visit by a group of Japanese lawmakers, claiming that the request was not made to protest Lee's visit and that more time is needed to prepare for the trip.

4/5/05—The Japanese Ministry of Education, Culture, Sports, Science and Technology approves new editions of middle school textbooks that China says glosses over Japan's World War II record. Anti-Japan demonstrations occur in Chendu, Sichuan province, and Shenzhen, Guangdong province. Millions of mainlanders sign a petition against Tokyo's UN bid on the Security Council. Protestors attack Japanese owned or funded stores and boycott Japanese products.

4/9/05—Anti-Japan demonstrations continue in cities across China. 10,000 people march in Beijing to voice their anger at the textbooks, the city's biggest protest since 1999. Protestors stone the Japanese Embassy and the ambassador's residence.

4/17/05—Protestors hurl stones and eggs at the Japanese Consulate General building in Shanghai. Some 2,000 people take part in anti-Japanese demonstrations in Shenyang and 10,000 in Shenzhen.

4/20-4/21/05—China orders an end to anti-Japanese protects. Senior foreign diplomats are dispatched to all cities where protests occurred to calm sentiments and stress the importance of stability and observance of law. Officials urge its leaders to meet with Japanese leaders later this week.

4/24/05—Hu and Koizumi meet for a 46-minute talk at the Asian-African summit in Indonesia in hopes of improving relations. One day earlier, Koizumi had apologized for Japan's World War II aggression while addressing representatives of more than 100 countries at the summit.

5/24/05—Chinese Vice Premier Wu Yi abruptly cancels a meeting with Koizumi, citing pressing domestic issues in China. China's official Xinhua New Agency says China was extremely dissatisfied with remarks repeatedly made by Japanese leaders on visiting Yasukuni Shrine. China's Assistant Foreign Minister Shen Guofang tells Reuters that a "good atmosphere" is needed for Wu Yi to visit. Japanese ministers criticize the cancellation and lack of an apology.

9/9/05—Five Chinese naval vessels, including a missile destroyer, are seen navigating near the Chunxiao gas field in the East China Sea.

10/16/05—Koizumi visits the Yasukuni Shrine for the fifth time, sparking more protests from China, South Korea, and other Asian countries. China cancels Japanese Foreign Minister Nobutaka Machimura's visit to China scheduled for late October. Koizumi has repeatedly said that he visits in order to mourn the dead and to vow that Japan shall never wage war again. In response to criticisms, he has said that "other countries should not intervene on how (Japan) should pay tribute" to the dead.

10/25/05—Chinese Vice Foreign Minister Wu Dawei says that it would be "very difficult" to hold Sino-Japanese summits on the sidelines of upcoming international meetings in the future, due to Koizumi most recent visit to the Yasukuni Shrine. While past Yasukuni visits have stopped meetings by Japanese and Chinese leaders to their reciprocal countries, they have held talks on the sidelines of international meetings in third countries instead.

3/23/06—Japan delays a decision on providing further yen loans to China because of the two countries' worsening relations. Japan's aid has little financial importance but the delay is a symbolic gesture. Tokyo has given billions of dollars in loans for Chinese infrastructure projects over the past two decades but its aid has declined in recent years as China's economy has grown.

9/26/06—Shinzo Abe takes over from Koizumi as Prime Minister of Japan.

10/06—A Chinese Song-class submarine appears in the vicinity of the USS Kitty Hawk aircraft carrier of the United States in international waters reportedly near Okinawa.

10/8/06—Abe makes his ice-breaking trip to Beijing, where he is greeted warmly. His visit is the first meeting between the Chinese and Japanese leaders since the Asia-Africa summit in Indonesia in April 2005 and the first bilateral summit between the leaders for five years.

1/11/07—China conducts an anti-satellite weapon test and destroys an old Chinese weather satellite. Japan shows concern over use of space and national security and demands that China explains the test and the country's intentions. China claims that it had informed some countries including Japan and the United States about the experiment.

4/12/07 - Wen becomes the first Chinese premier to address the Japanese parliament and the first Chinese premier to visit Japan since 2000. Wen urges Japan to face up to its World War II actions but says both sides have succeeded in warming relations.

8/30/07—Chinese Defense Minister Cao Gangchuan spends five days in Japan in talks with his counterpart Masahiko Komura. The defense chiefs agree to steps to ease military tensions such as the establishment of a military hotline and reciprocal port calls by naval vessels.

9/07—Chinese H-6 medium-range bombers fly into the Japanese air defense identification zone over the East China Sea to advance close to the Japan-China median line.

9/25/07—Yasuo Fukuda becomes Japan's prime minister after the abrupt resignation of Shinzo Abe.

12/27/07—Fukuda visits Beijing. His engagements include a speech at Beijing University that is broadcast live on China Central Television, an unprecedented joint press conference with Hu, and a rare banquet hosted by the Chinese President—the first for a Japanese prime minister since the Nakasone visit in 1986. Fukuda calls for increased co-operation with China in the future and says that he will not visit the shrine while Prime Minister.

5/6-5/10/08—Hu visits Japan and becomes the first Chinese President in over a decade to go to Japan on an official State visit. It is also the longest visit Hu has made to a single country. The imperial family holds a welcoming ceremony and banquet for Hu. In a joint press conference, Fukuda praises China on a successful Olympics, and Hu offers to lend pandas to Japan as a

symbol of bilateral friendship. Hu and Fukuda also issue a joint document and agree to promote a "mutually beneficial relationship based on common strategic interests." The statement stays away from history issues and any mention of a Japanese apology while China notably recognizes Japan as a peaceful postwar country for the first time in a political document.

6/18/08—Japan and China reach a deal for the joint development of the Shirakaba gas field, known as Chunxiao in China, in the East China Sea. The two governments agree to divide profits according to their stakes.

9/17/08—Japanese Defense Minister Yoshimasa Hayashi and Chinese air force chief Gen. Xu Qiliang agree that there is a need to enhance bilateral defense exchanges. Xu is the first commander of the People's Liberation Army Air Force to visit Japan since 2001.

Figure 4: Map of Japan and China

Source: Map Resources. Adapted by CRS.

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