

## QUICK POLICY INSIGHT

# Escalating tensions between Japan and China in East Asia's maritime areas

Author: Sandro D'ANGELO

A longstanding territorial dispute between China and Japan — and Taiwan as well — has recently reignited, bringing with it old nationalist animosities. The dispute focuses on a group of uninhabited islands near the coast of Taiwan— called 'Senkaku' by the Japanese and 'Diaoyu' by the Chinese. On 10 September, the Japanese government announced it had reached a deal with the owner of three of the islands to buy them for 2.05 billion yen (around EUR 20 million).

The decision, which is expected to be finalised in the following weeks, has resuscitated tensions with China and Taiwan, both of which claim sovereignty over the islands.

Chinese Premier Wen Jiabao has said the islands are an inalienable part of China's territory and that China would 'absolutely make no concession' on the issues of Chinese sovereignty and territorial integrity. Yet the Japanese government has expressed its hope that the purchase plan will help maintain 'the Senkakus peacefully and stably'. While at first glance provocative, Japan's purchase was intended to halt development plans for the islands that would have created an even greater diplomatic crisis between the two East Asian giants.

### Map of Islands



Source: *The Guardian*

*The islands lie between Okinawa (a Japanese province) and Taiwan, at the extreme southwest of Japan. The group comprises five generally low-lying coral islands and scattered islets. Their importance stems from their proximity to strategically important shipping lanes, rich fishing grounds and, potentially, significant deposits of oil and gas. The islands have been a source of regional tension for more than four decades.*

## The Japanese purchase

On 7 July 2012, Japanese Prime Minister Yoshihiko Noda announced his government's intention to buy three of the islands (Uotsurishima, Kita-Kojima and Minami-Kojima). The project was in part also motivated by a desire to calm China's concerns about plans announced in April by the Governor of Tokyo, Shintaro Ishihara, a figure known for his pronounced nationalism and anti-Chinese attitude. Ishihara had collected more than JPY 1.4 billion in public contributions to fund the purchase and development of the islands.

At that point, Prime Minister Noda said that his administration would take appropriate measures on the issue. He did not evoke a possible 'nationalisation', although his position on this point later changed. When Noda clarified the motivations behind the government's purchase plan, he confirmed that it wished to prevent Tokyo's Governor from buying the islands and building facilities there.

The Japanese government will pay approximately EUR 20 million for three islands.

Even if Ishihara did not ultimately succeed in purchasing the island, he did drive up the price substantially. The Japanese central government had initially estimated the value of the three islands at around JPY 500 million. After Ishihara announced his project, the central government was forced to counter with a higher offer: JPY 2.05 billion (around EUR 20 million).

Taiwan and China reacted angrily to the announcement.

Yet the announcement of the purchase has raised tensions with Taiwan and, above all, with China.

Taiwan reassured that (despite the move) it was not joining with the mainland to oppose Japan.

Taiwan's foreign ministry lodged a strong protest with Japan, calling the purchase of the islands an 'extremely unfriendly move' that 'not only harms the long-time co-operation between Taiwan and Japan but will also aggravate regional tensions in east Asia'. While Taiwan, which Beijing regards as a breakaway province, has seldom rigorously advanced its claims because of an unwillingness to risk its good relationship with Japan, its decision to become more assertive is a response to recent action taken by China and Japan, as well as concerns over access to fishing and marine resources. Moreover, following a confrontation near the Islands, Beijing vowed to protect fishing boats from Taiwan from the Japanese coast guard. Despite the move, Taiwan moved quickly after the incident to reassure that this did not mean it was joining with the mainland preserving 'the co-operative relationship and deep friendship with Japan'.

China dispatched patrol boats to the area, and public demonstrations were held in many Chinese cities.

Chinese response was even tougher. Patrol boats were dispatched to the area in a show of naval strength and antagonism toward Japan. The boats' appearance coincided with a meeting of the Japanese Cabinet, which ratified the Prime Minister's decision to purchase the islands. The Chinese Foreign Minister Yang Jiechi also summoned Japan's ambassador to lodge a strong protest. Yang's Ministry released a lengthy statement, expressing Beijing's firm opposition and objection. In more than 70 Chinese cities, public demonstrations were organised against the Japanese purchase, forcing Japanese companies to close factories and offices in China temporarily.

Some observers believe the Chinese Government will adopt another sort of measure to respond to the Japanese government's move to nationalise the islands — including measures designed to damage the interests of Japanese companies dependent on China for their raw materials, manufacturing bases and sales.

## Historical background

The islands have a complicated and disputed history.

Japan and China provide different accounts of the islands' early sovereignty. Japan claims that it incorporated their 'vacant territory' into Japan in 1885. China claims that the islands are part of Chinese territory and have been for centuries. After Japan surrendered at the end of World War II, the US administered the islands. In 1972, a number of islands — including the Senkaku / Diaoyu group — were officially transferred from the US to Japan.

In 1968 oil reserves were discovered under the islands.

It was many years before China raised an objection. Beijing's silence suggested to many that the country had accepted Japanese sovereignty from 1945 to 1970. But at that point China claimed again that the islands were a part of its territory. The timing may not have been accidental: a 1968 study suggested that oil reserves might be found under the sea near the Islands.

Since 1990s, the territorial dispute has become more confrontational.

In 1978, during a visit to Japan, the Chinese Vice Premier Deng Xiaoping suggested that the issue should be tabled, saying, 'Any issue that our generation does not have the wisdom to resolve should be handled by future generations'. Indeed, the question of the islands provoked little tension or protests in the 1980s and early 1990s. More generally as well, there were few political outbursts to interrupt the region's strong economic development. More recently, however, the territorial dispute has again flared, gradually becoming more confrontational. A number of attempts have been made by Hong Kong activists to land on the islands and in 2010, a Chinese trawler collided with two Japanese Coast Guard ships in waters near the islands, and relations between Japan and China sank with the ships.

## Growing nationalism

Tensions stem from both economic and political factors.

Even today, Chinese nationalism remains essentially anti-Japanese.

There are several factors that explain these periodic tensions. First, the economic motivations: as mentioned above, China's claims coincided with the discovery of gas and oil reserves. But another motivation — perhaps the stronger — is political: the resurgence of nationalism in the Far East — in Japan, in the two Koreas and especially in China.

In recent decades, nationalism has come to replace communism in the People's Republic of China as a means of justifying the political system. Analysts have pointed out that Chinese nationalists have recently gained strength, thanks to political uncertainties (over the renewal of the new Chinese leadership in the coming months) as well as economic worries (stemming from the reduction in exports and failure to increase domestic demand).

Nationalism in China remains essentially anti-Japanese, as the deep wounds inflicted by the Japan years ago have yet to fully heal.

## Accommodation better than confrontation

China is the biggest economic partner of Japan, and Japan is the biggest trade partner of China.

Beijing and Tokyo should rein in growing nationalistic sentiments at home.

The US and the EU have called for calm.

Experts say that the economic interdependence will prevail over geopolitics.

Escalating tensions over the Senkaku / Diaoyu Islands benefits neither China nor Japan. As the second and third largest economies in the world, the two are deeply interdependent economically (China has been Japan's largest trade partner since 2007 while Japan is China's fourth largest trade partner - after the EU, U.S. and the ASEAN region), as well as geographically and culturally.

A further aggravation in tensions could impinge on economic development. This, in turn, would cause instability in this region and possibly jeopardise efforts to foster East Asia's integration. To ease pressure, both Beijing and Tokyo will have to make efforts to cool the growing nationalism in their countries and to foster an environment that would allow for an open dialogue on how to settle the dispute. This is something that the leaders of both countries understand: stability, peace and development in the region are far more important than provocative, nationalistic grandstanding.

This is also the position adopted by the US Secretary of State Hillary Clinton who recently called for the two nations to solve their dispute bilaterally and peacefully, and by the EC's Vice President and High Representative for Foreign Affairs and Security Policy (HR/VP), Catherine Ashton, who on 25 September, called 'on all parties to take steps to calm the situation.'

Japan and China normalised their diplomatic relations in 1972 by laying aside their dispute over the Senkaku / Diaoyu Islands. The current dispute returns the two countries diplomatically to the pre-normalisation era. It remains uncertain how far Tokyo and Beijing are willing to extend the longstanding territorial conflict over the islands, but most analysts believe that geopolitics will ultimately give way to their interdependent economic interests.

The squabble represents an opportunity for China to act as a responsible regional power.

Finally, as underlined by *The Economist* in a recent article, China's inability to deal effectively and peacefully with the territorial disputes calls into doubt the country's capacity to serve as a regional power. If a few uninhabited islands trigger this level of nationalist mistrust, what would happen in the event of a 'genuine crisis, on the Korean peninsula, say, or across the Strait of Taiwan'? For the *Economist*, the squabble in the East China Sea represents an opportunity — yet to be grasped — 'for China to show that it is sincere about its peaceful rise'.