

# Japan-China tensions over disputed islets unresolved

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Japanese Prime Minister Naoto Kan and Chinese Premier Wen Jiabao met informally last week on the sidelines of the Asia-Europe Meeting (ASEM) in Brussels and agreed to ease weeks of tensions following the detention of a Chinese trawler captain. However, none of the underlying issues that led to the confrontation has been resolved.

The diplomatic row flared on September 7, after two Japanese Coast Guard ships collided with a Chinese fishing trawler near the disputed Diaoyu islands (known as Senkaku in Japan) in the East China Sea. Beijing demanded the immediate release of the trawler captain, cut off high-level official contacts and threatened “counter measures”. Four Japanese civilians were subsequently detained in China on charges of spying and Beijing apparently ordered a temporary halt of exports of rare earths to Japan.

Japan backed down, releasing the detained captain on September 24, but the quarrel continued. Beijing demanded an apology and compensation from Tokyo, while Japan demanded that China pay for the damage to its patrol vessels. After Kan and Wen met last Monday, the two governments tentatively agreed to talks, possibly at the East Asian summit in Vietnam this month and the Asia-Pacific Economic Cooperation (APEC) meeting in Japan in November.

A Japanese foreign ministry spokesperson declared that the “particular incident is over”. Two Chinese patrol ships that had been involved in at least two confrontations with Japanese Coast Guard ships near the Diaoyu islands were withdrawn from the area last Wednesday. Chinese authorities on Saturday released the last of the four Japanese citizens held on spying charges.

The dispute could rapidly erupt again, however. The respective demands for apologies and compensation, while apparently shelved, remain unsettled. At their meeting, Kan and Wen categorically restated their territorial claims over Diaoyu/Senkaku.

Moreover, the sensitive issue of China’s export of rare earths has continued to fuel tensions. Rare earths, which are critical for hi-tech manufacturing, including electronics and metal parts, are at present mined and processed almost exclusively in China. Earlier this year, China placed restrictions on the export of these materials.

Last Tuesday, Japanese trade minister Akihiro Ohata indicated that Chinese rare earth exports had not returned to normal and said the government would “strongly demand China rectify the situation”. Tokyo had already mooted a “rare earth strategy” to finance Japanese corporations develop alternative supplies outside China. Kan met Mongolia’s Prime Minister Sukhbaatar Batbold on October 2 to discuss rare earth mining in Mongolia.

On Wednesday, Wen told European political and business leaders that China would “not use the [rare] earths as a bargaining tool”. However, he added: “What we are pursuing is the sustainable development of rare earths, which is necessary to meet national needs—and also the needs of the world.” As a result, he insisted, it was necessary to “control and manage” production. It is still not clear the extent to which exports to Japan have resumed.

The temporary easing of China’s dispute with Japan took place amid continuing US pressure on China over a range of issues—including demands for the revaluation of the yuan at last weekend’s meeting of the International Monetary Fund (IMF). While Washington publicly called for a resolution of the China-Japan conflict, US Secretary of State Hillary Clinton indicated to Tokyo that the US-

Japan Security Treaty would ensure US backing in the event of any military conflict.

The American media has exploited the row over the Diaoyu islands to portray China as a regional bully in its territorial disputes not only with Japan, but with several South East Asian countries that have claims in the South China Sea. The underlying aim is to strengthen US influence at the expense of China.

Washington sent US Assistant Secretary of State for East Asia Kurt Campbell to Tokyo last week. After praising Kan's handling of the diplomatic confrontation with China, Campbell stressed the importance of strengthening the US-Japan alliance as "both countries are increasingly reliant on freedom of navigation, freedom of the oceans". Under the banner of "freedom of navigation," the US navy has stepped up exercises and patrols in waters near the Chinese mainland.

The dispute, however, has created a political crisis for Kan's Democratic Party of Japan (DPJ)-led government. Last month, Kan fended off a challenge for the DPJ leadership from party power broker Ichiro Ozawa, who advocated a foreign policy more independent from Washington and closer to Beijing. Ozawa was speaking for sections of Japanese business that are heavily dependent on China for export markets and as a cheap labour platform, at a time when economic growth is still weak.

Ozawa appealed for public support by calling for a reopening of negotiations with Washington to ensure that a controversial US Marine base was moved off the island of Okinawa. The Japanese government's refusal to honour an election promise to secure the removal of the base, which provoked huge demonstrations on Okinawa, led to the resignation of Yukio Hatoyama as prime minister in June. Kan, who replaced Hatoyama, reaffirmed that the base would remain on Okinawa and has sought to consolidate closer ties with Washington.

In his first policy speech to the Diet after being reelected prime minister against Ozawa, Kan warned that China was "strengthening defence capabilities without transparency and accelerating maritime activities spanning from the Indian Ocean to the East China Sea". He called for the government to adopt a more active military policy to deal with the "uncertainty and instability that exist in areas surrounding our country".

Kan now faces criticism within the DPJ, from the Liberal Democratic Party (LDP) opposition and in the media for caving into China by releasing the Chinese trawler captain. The LDP attacked Kan's meeting with Wen as another diplomatic failure and show of weakness. Former DPJ internal affairs minister Haraguchi Kazuhiro has formed a bipartisan group of 33 lawmakers to pressure the government to take strong action against China over the Senkaku issue. Members of the group provocatively "inspected" the uninhabited islands by a chartered plane last weekend.

Major Japanese newspapers published polls last week showing Kan's popularity was falling rapidly. The *Mainichi Shimbun* found that support for Kan's government had fallen from 64 percent last month to just 49 percent. Right-wing nationalist groups have staged anti-Chinese rallies involving several thousand protesters in Tokyo and other cities.

The DPJ's internal crisis has been heightened by the decision of a judicial panel to proceed with charges against Ozawa over a political funding scandal. Amid mounting pressure from the LDP and in the media for Ozawa to resign from the DPJ and from parliament, Kan could face a split in the ruling party. Last week the *Yomuri Shimbun* reported that Ozawa's supporters could revolt and leave if Ozawa is forced to resign.

The scandal is just one symptom of the deep divisions within Japanese ruling circles created by the sharpening tensions between the US and China. Like countries throughout the region, Japan confronts the dilemma of attempting to balance its economic reliance on China, which is now its top trading partner, against its longstanding strategic dependence on the US, stemming back to the Cold War.



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