Japan and China face off in island dispute

Peter Symonds 26 September 2012

A tense standoff is continuing between Japan and China over the disputed Senkaku/Diaoyu islands in the East China Sea. Japanese coast guard vessels are facing off against Chinese surveillance and fishery patrol ships, which have briefly entered waters near the rocky outcrops, claimed and controlled by Japan.

The situation was further complicated yesterday when a flotilla of about 50 Taiwanese fishing vessels and 10 Taiwanese surveillance ships entered the disputed waters. Japanese coast guard ships turned water cannon on the fishing boats when loud hailers and electronic signs failed to deter them. Taiwan, like China, insists that the island group is historically part of Chinese territory.

Taiwan's Defence Minister Kao Hua-chu had previously told parliament that the country's military was ready for any contingency, but no action was taken yesterday. Japan's Chief Cabinet Secretary Osamu Fujimura told the media: "We will continue to guard the area around the Senkakus intensely."

A meeting yesterday between Chinese Vice Foreign Minister Zhang Zhijun and Japanese Vice Foreign Minister Chikao Kawai failed to ease the tensions. Zhang reportedly told Kawai that the Japanese government's decision to buy the Senkaku/Diaoyu islands was "a serious violation of historical facts and international jurisprudence." No agreement was reached for the foreign ministers to meet in New York during the present UN General Assembly session.

Japanese foreign ministry spokeswoman, Naoko Saiki, declared that Japan's claim to the islands was beyond dispute. "We don't want to have any wars or battles or use of force," she said, warning that the presence of Chinese and Taiwanese vessels risked a "miscalculation" or "accident."

Japanese Prime Minister Noda triggered the current row

by announcing earlier this month that his government had purchased three of the five islands from a private Japanese owner. Despite claims that the purchase was intended to head off plans by right-wing Tokyo Governor Shintaro Ishihara to buy the islands, Noda's decision was calculated to stir up Japanese nationalism and provoke a response from Beijing.

As well as dispatching surveillance and fisheries vessels to the area, the Chinese government cancelled a planned ceremony to mark the 40th anniversary of the normalisation of diplomatic relations with Japan. The decision is significant, as the 30th anniversary ceremony was not called off 10 years ago even though relations between the two countries were then in "deep freeze" over visits by former Japanese Prime Minister Junichiro Koizumi to the controversial Yasukuni Shrine to Japan's war dead.

Both governments are hinting at economic retaliation. Writing in the state-owned *China Daily* last week, Commerce Ministry official Jin Baisong suggested that China should use its position as Japan's biggest creditor to "impose sanctions on Japan in the most effective manner." The *Hong Kong Economic Journal* reported that Beijing was considering cutting off exports of rare earths to Japan, as it previously did in 2010 when tensions flared over the Senkaku/Diaoyu islands.

In an interview with the *Wall Street Journal* last weekend, Noda remarked: "China should be developing through the various investments it receives. Anything to discourage that is a disservice to itself." The comment was a not-so-veiled hint that Japanese companies could halt investment in China. Japanese investment has been flowing into China at twice the rate of funds from the US and South Korea in recent years.

Economic commentators and corporate leaders are warning of the potential ramifications for the global

economy. Bilateral trade between China and Japan—the world's second and third largest economies respectively—has tripled to more than \$340 billion annually over the past decade. China is now Japan's largest trading partner, and Japan is China's second largest.

Former US ambassador to South Korea, Stephen Bosworth, told CNBC: "Everyone is taking their cue from last year's earthquake and tsunami in Japan... No one expected what the [economic] damage would be. All these things have consequences. This is probably the most tightly integrated region in the world in terms of trade and investment."

Both governments are exploiting the island dispute to stir up nationalist sentiment and divert attention from social and political tensions generated by their slowing economies. Beijing gave the tacit green light for widespread anti-Japanese protests last week that were dominated by chauvinist slogans and resulted in attacks on Japanese businesses and citizens.

Yesterday, amid great fanfare, the Chinese government formally handed over the country's first aircraft carrier to the navy. President Hu Jintao and Prime Minister Wen Jiabao were both present at the ceremony. The carrier, which was bought from Ukraine and refitted, has limited military value and will be used mainly for training purposes. Strategic analyst You Ji told the *New York Times* that the Chinese military currently has no aircraft able to land on the carrier.

The dispute with Japan takes place as the Chinese Communist Party (CCP) prepares for a congress that is due to rubberstamp a once-in-a-decade leadership transition. Sharp factional divisions have emerged this year in the CCP leadership, in particular over the orientation of economic and foreign policy. The congress had been expected next month but no date has been announced—a sign that the differences have not been resolved.

Japanese Prime Minister Noda is also under political pressure. Last Friday, he comfortably won the annual contest for the leadership of the ruling Democratic Party of Japan, but he faces the prospect of a national election in the coming months. Noda recently pledged to call the election "soon," as the political price for the opposition

Liberal Democratic Party (LDP) backing the government's legislation for a sales tax increase.

The DPJ-led government is staring at electoral defeat. Its standing in opinion polls is less than 20 percent, reflecting widespread opposition to the sales tax hike and the government's decision to restart the country's nuclear power plants. Noda's purchase of the Senkaku/Diaoyu islands sought to defuse demands from opposition politicians for a tougher stance against China over the dispute.

The LDP's own leadership contest is due to take place today, with all the leading candidates espousing right-wing nationalist positions. Former Defence Minister Shigeru Ishiba suggested last week that Japan should develop the disputed islands, as Tokyo Governor Shintaro Ishihara previously had proposed—a move that would inevitably inflame tensions with China. Ishihara's son, Nobuteru, is also in the leadership contest.

While appealing for calm, the Obama administration is centrally responsible for stirring up the dispute over the islands. Over the past three years, the US has waged an aggressive diplomatic campaign throughout Asia aimed at undermining Chinese influence. Obama's "pivot" to Asia has encouraged Japan to take a hard-line with China. While Washington has declared itself neutral in the territorial dispute over the Senkaku/Diaoyu islands, US officials have repeatedly said that it would back Japan in any conflict with China.



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