

# Chapter 8

## Japan

The relationship with Japan is one of the most important bilateral relationships for China. We are pleased to see that after normalisation of ties, the relationship between China and Japan has enjoyed tremendous development. Last year, our trade approached US\$170 billion. People travelling back and forth between the two countries exceeded 4 million.

But as you see, there are obstacles to this relationship, especially in the political field.<sup>1</sup>

8.1 In 1972, after a long period of mutual enmity, China and Japan started the process of normalising their relationship. Since then, both countries have taken steps to strengthen diplomatic ties, improve mutual understanding and to achieve greater cooperation between them. This chapter examines the relationship between China and Japan. It considers issues that affect the current state of the association, including wartime history, territorial and resource disputes, competition for regional influence and the interdependence of their economies. The chapter outlines Australia's interest in how these two countries manage their relationship and considers the implications for Australia.

8.2 Both China and Japan appreciate that they have shared interests in developing and maintaining a strong bilateral relationship. The leaders of both countries have publicly expressed their desire to continue to develop long-term, stable and amicable relations.<sup>2</sup> China's foreign policy reflects this understanding:

Japan is an important neighbour of the People's Republic of China. Developing the China-Japan good-neighbourly, friendly and cooperative relationship has been an important component of China's foreign policy. Since 1972 when the two countries normalised diplomatic ties, China-Japan relations have been deepened constantly, and grown substantially in various fields.<sup>3</sup>

8.3 Despite these sentiments, China's progress in improving relations with Japan has not been as steady or as smooth as it has been with its ASEAN neighbours. Sino-Japanese relations are generally characterised by close economic ties tempered by an intermittently strained political relationship; described as 'economically warm' and

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1 Premier Wen Jiabao, *Transcript of press conference*, 14 March 2005, [http://www.chinadaily.com.cn/english/doc/2005-03/15/content\\_424826\\_9.htm](http://www.chinadaily.com.cn/english/doc/2005-03/15/content_424826_9.htm) (accessed 20 February 2005).

2 See for example the messages from Prime Minister Junichiro Koizumi to Premier Zhu Rongji and the message from Premier Zhu Rongji to Prime Minister Junichiro Koizumi, 29 September 2002 on the occasion of the 30<sup>th</sup> anniversary of the normalisation of Japan-China relations.

3 Department of Policy Planning, Ministry of Foreign Affairs, People's Republic of China, *China's Foreign Affairs 2005*, p. 192.

'politically cool'. In particular, 2005 was a year of strain and tension in the China–Japan political relationship. The China–Japan relationship was summarised by the Department of Foreign Affairs, Defence and Trade (DFAT) in its submission to the committee:

Despite growing economic integration between China and Japan, with each other's largest merchandise trading partner, political ties remain strained. Irritants include growing competition for resources, the recent intrusion into Japanese waters of a Chinese nuclear submarine, Chinese oil and gas exploration near the median line between Chinese and Japanese EEZs, and the long-running dispute over Prime Minister Koizumi's visits to the Yasukuni Shrine.<sup>4</sup>

8.4 The following section examines some of the matters which have caused, and continue to create, tension in the relationship between China and Japan.

### **Issues contributing to the tension in the China–Japan relationship**

8.5 In April 2005, anti-Japanese sentiment erupted when tens of thousands of protestors gathered at violent rallies across China in the biggest anti-Japanese protests in China's history.<sup>5</sup> During the three weekends of protests, windows were broken at Japan's embassy in Beijing and consulate in Shanghai,<sup>6</sup> while Japanese-style restaurants and Japanese-made cars were also attacked.<sup>7</sup> The press reported that local police officers made no effort to prevent the protests or to arrest people responsible for vandalism against Japanese diplomatic missions and private property.<sup>8</sup> Japan strongly condemned the riots and protested to the Chinese government, asserting that China had failed to demonstrate an adequate response to the disturbances.<sup>9</sup>

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4 DFAT, *Submission P19*, p. 17.

5 The *Economist*, 6 October 2005, [http://economist.com/PrinterFriendly.cfm?story\\_id=4489650](http://economist.com/PrinterFriendly.cfm?story_id=4489650) (accessed 27 October 2005).

6 Statement by the Press Secretary/Director General for Press and Public Relations, Ministry of Foreign Affairs, On the Activities Concerning Japan by Demonstrators on the 16<sup>th</sup> in Shanghai and elsewhere in China, 16 April 2005; 'China row with Japan still on the boil', *Canberra Times*, 20 April 2005.

7 Statement by the Press Secretary/Director General for Press and Public Relations, Ministry of Foreign Affairs, On the Activities Concerning Japan by Demonstrators on the 16<sup>th</sup> in Shanghai and elsewhere in China, 16 April 2005; Jonathan Watts, 'Violence flares as the Chinese rage at Japan', *Observer*, 17 April 2005.

8 Joseph Kahn, 'Chinese Official Urges End to Anti-Japan Protests', *New York Times*, 19 April 2005, <http://www.nytimes.com/2005/04/19/international/asia/19cnd-china.html?ei=5070&en=19c0ab56a739c6ea&ex=1132722000&adxnnl=1&adxnnlx=1132611408-Kl6qK/KdyQBRXnP0XiSN4w> (accessed 21 November 2005).

9 Ministry of Foreign Affairs of Japan, Statement by the Press Secretary/Director-General for Press and Public Relations, Ministry of Foreign Affairs, On the Activities Concerning Japan by Demonstrators on the 16<sup>th</sup> in Shanghai and elsewhere in China, 16 April 2005 and Visit by Minister for Foreign Affairs, Nobutaka Machimura, to the People's Republic of China.

8.6 The committee recognises that large-scale public protests are not common in China. In evidence to the committee, Professor Bruce Jacobs from Monash University indicated that even though the Chinese government did not instigate the riots, they were certainly willing to permit their occurrence.<sup>10</sup>

8.7 DFAT told the committee that much of the recent and ongoing tension between China and Japan relates to historical issues, particularly over Japanese actions perceived by China to be inconsistent with Japanese apologies for its wartime treatment of other countries in Asia, including China.<sup>11</sup>

### ***Chinese sensitivity over World War Two***

#### *Japanese history textbooks*

8.8 The protests in 2005 were reportedly a manifestation of Chinese anger over Japan's approval of a history textbook that was perceived to play down Japan's wartime atrocities. The murdering of up to 300,000 Nanking civilians, the recruitment of thousands of Chinese women as prostitutes for Japanese soldiers and biological weapons testing on Chinese villages were among the events alleged to have been subject to understatement or omission in the text.<sup>12</sup> However, controversy over Japan's reputation for sanitising its war history in educational material is not new. Similar concerns were reported in April 2001, when a Japanese high school textbook was denounced for glossing over the colonisation of Manchuria and the Nanking massacre.<sup>13</sup>

8.9 The Japanese Foreign Minister, Nobutaka Machimura, defended Japan's textbooks against China's allegations, saying they do not gloss over Japan's invasion of other Asian countries.<sup>14</sup> In reference to China's own approach to recording history, he has also said:

From the perspective of a Japanese person, Chinese textbooks appear to teach that everything the Chinese government has done has been correct...there is a tendency towards this in any country but the Chinese textbooks are extreme in the way they uniformly convey the 'our country is correct' perspective.<sup>15</sup>

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10 Professor Bruce Jacobs, *Committee Hansard*, 27 June 2005, p. 43.

11 DFAT, *Committee Hansard*, 16 June 2005, p. 43.

12 Jonathan Watts, 'Violence flares as the Chinese rage at Japan', *Observer*, 17 April 2005.

13 See for example 'Revisionist history text infuriates Japan's neighbours', *Sydney Morning Herald*, 5 April 2001.

14 *The Japan Times*, 25 April 2005, <http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20050425a2.htm> (accessed 22 November 2005).

15 'Machimura blasts China's textbooks as extreme', *The Japan Times*, 25 April 2005, <http://search.japantimes.co.jp/print/news/nn04-2005/nn20050425a2.htm> (accessed 22 November 2005).

*Visits by the Japanese Prime Minister to the Yasukuni shrine*

8.10 China is also upset about the Japanese Prime Minister's visit to the Yasukuni shrine, a monument that honours Japan's war dead but reportedly also enshrines 14 convicted Class A war criminals. China's leaders have banned formal meetings with Japanese Prime Minister Koizumi for the past three years because of his visits to the Yasukuni shrine.<sup>16</sup>

8.11 The Japanese Prime Minister regarded China's condemnation of the visits as foreign interference in Japan's domestic affairs. While acknowledging the war crimes, the Prime Minister insists his visits to the shrine are based on personal beliefs.<sup>17</sup>

8.12 This issue received attention at the APEC summit in November 2005, where Prime Minister Koizumi stated that he was merely offering prayers for those who died in war and expressing thanks for their sacrifices. In relation to Japan's relationship with China he added that 'even if there is a difference in views on one issue, that shouldn't be allowed to hurt good relations'.<sup>18</sup> The visit was again raised as the reason behind the cancellation of a planned bilateral meeting which was due to take place in Kuala Lumpur in December 2005.<sup>19</sup> A planned trilateral meeting between China, Japan and South Korea was also cancelled as a result of the tensions over wartime history.<sup>20</sup>

8.13 Some witnesses to the inquiry disagreed with China's stance against Japan regarding the Second World War. For example, Professor Paul Dibb, Director of the Defence and Strategic Studies Centre at the Australian National University (ANU), told the committee that China's posturing against Japan is unreasonable and provocative:

The way it is currently treating Japan, from my point of view, is abominable. It keeps harping on about the Second World War as if it were yesterday. It was not yesterday. It was over three generations ago. If it wants to push the Japanese down the path of rearmament, it is a smart way of doing it.<sup>21</sup>

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16 Peter Alford, 'Neighbours face off over Koizumi war stand', the *Australian*, 18 April 2005, p. 9.

17 As part of investigating alternatives, a private advisory panel in Japan has proposed establishing a non-religious national facility to mourn war dead. *Japan Times*, 12 June 2005, <http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?eo20050612kn.htm> (accessed 22 November 2005).

18 Mainichi Daily News, 19 November 2005, <http://mdn.mainichi-msn.co.jp/national/news/20051119p2a00m0na028000c.html> (accessed 22 November 2005).

19 *China Daily*, 'Sino-Japanese leaders' meeting impossible in December—official', 30 November 2005.

20 *China Daily*, 'Meeting with Japan, South Korea ruled out', 8 December 2005.

21 Professor Paul Dibb, *Committee Hansard*, 13 September 2005, p. 20.

8.14 It has been noted that Japan's Prime Minister and its Emperor have apologised to China on 17 occasions since the countries restored diplomatic relations in 1972 for the conduct of the occupying Japanese army in the 1930s and 1940s. However, China has not deemed these expressions of regret to be adequate.<sup>22</sup>

### ***Sino-Japanese strategic rivalry***

8.15 While the issues outlined above may constitute a basis for some of the historical and enduring mistrust at a political level, they do not adequately explain contemporary political relations between the two countries. Each country also harbours concerns over the other's strategic interests in the region. Particularly notable has been China's concerns over Japan's moves to assume an increased security role in the regional and globally, especially through its close alliance with the U.S., including joint statements on Taiwan, and attempts to gain a permanent seat on the UN Security Council. Similarly, analysts have suggested that Japan's efforts to expand its role in the region have been in response to its own concern about China's growing influence.

8.16 Professor Jacobs attributed the recent tension in the China–Japan relationship in 2005 to Japan's expanding strategic role:

The recent anti-Japanese riots and demonstrations which took place in China followed a statement by the Japanese and Americans. The Japanese and Americans had a meeting and they put out a communiqué which had one sentence which said that both nations were concerned about their security in the Taiwan Strait area, and this, I think, is what really upset the Chinese. It was on that basis then that you had all these Japanese riots.<sup>23</sup>

8.17 The communiqué referred to by Professor Jacobs was signed in February 2005, following a meeting between the U.S. Secretary of State and Defense Secretary and Japan's Foreign and Defence ministers. It was the first time the two countries had declared Taiwan to be a common security concern.<sup>24</sup> The Chinese government responded in the following way:

The Chinese Government and people resolutely opposes the United States and Japan in issuing any bilateral document concerning China's Taiwan, which meddles in the internal affairs of China, and hurts China's sovereignty.<sup>25</sup>

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22 'History that still hurts', the *Economist*, 13 April 2005, [http://www.economist.com/agenda/displayStory.cfm?story\\_id=3856623](http://www.economist.com/agenda/displayStory.cfm?story_id=3856623) (accessed on 28 November 2005).

23 Professor Bruce Jacobs, *Committee Hansard*, 27 June 2005, p. 43.

24 Hamish McDonald, 'China scolds US, Japan over Taiwan', *Sydney Morning Herald*, 21 February 2005, p. 8.

25 Quoted in Hamish McDonald, 'China scolds U.S., Japan over Taiwan', *Sydney Morning Herald*, 21 February 2005, p. 8.

8.18 In March 2005, Japan also issued a statement on China's Anti-Secession law, stating that:

A peaceful solution through dialogues between the parties concerned is necessary for the issues concerning Taiwan, and Japan strongly hopes for an early resumption of the dialogue for that purpose. Being consistently against use of force, Japan is against any means of solution other than a peaceful one.<sup>26</sup>

8.19 Recent statements from the Chinese Foreign Ministry that criticise Japan's approach to its war history and to the Taiwan situation indicate that China holds Japan responsible for the deterioration in their relationship:

In recent years, the Japanese side has been driving in reverse gears on the historical and Taiwan issues and repeatedly failed its trust to the Chinese people, which has seriously damaged the friendly relationship restored and developed by the elder generations of statesmen with painstaking efforts and severely harmed the friendly feelings resumed by the two peoples with great efforts.<sup>27</sup>

8.20 The Chinese clearly see the need for Japan to take action to repair the damage done to their relationship. In April 2005, Chinese State Councilor Tang Jiaxuan stated:

At present, China-Japan relations encounter difficulties, the responsibility of which does not lie with the Chinese side. The key to overcome these difficulties and return China-Japan relations back to the track of normal development is that Japan should demonstrate its political will to improve and develop our relations with earnest action instead of only verbal expression.<sup>28</sup>

8.21 Professor Stuart Harris, a China specialist at the School of Pacific and Asian Studies (ANU), has discussed Japan and China's relations in the broader context of 'competition for influence and leadership'. He indicated that Japan was inevitably seeking to exert more influence in response to China's emergence as a dominant regional power:

...Japan's response to China's increased influence is to be more assertive in relations with China and other regional countries, such as South Korea. Corresponding to Japan's increased nationalism as it seeks to be a normal

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26 Ministry of Foreign Affairs of Japan, 'Statement by the Press Secretary/Director-General for Press and Public Relations, Ministry of Foreign Affairs, on the Anti-Secession Law', *Press release*, 14 March 2005, <http://www.mofa.go.jp/announce/announce/2005/3/0314.html> (accessed on 20 February 2006).

27 Ministry of Foreign Affairs of the People's Republic of China, 'Chinese State Councillor Tang Jiaxuan Meets with Japanese Foreign Minister Nobutaka Machimura', *Press release*, 18 April 2005, <http://www.fmprc.gov.cn/eng/zxxx/t192591.htm>, (accessed on 20 February 2006).

28 Ministry of Foreign Affairs of the People's Republic of China, Foreign Spokesman Kong Quan's, *Transcript of press conference*, 1 November 2005, <http://www.china-embassy.org/eng/fyrth/t219470.htm> (accessed on 20 February 2006).

country is a comparable Chinese nationalist response to what it regards as Japan's failure to acknowledge its historic role in the war with China.<sup>29</sup>

8.22 He cited China's attempts to frustrate Japan's ambitions to become a permanent member on the United Nations Security Council as an example of the contest between China and Japan over international recognition and standing.

8.23 Indeed, China has strongly opposed Japan's efforts to secure a permanent seat in an expanded United Nations Security Council. In September 2004, Japan launched a united bid with Brazil, Germany and India to acquire permanent seats on the UN Security Council as part of a broader package of reform for the UN.

8.24 According to former Australian Ambassador to the PRC, Mr Garry Woodard, the permissive attitude of the Chinese authorities to the April 2005 riots may have partly reflected China's disapproval of Japan's attempt to become a permanent member of the UN Security Council.<sup>30</sup>

8.25 Following Japan's push for a permanent seat on the UN Security Council, a Chinese Foreign Ministry spokesman reportedly stated that the UN Security Council is:

...not a board of directors and its composition should not be decided according to the financial contribution of its members.

We understand Japan's expectation to play a greater role in international affairs. But we also believe that if a country wishes to play a responsible role in international affairs, it must have a clear understanding of the historical questions concerning itself.<sup>31</sup>

8.26 Again referring to Japan's war record, China has insisted that Japan is not ready for elevation to a permanent seat on the Security Council until it is more contrite about its pre-1945 record.<sup>32</sup> Premier Wen stated that:

The invasion war launched by Japan last century brought severe calamity to the people not only in China and Asia, but also the world. Recently the civilians in some neighbouring countries including China voluntarily organised demonstrations against Japan in pursuit of becoming a permanent member of the United Nations Security Council...only the country respecting the history, with the courage to take responsibility for the history

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29 Professor Stuart Harris, 'PM's China challenge', the *Australian*, 20 April 2005, p. 15.

30 Mr Garry Woodard, *Committee Hansard*, 27 June 2005, p. 28.

31 'China: United Nations "not a board of directors"', *China People's Daily Online*, 23 September 2004, [http://english.people.com.cn/200409/23/eng20040923\\_158023.html](http://english.people.com.cn/200409/23/eng20040923_158023.html) (accessed 29 July 2005).

32 See for example Hamish McDonald, 'Beijing struggles to regain control of anti-Japan protests', the *Age*, 18 April 2005, p. 7.

and obtaining the trust of the people in Asia and the world could play greater role in the international affairs.<sup>33</sup>

8.27 Mr Woodard told the committee that China was extremely sensitive to the strategic ambitions of a country that had acted unjustly towards them:

We have underestimated the sensitivity in Beijing to the proposal to make Japan a permanent member of the Security Council...they do not see why the aggressor and the defeated nation of the second World war should now have emerging out of the postwar settlement a status equal to their own. That has touched a rather raw nerve.<sup>34</sup>

He added:

These long historical animosities have to be contained. They are always there and can be reactivated for national purposes at any time.<sup>35</sup>

8.28 Despite the historical rhetoric, however, current Sino–Japanese tension over UN representation and U.S.–Japan alliance appears to reflect broader concerns by both nations that the other is escalating competition for influence within the region. DFAT's 2003 Foreign and Trade Policy White Paper said of the Sino–Japan relationship:

Japanese views are increasingly influenced by perceptions of China as a competitor, although economic interdependence between the two is becoming deeper. This is spurring diplomatic rivalry between the two for influence in Asia, particularly South-east Asia.<sup>36</sup>

8.29 In their submission to the inquiry, Mr Reg Little and Mr James Flowers suggested that 'Japan faces a difficult transition from a client relationship with the United States to a similar relationship with China'.<sup>37</sup> Although the Japanese Defence Minister has indicated that Japan did not see China as a military threat, their recent remilitarisation activities seem to be in part due to China's emerging influence and military modernisation.<sup>38</sup> Further, the ruling Japanese Liberal Democratic Party has proposed revising its pacifist constitution to extend Japan's military capabilities beyond self-defence and into participation in global security roles.<sup>39</sup>

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33 Foreign Ministry of the People's Republic of China, 'Premier Wen Jiabao Meets with Journalists, Talking about 3 Achievements of His Visit to India', 12 April 2005.

34 Mr Garry Woodard, *Committee Hansard*, 27 June 2005, pp. 27–28.

35 Mr Garry Woodard, *Committee Hansard*, 27 June 2005, p. 28.

36 Department of Foreign Affairs and Trade, 'Advancing the National Interest', *Foreign and Trade Policy White Paper*, Canberra, 2003, p. 23.

37 Mr Reg Little and Mr James Flowers, *Submission P26*, p. 9.

38 'Japan reopens wartime wounds', *Sydney Morning Herald*, 4 August 2005.

39 'Japan reopens wartime wounds', *Sydney Morning Herald*, 4 August 2005.



### ***Resources and territorial disputes***

8.30 China and Japan also have longstanding disagreements over maritime boundaries; a significant matter given the possible exploitation of mineral resources.<sup>40</sup>

8.31 The dispute over ownership of the Japanese-controlled Senkaku islands (China calls them the Diaoyu islands) in the East China Sea also flared in 2005 when Japan's trade ministry moved to issue drilling concessions. The islands are oil and gas rich and near key international shipping routes. Japan said the planned exploration leases lie on its side of the boundary that it recognises—the median line between Chinese and Japanese land territories. However, China claims its economic zone extends further east to a trench in the sea floor. Japan has reiterated calls for China to disclose the extent of its own exploration efforts near the sea border.<sup>41</sup> China does not recognise the border line and said it is drilling in an undisputed area, while Japan has asserted that China's activities could siphon gas from Japan's side of the border.<sup>42</sup>

8.32 In November 2004, a Chinese submarine entered Japanese territorial waters near its southern islands, apparently to test maritime defences. Japanese forces detected the submarine and Japan demanded and received an apology from China over the incident.<sup>43</sup>

8.33 Encouragingly, the debate seems to have now shifted to whether the area could be jointly developed. In May 2005, China proposed that the two countries cooperate in gas fields on the eastern side of the median line as claimed by Japan. Japan rejected the proposal and refused to suspend drilling on the western side of the median line. In October 2005, Japan proposed to China that they jointly develop the gas fields in the disputed area.<sup>44</sup> Also in October, a Japanese embassy official in Washington provided evidence that China was drilling for gas in the disputed part of the East China Sea. Japan has asked China to stop drilling but stressed that Japan was willing to resolve tensions through negotiations.<sup>45</sup>

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40 Tim Johnston, 'Japan apologises for wartime atrocities', the *Age*, 23 April 2005, p. 15.

41 Hamish McDonald and Deborah Cameron, 'Drilling plan infuriates China', *Sydney Morning Herald*, 15 April 2005, p. 8.

42 J. Sean Curtin, 'Sea of confrontation: Japan–China Territorial and Gas dispute Intensifies', *Japan Focus*, 6 October 2005 <http://www.japanfocus.org/article.asp?id=426> (accessed 28 November 2005).

43 Dr Frank Frost, 'Directions in Australia's foreign relations—implications for east Asia and Australia', *Research brief*, Parliamentary Library, p. 37.

44 *Japan Times*, 2 October 2005, <http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20051002a1.htm> (accessed 22 December 2005).

45 *Mainichi Daily News*, 26 October 2005, <http://mdn.mainichi-msn.co.jp/business/archive/news/2005/10/26/20051026p2g00m0bu013000c.html> (accessed 22 December 2005).

### ***Importance of regional stability for Japan and China***

8.34 A politically stable and mutually beneficial Sino–Japanese relationship is important not only for these two powerful nations, but for their region generally. According to the Japanese Foreign Affairs Ministry:

Japan considers its relationship with China to be one of its most important bilateral relationships and it is to promote further cooperation in various areas under the Partnership of Friendship and Cooperation for Peace and Development. In recent years, interdependence between Japan and China has deepened more and more, and it is extremely important for Japan's peace and prosperity to build stable, friendly and cooperative relations with China. Japan and China, both of which have great influence in the international community, are expected to not only bring profit to both, but also to cooperate with one another and to promote a 'future-oriented' and 'mutually beneficial' Japan-China relationship for peace and prosperity in the Asia-Pacific region, and thus the world.<sup>46</sup>

8.35 Despite the political tensions that exist between China and Japan, the two nations have an extensive trade relationship. In 2004, Japan was China's third largest trading partner, behind the European Union and the U.S.<sup>47</sup> It is to be hoped that the two countries' economic interest in a politically stable region and mutually beneficial trade will ensure that Sino–Japanese political relations begin to improve.

8.36 The Department of Defence stated in its submission that destabilisation in China was not in the interests of any country in the region:

While China's economic rise will pose challenges for some countries over the next decade, notably Japan, the consequences for regional stability could be greater if growth stalled or there was social breakdown in China.<sup>48</sup>

8.37 As noted by DFAT, 'Australia sees the Japan–U.S. alliance as a cornerstone of regional security',<sup>49</sup> while 'Japan and China will be of fundamental importance to maintaining regional stability and prosperity'.<sup>50</sup>

### **Implications for Australia**

8.38 Japan remains one of Australia's primary trading partners and long-term political and strategic allies in the Asia-Pacific region. Both countries value the close

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46 The Ministry of Foreign Affairs of Japan, *Diplomatic Bluebook 2004*, Chapter 2: Regional diplomacy, pp. 45–56.

47 Wenran Jiang, 'China's "New Thinking" on Japan', The Jamestown Foundation, *China Brief*, volume V, issue 3, 1 February 2005, p. 3.

48 Quote taken from Department of Defence, 'Defence Update', 2003, p. 8, Department of Defence, *Submission P9*, pp. 4–5.

49 DFAT, *Submission P19*, p. 17.

50 DFAT, *Submission P19*, p. 18.

relationship of goodwill and cooperation that they have forged over the post-war period. The Australian Prime Minister has stated that 'Australia has no greater friend in Asia than Japan',<sup>51</sup> also emphasising Japan's importance as Australia's 'largest export market...and a strategic partner for regional peace and prosperity'.<sup>52</sup> In September 2005, he reiterated the strength and endurance of this association:

It has been the largest export destination for Australia for about 40 years and is likely to remain so for many years in to the future. The partnership between Australia and Japan has continued to evolve off the back of a quiet revolution in Japanese foreign policy.<sup>53</sup>

8.39 This shift in Japanese foreign policy is reflected in their efforts to gain a permanent seat on the UN's Security Council, discussed earlier at paragraphs 8.24-8.25.

8.40 Australia and Japan also share close political and strategic allegiances with the U.S. Japan is strategically closer to the U.S. than its regional neighbours, while Australia has been closely aligned with the U.S. for over 50 years through the ANZUS Treaty commitment. It is within this strategic framework that the implications of Sino-Japanese relations need to be examined.

8.41 Dr Peter Van Ness of the ANU's Contemporary China Centre has described the close U.S.–Japan–Australia relationship in the context of the U.S.' military activism:

Australia, like Japan, has supported the major Bush administration initiatives of the President's first term, especially the 'global war on terror' and the invasion of Iraq. The two countries are seen in effect as the anchors of U.S. policy, North and South, in the East Asian region.<sup>54</sup>

8.42 In keeping with the framework of its existing strategic alliances, Australia has supported Japan on issues over which China has expressed its displeasure. For instance, the Australian government has supported Japan's new preparedness to take a leading role in regional security,<sup>55</sup> also advocating their representation on the UN's Permanent Security Council.<sup>56</sup> Prime Minister John Howard recently noted Japan's extending security responsibilities:

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51 The Hon. John Howard MP, *Transcript of address to the Lowy Institute for International Policy*, 'Australia in the World', Westin Hotel, Sydney, 22 March 2005.

52 The Hon. John Howard MP, *Transcript of address to the Lowy Institute for International Policy*, 'Australia in the World', Westin Hotel, Sydney, 22 March 2005.

53 Prime Minister the Hon. John Howard MP, *Transcript of address to the Asia Society Lunch*, New York City, 12 September 2005.

54 *Submission P22*, p. 2.

55 See for example 'Visit to Japan', *Press release*, Foreign Minister the Hon. Alexander Downer MP, 17 March 2005.

56 'New call for Japanese UN seat', *Sunday Canberra Times*, 13 February 2005, p. 14.

This quiet revolution in Japan's external policy—one which Australia has long encouraged—is a welcome sign of a more confident Japan assuming its rightful place in the world and in our region.<sup>57</sup>

8.43 Given our existing strategic alliances, Australia potentially faces difficult choices in the event of a breakdown in relations between China and Japan. Indeed, any tension between these two most influential Asian nations complicates China's relations with the U.S. and Australia.

8.44 Dr Van Ness, however, stated that as long as Sino–Japanese relations do not deteriorate, Australia will continue to benefit from healthy relations with both China and Japan:

It seems to me that Australia is, in a sense, in a wonderful position. Australia has excellent relations with the United States, excellent relations with Japan and very, very good relations with China. What Australia obviously wants to do is to keep the very best relations with all of them and never be put in a situation where they have to choose.<sup>58</sup>

8.45 Professor Dibb has rejected concerns that Australia should be worried about alienating China. Instead, he has expressed his own concern about Australia potentially accommodating China's perspective at the expense of our relations with Japan:

It is a matter of serious concern that Beijing is taking such a belligerent attitude towards Japan. That can only raise tensions in northeast Asia and put regional security at risk. As important as Australia's relations are with China, our relationship with Japan is much more important.<sup>59</sup>

8.46 In parallel with Sino–U.S. relations, tension between China and Japan over regional competition has the potential to become a sensitive issue in Australia's relations with China. For Australia, finding a balance between maintaining its important strategic alliances and continuing to improve already good relations with China, which holds particular grievances with our allies, will require sensitive diplomacy.

8.47 The Prime Minister visited both China and Japan in late April 2005, just after the Chinese demonstrations over Japan had reached their peak. Before leaving, he indicated that he did not want to 'take sides', advocating the same approach that characterises the government's attitude to balancing relations with China and the U.S.:

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57 The Hon. John Howard MP, *Transcript of address to the Lowy Institute for International Policy*, 'Australia in the World', Westin Hotel, Sydney, 22 March 2005.

58 Dr Peter Van Ness, *Committee Hansard*, 13 September 2005, p. 18.

59 Professor Paul Dibb, 'Don't get too close to Beijing', the *Australian*, 2 August 2005.

[It] must be possible for nations to have close relations with other nations without those relationships impairing their relationships with third countries, that is certainly our view.<sup>60</sup>

8.48 On the quarrel over the interpretation of war history, Mr Downer has stated that the matter is one 'entirely for China and Japan' and one that both countries need to work through.<sup>61</sup> The committee believes, however, that such a stand does not preclude Australia from continuing its public support for Japan on matters such as becoming a permanent member of the UN Security Council.

### **Trilateral security dialogue—Japan, the United States and Australia**

8.49 The committee notes that Australia is committed to participate in a ministerial-level trilateral security dialogue with Japan and the U.S. In May 2005, at the announcement of the upgrading of the trilateral talks to ministerial level, the U.S. Secretary of State, Dr Condoleezza Rice, stated that the arrangement would provide the opportunity for the foreign ministers 'to get together periodically to discuss the many issues of interest that we have in the Asia Pacific region but also global issues of interest'.<sup>62</sup>

8.50 In evidence to the committee, Professor Harris cautioned against the exclusion of China from this security dialogue:

The idea of bringing China into these issues is a much better way to go. If we really want to get China working cooperatively in the international system that would be much more helpful in the long run. I do think it does work very cooperatively in the international system but the security area is a different ball game and I think they should have been brought in rather than sat out while we three discussed what we were going to do about China.<sup>63</sup>

8.51 Dr Van Ness also warned against sending China the wrong signal:

...the trilateral arrangement of Australia, Japan and the U.S. makes more problems than it provides answers. What it says to China is: 'They're ganging up. It's the old "get the democracies aligned in a potential containment arrangement" vis-a-vis China.'<sup>64</sup>

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60 The Hon. John Howard MP, *Transcript of press conference*, Darwin, 18 April 2005.

61 The Hon. Alexander Downer MP, *Transcript of doorstep interview*, 18 April 2005.

62 Washington File, EPF30405/04/2005, Transcript: U.S. Security Talks with Australia, Japan to Intensify, Rice Says (Secretary says trilateral initiative will be raised to foreign ministerial level) (2004).

63 Professor Stuart Harris, *Committee Hansard*, 13 September 2005, p. 13.

64 Dr Peter Van Ness, *Committee Hansard*, 13 September 2005, p. 18.

8.52 In July 2005, the Australian Foreign Minister emphasised that the U.S.–Japan–Australia security dialogue was not part of a strategy to contain Chinese influence:

This...isn't a security dialogue that is directed at China. This is a security dialogue that draws together three countries which have global interests, not just regional interests and we have global things to talk about, not least our respective commitments in Afghanistan and Iraq...Australia doesn't believe in a policy of containment of China. We believe in a policy of engaging with China, of ensuring that China is fully integrated into the affairs of the region and the world.<sup>65</sup>

8.53 On the eve of the trilateral talks in March 2006, however, the U.S. Secretary of State foreshadowed the U.S.' concerns about China's growing influence and military development. Dr Rice stated:

And I think all of us in the region, particularly those of us who are longstanding allies, have a joint responsibility and obligation to try and produce conditions in which the rise of China will be a positive force in international politics, not a negative force.

That means that we need to engage the Chinese in dialogue about security in the region. Now that is sometimes difficult because there are some longstanding historical issues and troubles that get in the way. I think Australia, the United States, Japan can think about ways to deal with some of those issues.

We together to try to, recognizing that China is going to improve its military, is going to build up its military, but to make sure that we're looking at a Chinese military buildup that is not outsized for China's regional ambitions and interests.<sup>66</sup>

### ***Committee view***

8.54 The committee believes that the trilateral discussions should maintain their original broad focus on regional and global security issues and definitely not adopt a stance that could be interpreted by other East Asian countries, especially China, as a move to contain China's influence. It suggests that the three countries in the dialogue should be careful to ensure that their discussions are aimed at involving China as an important partner in securing regional stability.

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65 The Hon. Alexander Downer MP, *Transcript of doorstep interview*, Vientiane Laos, 29 July 2005.

66 Dr Condoleezza Rice, Washington DC, 9 March 2006, *Transcript*, 'Roundtable with Australian, Indonesian and Latin American Journalists', <http://www.state.gov/secretary/rm/2006/62968.htm> (accessed 13 March 2006). See also quote in Geoff Elliott, 'US warns of China threat', 11 March 2006, Washington, News.com.au.

**Conclusion**

8.55 The committee recognises that China and Japan are two countries naturally positioned to exert great influence in East Asia. Therefore, a cooperative and peaceful Sino–Japanese relationship is vital for the stability of the region. Their relationship also has a direct bearing on Australia's interests in the region. China is fast becoming one of Australia's major trading allies with political and cultural ties also strengthening. Japan is one of Australia's most important and long-standing partners in the region with not only close economic links, but shared regional strategic interests. Australia would therefore like to see both countries maintain friendly relations.

8.56 There are, however, some deep-seated disagreements between China and Japan which flare from time to time giving rise to acrimonious outbursts and a failure to support each other. The committee supports Australia's current stand that the arguments are between China and Japan and that it should not interfere. Even so, the committee believes that Australia has a role to encourage both countries to actively engage in regional fora where they can meet and discuss matters in an environment conducive to the resolution of problems.

