



BUILDING TRUST BETWEEN CHINA AND JAPAN: LESSONS LEARNED FROM BILATERAL INTERACTIONS IN THE EAST CHINA SEA

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INTRODUCTION¹

The relations between China and Japan have continued to deteriorate since the Diaoyu Islands crisis in late 2012 and remain at a low point since the normalization of diplomatic ties in 1972. At present, the two countries are in a state of serious mutual suspicion, and the trust that was once established has been almost completely lost. Three main points can be drawn from these events: (a) the political foundation of their relationship has been shaken; (b) their security and economic cooperation has been weakened; and (c) the two sides have failed to establish necessary confidence-building measures (CBMs) and crisis management mechanisms in time to address the rising maritime frictions.

The tense relationship between the two countries' military ships and aircraft in the East China Sea improved by the end of 2014. The two sides have exercised certain

self-restraint in waters surrounding the Diaoyu Islands, and the war fought in international media has gradually calmed down. In late September 2014 China and Japan resumed High-level Consultation on Maritime Affairs and agreed, in principle, to reactivate consultation on a maritime liaison mechanism between their defence departments. The reactivation at the end of 2014 of High-level Consultation on Maritime Affairs represents important progress in China–Japan security relations and is of great significance to strengthening crisis and risk management and control in the East China Sea. However, the risk of incident is still high in the absence of a crisis management mechanism.

If China and Japan are to move on from the current stalemate, re-establish mutual trust and build a mutually beneficial relationship, they have to make efforts to address the three points outlined above. This Policy Brief focuses on lessons from bilateral interactions in the East China Sea and suggestions on how to strengthen crisis management and control, handle

¹ For general background on the disputes in the East China Sea and other papers in this series see 'Promoting crisis management in the East China Sea', SIPRI, Feb. 2015, <<http://www.sipri.org/research/security/china/promoting-crisis-management-in-the-east-china-sea>>.

SUMMARY

● China–Japan relations have continued to deteriorate since the Diaoyu Islands crisis in September 2012 and have remained at a low point since the normalization of diplomatic ties in 1972. However, the four points of principled agreement reached at the end of 2014 have ignited expectations that relations can be stabilized and improved.

This Policy Brief focuses on Chinese–Japanese interactions in the East China Sea. Based on analyses of the main maritime security concerns and basic lessons from previous interactions, the author suggests specific measures to deal with the present crisis and long-term differences on maritime issues in order to rebuild mutual trust. Priority is given to strengthening crisis management, resuming diplomatic and defence dialogues and formulating a maritime code of conduct, followed by seeking new common understanding to set aside the dispute on the sovereignty of the Diaoyu Islands and restarting joint development efforts. In addition, in order for the above measures to be successful it is essential that Japan perceives and handles historical issues correctly. The Policy Brief asserts that if China and Japan abide by their latest principled agreement, then the worst-case scenario of military conflict can be avoided and bilateral ties can gradually stabilize and recover.



disputes and re-establish mutual trust.

SECURITY CONCERNS IN THE EAST CHINA SEA

The main maritime security concerns relating to China and Japan in the East China Sea include (a) disputes over islands; (b) disputes over maritime rights and interests; (c) the Chinese Navy passing through international waters, through the Japanese archipelago into the Western Pacific; and (d) overlapping air defence identification zones (ADIZs).

The dispute over the Diaoyu Islands is a long-standing problem and the most difficult one to resolve. It concerns not only territory and sovereignty, but also questions of history, maritime rights and interests, and military and strategic postures of both countries—and the political and security crises caused as a result are still ongoing.

Disputes over maritime rights and interests involve the delineation of exclusive economic zones (EEZs) and the development and use of seabed resources. These types of disputes have appeared since the adoption of the 1982 United Nations Convention on the Law of the Sea (UNCLOS).² In comparison to the Diaoyu Islands dispute, these are easier to resolve, but may well bring about serious friction or even military conflict if poorly handled.

The Chinese Navy passing through international waters, through the Japanese archipelago into the Western Pacific and the overlapping of the two countries' ADIZs are new problems, the latter

in particular. On these two matters, both countries have their legitimate claims. However, with an increasing number of sea encounters between ships and aircraft from the two countries, the risk of accident is markedly increased when relations are tense and a bilateral maritime or air code of conduct is missing.

LESSONS FROM INTERACTIONS INVOLVING THE EAST CHINA SEA

When China and Japan negotiated the normalization of their diplomatic ties in 1972 and concluded the Sino-Japanese Treaty of Peace and Friendship in 1978, the sovereignty of the Diaoyu Islands proved to be a major obstacle. Then, following a Chinese initiative, the two sides decided to put the matter aside for future resolution. This important understanding ensured a cessation of hostilities in the Diaoyu Islands dispute in the 1970s and 1980s. However, friction and negative interactions increased after right-wing Japanese activists set foot on the islands on multiple occasions, and the Japanese Government openly negated the existence of the dispute in 1996. Mutual trust thus decreased, and eventually two consecutive crises fundamentally harmed bilateral relations: the ship collision near the Diaoyu Islands in September 2010 and the Japanese Government's purchase of three of the islands in September 2012. In sum, the understanding reached between the older generation of Chinese and Japanese leaders to set aside the dispute over the Diaoyu Islands played an important role in establishing mutual trust. When this understanding was undermined, friction increased

² United Nations Convention on the Law of the Sea (UNCLOS), opened for signature 10 Dec. 1982, entered into force 16 Nov. 1994, *United Nations Treaty Series*, vol. 1833 (1994).



and the dispute became more confrontational.

A proposal to set the dispute aside and jointly develop resources could be an important way for China and Japan to resolve disputes over territory and maritime rights and interests. However, as there has been no actual progress in this regard, the two countries have forfeited the prospect of positive interaction. Such initiatives were taken at the end of the 1970s and in the 1990s when China proposed to put aside their disputes and engage in joint development with regard to the Diaoyu Islands and East China Sea. Regrettably, in relation to the former issue, Japan never responded and the two countries missed the opportunity to start resolving the dispute when their relations were experiencing a honeymoon period during the 1980s. In relation to the latter issue, Japan only expressed willingness to consider the Chinese proposal after the tension between the two sides had clearly increased.³

In June 2008 China and Japan reached a principled consensus to conduct joint, cooperative development without undermining their respective legal positions in the East China Sea.⁴ However, due

³ In 2003, Chinese and foreign oil companies decided to jointly develop Chunxiao oil and gas field to the west of the so-called median line claimed by Japan. Japan expressed opposition then, and in 2004 it sent survey ships to the disputed sea areas to the east of the median line, leading to a rapid increase of friction with China in the East China Sea. In Oct. 2004, the two countries started consultation on questions of the East China Sea. During the third round of consultation in 2006, Japan finally accepted the 'joint development' principle long proposed by China.

⁴ In the principled consensus, the 2 sides for the first time identified the joint development block as the first step of joint development and agreed that they would make efforts to perform their respective domestic procedures for the implementation of the above development and

to a lack of mutual trust and firm implementation power, the effort stalled soon after. Although negotiations were briefly resumed once in July 2010, they remain at a standstill, due to deteriorated bilateral relations. As a result, the hope of implementing the consensus has diminished.

China and Japan failed to establish a crisis management mechanism when the East China Sea dispute began to flare up. Since the end of the cold war, in the face of growing security concerns, particularly at sea, China and Japan have reached some agreements that are useful in crisis management, such as (a) establishing a hotline between the two countries; (b) conducting consultation to create maritime liaison mechanisms between defence agencies; and (c) engaging in High-level Consultation on Maritime Affairs.⁵

reach necessary bilateral agreement as soon as possible. They also agreed to have cooperative development at Chunxiao oil and gas field. See 'China, Japan reach principled consensus on East China Sea issue', China View, 18 June 2008, Xinhua, <http://news.xinhuanet.com/english/2008-06/18/content_8394206.htm>.

⁵ In Nov. 1998 the 2 governments agreed to set-up a hotline between them. However, the hotline ceased operation shortly after opening in Oct. 2000. In May 2010 the 2 sides decided to re-establish a hotline between the Chinese Prime Minister and Japanese Prime Minister. The hotline was not used during the subsequent ship collision and was again terminated after the incident. In 2007, the 2 countries decided to push forward the air and sea liaison mechanism between their defence departments. In June 2012, the 2 defence departments reached an important agreement to develop regular dialogue on crisis management, establish a defence hotline and use the same radio frequency between ships and planes at their third round of expert group consultation. However, the agreement did not enter into force due to the outbreak of Diaoyu Islands crisis. This is a comprehensive dialogue on maritime affairs involving multiple Chinese and Japanese government departments. The first meeting was held successfully in Hangzhou, China, in May 2012. The second



However, these efforts have either been very slow, intermittent or started too late to be influential when a crisis occurred. The two countries also lack joint studies or consensus on how they should cooperate to manage a crisis and which principles of crisis management. In hindsight, if the two countries had fully realized the importance of crisis management and established a sound crisis management mechanism earlier, the 2010 and 2012 crises over the Diaoyu Islands could have been avoided or at least better controlled.⁶ Nevertheless, it provides some comfort that, faced with the current severe situation, both countries now have greater crisis management awareness and have taken some important tacit measures in relation to the Diaoyu Islands and their surrounding waters. This has played an important role in avoiding continued crisis escalation and accidental military conflict.

Dangerous situations have already occurred in the East China Sea and Western Pacific between Chinese and Japanese ships and aircraft, a development to which both countries should pay close attention. China and Japan are now in a crisis situation and their ADIZs overlap, hence frequent encounters at sea and in the air may be accompanied by greater risk and, as a result, may also impact

meeting was scheduled to take place in Japan in the second half of the year and was not convened due to the outbreak of Diaoyu Islands crisis.

⁶ The ship collision was a sudden occurrence, quite different from the islands purchase deliberately provoked by Japanese ultra-right wing forces. However, the two events did have important causal connections. The crisis caused by the ship collision gave rapid rise to mutual threat perception in both countries, thus preparing conditions for the outbreak of islands purchase crisis.

negatively on public opinion. This, in turn, will make it more difficult to improve bilateral relations. Notably, since 2013 cases of ships and aircraft getting 'unusually close' to each other and triggering an exchange of accusations have occurred on multiple occasions in the East China Sea and the high sea of the Western Pacific. The most obvious examples were two cases of intrusion by Japanese military ships and airplanes: first during a Chinese military exercise in October 2013 and later during a joint China–Russia military exercise in May 2014.⁷

MEASURES TO RE-ESTABLISH MUTUAL TRUST IN THE EAST CHINA SEA

China and Japan should jointly undertake a number of measures in order to re-establish mutual trust.

Firstly, the crisis management mechanism should be established and strengthened.⁸ This is the most

⁷ On 31 Oct. 2013 the Chinese Ministry of National Defense spokesman pointed out that 'the above-mentioned activities of Japanese ships and planes have not only created disturbance to our normal exercises but also endangered the safety of navigation of our ships and planes. They may even cause such emergencies as misjudgment or harm by mistake, thus constituting a very dangerous provocation'. On 25 May 2014 the Chinese Defense Ministry stated that 'Japan's military airplanes have seriously violated the international law and the internationally accepted standards by intruding into the airspace of China–Russia naval drill and making dangerous movements, which is extremely easy to result in misreading and misjudgement and even to trigger unexpected incidents in the air'. 'Defense Ministry: Japan must stop surveillance and interference over China–Russia joint naval drill', China Military Online, 25 May 2014 <http://english.chinamil.com.cn/news-channels/china-military-news/2014-05/25/content_5916986.htm>.

⁸ An important clause in the joint statement issued on the normalization of diplomatic ties between China and Japan and the Treaty of



important and urgently needed measure in order for the two sides to prevent the Diaoyu Islands crisis from escalating into a military conflict or being protracted.

Further, it would stop new incidents or crises in other areas of the East China Sea from arising. Given the reality of the changing balance between China and Japan and the shift of power in East Asia, crisis management should always play a key role in the current friction-prone period. The two countries need to follow the tacit agreements which have been implemented in relation to the Diaoyu Islands and surrounding waters, for example: (a) no personnel of either side should set foot on the islands or go within the 12-nautical-mile territorial-sea limit set by UNCLOS; (b) both sides should refrain from carrying out construction or other activities on the islands; (c) no deployment of military assets of either side should take place near the islands or surrounding waters; and (d) law enforcement ships from both countries should keep an appropriate distance. On this basis, China and Japan should strive towards turning their tacit understanding and self-restriction into formal agreements or CBMs.

Since the outbreak of the Diaoyu Islands dispute, the foreign and defence departments of the two sides have not completely severed contact. However, the contact has become even more strained since Japanese Prime Minister Shinzo Abe paid tribute to the Yasukuni Shrine on 26 December

2013. Keeping communication channels open is a basic principle and necessary condition for crisis management. At present, the two sides should maintain communication by various means, including exchanges at the track-one and -two levels, the dispatch of special envoys and the establishment of informal high-level channels. When conditions are favourable in the future, a direct channel of communication could be established between China's National Security Commission and Japan's National Security Council.

The defence departments of the two countries should strive to restart the consultation on a maritime liaison mechanism at an early date and bring their agreement, reached in 2012, into force as soon as possible. The two countries should also seek to convene the second round of High-level Consultation on Maritime Affairs. Currently, public opinion within the two countries is still highly contrary, hence any progress in bilateral consultations would not only have a direct and positive influence on strengthening crisis management but also play a positive role in creating good will and improving the atmosphere for bilateral relations.⁹

Given the increasing number of encounters in other areas of the East China Sea, the two sides should enhance crisis management in the relevant sea areas, with a focus on crisis avoidance. Before the

Peace and Friendship between the 2 countries is that the 2 sides shall maintain peaceful coexistence and resolve their disputes through peaceful dialogues rather than use of force. At present, strengthened crisis management is an important link towards realizing the principle.

⁹ In recent months, China and Japan have made positive developments on this aspect. The High-level Consultation on Maritime Affairs was resumed in China on 22 Sep. 2014 and the consultation on a maritime liaison mechanism was restarted in Japan on 12 Jan. 2015. Both consultations have reached certain consensus. However, there is still a long way to go to achieve substantial progress.



two countries are able to engage in dialogue over a maritime code of conduct and relevant CBMs, they should strictly implement the Code for Unplanned Encounters at Sea (CUES) passed at the Western Pacific Naval Symposium in April 2014 and engage in timely diplomatic communication over events occurring at sea. There should also be efforts undertaken to reduce mutual public accusations, thereby avoiding negative media coverage.

Think tanks from both countries should jointly develop track-two dialogues on crisis management in order to draw lessons from maritime crises, focusing especially on the ship collision and the Diaoyu Islands purchase. Policy recommendations should then be put forward, encompassing the basic principles, mechanisms and concrete measures to manage maritime crisis between China and Japan.

As a next step, China and Japan should formulate a maritime code of conduct. Following a Chinese proposal, China and the United States signed two military confidence-building agreements during the Asia-Pacific Economic Cooperation (APEC) summit held in Beijing in November 2014. The frequency and complexity of Chinese and Japanese encounters at sea actually exceed those between China and the USA, hence the necessity for China and Japan to set up relevant code of conduct to prevent maritime military safety risks.

When the Diaoyu Islands crisis is brought under effective control, the two sides should seek a new common understanding through dialogue. The focus should be on setting aside the sovereignty dispute of the Diaoyu Islands. It is

now a well-known fact that China and Japan have a dispute over Diaoyu Islands, hence it is virtually meaningless for Japan to deny the existence of a territorial dispute. It is perhaps better that the two sides decide to 'agree to disagree' and reach a common understanding on maintaining peace and stability and safeguarding the overall interests of bilateral relations. This should be the most feasible choice for both sides for the foreseeable future.

As bilateral relations are further improved and stabilized, the two countries should restart their consultation on questions of the East China Sea and first seek practical progress in joint development, which will create important conditions for the demarcation negotiation. Successful joint development and resolution of EEZ demarcation may establish a path for solving the complex Diaoyu Islands dispute.

A final point to be stressed is that for the above measures to achieve progress, it will be essential to maintain the political foundation of the bilateral relationship which rests on the four political documents between China and Japan.¹⁰ An important part of the political foundation is the correct understanding and treatment of

¹⁰ The main contents of the political foundation of these two countries' relations include the following: sticking to the 'One China' principle, having a correct view of and correctly handling the question of history, following the 5 principles of peaceful coexistence, opposing hegemonism, being cooperation partners with neither side posing threat to the other, and jointly pursuing a path to peaceful development. The four political documents: Sino-Japanese Joint Statement, 29 Sep. 1972; Sino-Japanese Treaty of Peace and Friendship, 23 Oct. 1978; Sino-Japanese Joint Declaration, 26 Nov. 1998; and Sino-Japanese joint statement on all-round promotion of strategic and mutually beneficial relations, 7 May 2008.



history. At present and in the future, Japanese leaders refraining from paying tribute at the Yashukuni Shrine will be a necessary condition for bilateral relations to stabilize and improve.

THE FOUR POINTS OF OCTOBER 2014

Prior to the 2014 APEC summit, China and Japan reached four points of principled agreement on 7 October following rounds of intense negotiation. It was an important step towards improving their relations. The agreement made it possible for the leaders of the two countries to meet during APEC, thus opening a window of hope for normal dialogue to resume.¹¹

The four points of principled agreement are:

1. The two sides have affirmed that they will follow the principles and spirit of the four political documents agreed between China and Japan and continue to develop the China–Japan strategic relationship of mutual benefit.
2. In the spirit of ‘facing history squarely and looking forward to the future’, the two sides have reached some agreement on overcoming political obstacles in their bilateral relations.
3. The two sides have acknowledged that different positions exist between them regarding the tensions that have emerged in recent years over the Diaoyu Islands and some waters in the

East China Sea, and agreed to prevent—through the use of dialogue and consultation—the situation from becoming aggravated and to establish crisis management mechanisms to avoid contingencies.

4. The two sides have agreed to gradually resume political, diplomatic and security dialogue through various multilateral and bilateral channels and to make efforts to build political mutual trust.¹²

It is clear that the aforementioned suggestions point in the same direction as the four points outlined above. This latest development in bilateral relations is encouraging. The four points have created the necessary conditions for the East China Sea disputes to move towards stability. However, it must also be noted that the four-point principled agreement was first published by the two countries in their respective languages with ambiguous statements. Both China and Japan used their own names for the disputed islands in point three, and the English texts published by them also contained some differences. This shows on the one hand the diplomatic wisdom of both sides, and on the other the fact that the principled agreement remains fragile. The different interpretations and official statements delivered after publication of the agreement is a case in point. Nonetheless, up to now, both the spokesperson for the Chinese Ministry of Foreign

¹¹ On 11 Nov. 2014 Chinese President Xi Jinping met Japanese Prime Minister Shinzo Abe on request at the Great Hall of the People in Beijing. It was the first relatively formal meeting between the leaders of the 2 countries in the past 2 years.

¹² Chinese Ministry of Foreign Affairs, ‘Yang Jiechi meets National Security Advisor of Japan Shotaro Yachi: China and Japan reach four-point principled agreement on handling and improving bilateral relations’, 7 Nov. 2014, <http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1208360.shtml>.

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Affairs and the Japanese Chief Cabinet Secretary have stressed the significance of the four points achieved through substantial political effort and the need to implement them with concrete actions.

Whether China and Japan can make progress with the East China Sea disputes in the near future will depend on whether the two countries can abide by the four points of common understanding, point three in particular, and truly establish an East China Sea crisis management mechanism. With that in place, the two countries will be able to downgrade their maritime crises and effectively avoid military accidents and conflicts in their interactions in the East China Sea. China and Japan could then gradually resolve maritime disputes and develop maritime security cooperation.

The four points of principled agreement will hopefully become a new starting point for China and Japan to re-establish mutual trust.

CONCLUSIONS

For China and Japan to resolve the crisis, rebuild mutual trust and establish a new relationship, the two sides must first strengthen their crisis management mechanisms and properly handle the questions of history. Only when these aspects are addressed will it be possible for the two countries to avoid the worst case scenario of political confrontation and military conflict, and for the atmosphere between them to gradually change and allow relations to move towards stability and recovery. This would not only

serve the fundamental and long-term interests of China and Japan, but it would also be conducive to peace and development in the region and the world at large.