

# Japan-China Spat Over the Senkaku Islands Continues to Persist

PRANAMITA BARUAH

Researcher, Institute for Defense Studies and Analyses (IDSA), New Delhi, India

Affiliated Researcher, Portuguese Institute of International Relations and Security (IPRIS)

For long, the East China Sea (ECS) has been a major issue of contention among Japan, China and Taiwan, as the three have conflicting claims primarily over the extent of their respective Exclusive Economic Zone (EEZ) in that region. However, in the ECS, a tiny group of islands, known as Senkaku in Japanese (Diaoyu in Chinese and Tiaoyutai in Taiwanese) has brought the three countries into a bitter dispute since 1970s when they started making ocean claims in the ECS. The dispute reached a new height recently with the nationalization of three of the five Senkaku islands by the Japanese government in September 2012. Both China and Taiwan reacted strongly to that move. The situation turned more volatile as large-scale anti-Japan demonstrations broke out across China and both Japanese Coast Guard vessels as well as Chinese surveillance ships continued to square off against each other in the waters near the Senkaku islands. Though more than three months have passed since the nationalization, Japan-China spat shows no sign of abating. In fact, as newly elected Liberal Democratic Party (LDP) led by 'hawkish' Shinzo Abe has assumed the helm of affairs in Japan, many seem to fear that the situation might deteriorate further.

## Historical Background

Since 1970s, as the dispute emerged among Japan, China and Taiwan over the Senkaku islands, Japan has

been insisting that it legally incorporated the islands into its southern prefecture of Okinawa in 1895 after surveys conducted over the previous ten years indicated they were 'lands belonging to nobody'. Although after the World War II, the Senkaku islands came under US occupation along with the rest of Okinawa, they were returned back to Japan in 1971. Over the years, while reiterating its claim over the islands, Tokyo has been persistently arguing that both China and Taiwan began their sovereignty claim only after a 1968 UN Commission reported possible undersea deposits, including oil and gas, nearby. However, both Beijing and Taipei argue that those islands were historically a part of Taiwan (which China claims as part of its own territory). They also allege Japan of illegally seizing the control of them after the 1894-95 Sino-Japanese War.

The dispute reached a new height in 1992 as China asserted its claim over the Senkaku/Diaoyu islands by passing the "Laws of Territorial Waters and Contiguous Zone". The law for the first time authorized the Chinese navy to use force to evict foreign vessels operating in these waters. In late 1996, the situation deteriorated further with the erection of a lighthouse by a Japanese group on one of the Senkaku islands. Since then, frequent 'incursions' by Chinese research and naval vessels emerged as a serious political issue within Japan



that adversely affected the bilateral relationship.<sup>1</sup> In fact, the Japanese Self Defense Forces (SDF), in its "Security and Guarding Plan" (2005), for the first time, identified China as a threat and expressed apprehension over the possibility of Chinese invasion of the Senkaku islands.<sup>2</sup> The dispute reached a boiling point in September 2010 following the Chinese fishing trawler's provocations in the waters off the Senkaku islands. After that incident Beijing postponed talks with Tokyo over a treaty on the joint development of a joint gas field in the ECS slated to be signed in late September 2010.

Meanwhile, in its attempt to raise its own profile in the Senkaku area, Taiwan vowed to send its own patrol vessels to protect its sovereignty over oil and gas reserves. Taiwan has long standing fishery disputes with Japan in the area around Senkaku. Although since 1996, both countries held more than fifteen rounds of talks, no agreement has been reached so far to resolve the dispute over the extent of their overlapping zones and on an area to come under common management.

### Causes of Conflict

The Senkaku are strategically important for all the three claimant countries due to some economic as well as security factors. The islands are located almost in the midway between Taiwan and the Japanese Ryukyu islands, around 120 nautical miles northeast of Taiwan, 200 nautical miles southwest of Okinawa and 230 nautical miles east of Chinese mainland. This particular location makes the Senkaku islands extremely critical for the defense of both Japan and China. Between the two, whoever comes to legally secure the sovereignty of Senkaku islands, it could use the prolonged and enlarged frontier of the islands for military advantage over the other.<sup>3</sup>

The Senkaku islands are lucrative to Japan, China as well as Taiwan from economic standpoint. In 1968, a report of the UN Economic Commission for Asia and the Far East suggested possible large hydrocarbon deposits in the waters off Senkaku islands. Over the years, Japan and China have also indicated at the potential oil and gas reserves in that area. So, whichever country comes to acquire the Senkaku islands, could undoubtedly also bolster its claim over the untapped energy resources that are believed to lie around the islands.

### The Recent Flare Up

The dispute over the Senkaku islands reached a new height with the purchase and subsequent nationalization

of three of the five Senkaku islands by the Japanese government in September 2012. Both Beijing and Taipei harshly criticized Tokyo's action, alleging the nationalization as an infringement upon their own sovereignty over those islands. Their vociferous reaction can be largely attributed to the fact that by nationalizing the islands, Tokyo seemed to violate a tacit agreement in the region taking away the sense of ambiguity about the island's status that allowed the issue to remain dormant for decades.

After the Senkaku islands' nationalization, many in Taiwan were worried that such a move by Japan might compromise the interests of the Taiwanese fishermen. The 'state ownership' also spawned concerns that Japan may step up crackdowns in surrounding waters, even outside Japan's territorial waters of the Senkaku islands.<sup>4</sup> Taiwanese President Ma Ying-jeou declared that although Taiwan is a peace loving country, it "will spare no effort to defend our national sovereignty and to safeguard the security of our fishermen".<sup>5</sup> Taipei later on unleashed dozens of fishing boats and marine patrol vessels to encircle the Senkaku islands and returned water blasts at the Japanese Coast Guard ships. By doing so, Taipei might have tried to reassert its claim over those islands.

While expressing a much stronger protest, China dispatched two Marine Surveillance patrol vessels to the waters around the Senkaku/Diaoyu islands. Soon afterwards, Chinese Defense Ministry spokesman issued a statement saying that China reserved "the right to take countermeasures". In its attempt at "safeguarding China's maritime rights and interests as well as protecting the safety of fishermen, fishing boats and ocean patrol ships in the area", China started providing marine forecasts for the islands and surrounding waters through China Central Television. In the meantime, violent anti-Japan protests broke out across China. Japanese factories were vandalized and Japanese tourists were attacked by the Chinese protesters. China continued to dispatch its surveillance ships to the waters near the islands despite repeated warnings from the Japanese Coast Guard vessels. Beijing's support towards the Taiwanese fishing boats and patrol vessels entering those waters, many CCP leaders' call for the creation of a China-Taiwan united front vis-à-vis Japan and Beijing's persistent attempt at internationalizing the dispute<sup>6</sup> seemed aggravate the tension in Sino-Japan bilateral relations further.

The recent spat has trampled on the cooperative relations between Japan and China that have been nurtured over many years. This has, in particular, adversely affected

1 Mark J. Valentia, "The East China Sea Dispute: Context, Claims, Issues and Possible Solutions" (*Asian Perspective*, Vol. 31, No. 1, 2007), p. 130.

2 *Ibid.*, p. 132.

3 Zhongqi Pan, "Sino-Japanese Dispute over the Diaoyu/Senkaku islands: The Pending Controversy from the Chinese Perspective" (*Journal of Chinese Political Science*, Vol. 12, No. 1, 2007), p. 71.

4 Takio Murakami, "Taiwan softens on Senkaku issue, eager for fisheries talks with Japan" (*Asahi Shimbun*, 15 September, 2012).

5 "Taiwan sails into East China Sea Dispute" (*Al Jazeera*, 9 October, 2012).

6 Pranamita Baruah, "Japan-China spat over the Senkakus shows no sign of abating" (*IDSA Comment*, 14 November, 2012).



the two countries' strong economic ties. The delay in the resumption of operations in several Japanese factories at China and the Chinese government's lack of initiative to compensate them for the damage caused during the demonstrations, have made Japanese business houses wary about their investments in China. There is no doubt that Japan's investment in China that reached a total of US\$ 6.3 billion in 2011 might drop significantly in the coming months if the current tension drags on.<sup>7</sup> As Japan is China's third largest trading partner, any plunge in bilateral trade might hurt Chinese economy in the long run. Moreover, if some of the Japanese-affiliated companies in China decide to close down their factories there and shift them to other Asian countries, employment of the several million Chinese workers at those companies could pose a major challenge to the Chinese government.

To Japan, China is the biggest trading partner and largest export market. Moreover, China is the largest financier of Japan's public debt (holding some US\$ 230 billion, following a massive 70% surge since 2010)<sup>8</sup> the recent spat is bound to have an adverse impact on the Japanese economy. It has been reported that Japanese automobile market in China fell dramatically after the Senkaku nationalization. According to the *Financial Times* report, the share of Japanese automobiles in China fell from 26.6% in 2009 to 22.8% in October 2012. In the subsequent months, it reportedly continued to decline further. According to the 2012 White Paper on International Economy and Trade released by the Japanese government, the Japan-China bilateral trade was around US\$ 345 billion in 2011, with an annual growth of 14.3%.<sup>9</sup>

Both China and Japan, being the second and third largest economies in the world, account for almost one-fifth of global GDP. So the potential impact of their ongoing dispute on the global economy is also bound to be immense.<sup>10</sup>

### Current Situation

At present, the dispute over the Senkaku islands shows no sign of abating. Chinese marine surveillance ships continue to enter the contiguous zone outside the waters off the Senkaku islands on a regular basis. China does not seem to be hesitant about exacerbating the tensions in the ECS and involving its marine forces. China's recent behavior on the Senkaku issue has made it clear that it will continue to bolster its claims over the islands by all

means even after their nationalization. The initial inaction of the US on the island issue seemed to boost China's confidence. In fact, many security experts even came to argue that by not making any move towards diffusing the tension, China might be assessing the strength of the US commitment towards the Asia-Pacific.

Taiwan however has softened its stance on the islands issue as Tokyo has recently agreed to renew fishery negotiations with Taipei (suspended since 2009). Taiwanese President Ma's proposal for "East China Sea Peace Initiative" (August 2012) and insistence on "sharing resources and cooperative development" in the region has received a lot of appreciation.

As for Japan, the newly elected LDP leadership seems to take a non-assertive stance on the Senkaku dispute in spite of the recent intrusion of Chinese airplane into Japanese airspace in December 2012. During the election campaign, LDP election manifesto called for studying the permanently basing Japanese 'civil servants' on those islands to strengthen Japan's control over them. At that time, he also pledged to take a tough stance over the dispute. However, after coming to power, Abe seemed to tone down his hawkish rhetoric. He instead termed the Japan-China relations as 'one of the most important bilateral relations' and vowed to make efforts towards improving the bilateral relations. China however is far from convinced. In fact, a lot of Chinese media reports seem to warn Beijing against Abe's hawkish stance and urge the leadership to closely monitor the LDP-led government's policy on Japanese defense spending, amendment of the pacifist constitution, as well as the transformation of the Japanese SDF into a full-fledged military.<sup>11</sup>

### What Lies Ahead

As of now, the possibility of the resolution of the Senkaku issue looks pretty dim. It is hoped by many that by April 2013, as Chinese next generation leadership led by Xi Jinping takes over, the situation might improve. However, after taking into account Xi's recent accusation of Japan staging 'the farce' of purchasing the Senkaku islands, one cannot deny that under the new Chinese leadership, the Sino-Japan relations might turn all the more complicated. In the meantime, if Japanese Prime Minister Shinzo Abe decides to implement some of the LDP's pledges with regards to China, it could undoubtedly deteriorate the relationship further. The rising nationalism in both Japan and China could emerge as a major stumbling bloc in mending the bilateral ties.

However, the robust economic ties between the two countries could still push both Beijing and Tokyo to break the ongoing impasse. Japan with its ongoing economic decline, cannot really afford to jeopardize its economic relationship with China. As for China, Japanese

7 *Ibid.*

8 John Chan, "IMF chief warns: China- Japan dispute threatens world economy" (*World Socialist Website*, 8 October, 2012).

9 Rukmani Gupta, "Tensions in the East China Sea: A test case for the US 'Pivot'?" (*IDS Comment*, 14 September, 2012).

10 "China-Japan dispute has wide regional implications" (*The Australian*, 10 December, 2012).

11 "Concern over Abe's move" (*The China Daily*, 18 December, 2012).



investments are vital for its economic growth. Beijing is aware that if the Japanese companies halt investment, China is bound to suffer economically.

If the ongoing bilateral tension continues to escalate, it might eventually drag the US into dispute and create an environment for military confrontation. A destructive conflict will not serve the interest of either China or Japan. So, both of them need to seek a peaceful resolution of the dispute. Forty years ago, on the Senkaku issue, Chinese leader Deng Xiaoping wisely concluded that China's interests will be best served by leaving things as they were. According to him, "our generation is not wise enough to find common language on this question". For the leadership of both Beijing as well as Tokyo, that suggestion seems to hold water even today.

**EDITOR** | Paulo Gorjão

**ASSISTANT EDITORS** | Kai Thaler • Sean Goforth

**DESIGN** | Atelier Teresa Cardoso Bastos

Portuguese Institute of International Relations and Security (IPRIS)  
Rua Vitorino Nemésio, 5 - 1750-306 Lisboa  
PORTUGAL

<http://www.ipris.org>  
email: [ipris@ipris.org](mailto:ipris@ipris.org)

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