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The Disputed Sea

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THE DIAOYU CRISIS OF 2010:

DOMESTIC GAMES AND DIPLOMATIC CONFLICT



BY YVES TIBERGHIEU · UNIVERSITY OF BRITISH COLUMBIA

INTRODUCTION

In fall 2010, Japan and China experienced one of their most intense confrontations in the post-war period. The dispute was over the minuscule and uninhabited Diaoyu Islands (“Senkaku” in Japanese). The confrontation began to spiral out of control, gradually encompassing all dimensions of diplomacy and economic relations. It came to exert a negative influence over international summits, such as the ASEAN summit in Vietnam, the G20 in Seoul, and the APEC summit in Yokohama. This occurred in spite of the pressing urgency to deal with major global issues and a prolonged economic crisis. The issue pulled other powers into its vortex, such as the US, Russia, and ASEAN countries.

The confrontation reached its climax on September 24. By then, the dispute over the detainment of a single Chinese fishing captain by Japanese prosecutors had mushroomed into a full-scale diplomatic feud. All official bilateral meetings were cancelled. China used its growing economic power to threaten a possible

embargo on exports of rare metals that are crucial to Japanese industry. Opinion leaders in China urged the government to buy up the Yen currency to add pressure. Large-scale official tourist tours from Chinese companies to Japan were cancelled, and China called off the visit of 1000 Japanese children to the Shanghai Expo.

The last straw came for Japan on September 23, when four Japanese businessmen were detained by China on suspicions of spying. Japan eventually relented and released Captain Zhan Qixiong on September 24. The release was ordered by the Naha District Public Prosecutor’s Office, mostly in the name of larger diplomatic considerations (and also because the collision was not premeditated by Captain Zhan).

Surprisingly, even after the release, the bluster continued between Japan and China. Foreign Minister Maehara referred to China’s reaction as “hysterical” and drummed up support for Japan’s case in the ensuing weeks. China responded through a series of measures and actions; most notably, top-level diplomatic meetings remained suspended. It is also plausible that

China succeeded in coordinating a move with Russia designed to further irritate the Japanese: on November 1, President Medvedev made an historic visit to the disputed South Kuril islands (Northern Territories in Japan). It was the first visit by any Soviet or Russian leader to the area.

And yet, for all its intensity, this crisis came like a sudden storm in a peaceful sky, at a time of renewed hope for East Asian integration and stability. It seemed that great progress had been made in Sino-Japanese relations, and public opinion was positive. This makes the September 2010 crisis all the more puzzling.

Indeed, following the landmark victory of the Democratic Party of Japan (DPJ) in the general elections of August 30, 2009, Sino-Japanese relations, already on the mend since the time of Prime Minister Yasuo Fukuda in 2007 to 2008, took a great turn for the better. Newly elected Prime Minister Yukio Hatoyama called for a general rebalancing of Japanese foreign and defense security, away from a single focus on the United States. He argued for accelerating East Asian integration and for deep engagement with both China and Korea. In his much-quoted *New York Times* Op-Ed of August 27, 2009, Hatoyama even called for a common currency within a decade. It is worth recalling these thoughtfully written words by the previous minister of Japan just a year before the confrontation:

I also feel that as a result of the failure of the Iraq war and the financial crisis, the era of US-led globalism is coming to an end and that we are moving toward an era of multi-polarity. [...]

Current developments show clearly that China will become one of the world's leading economic nations while also continuing to expand its military power. The size of China's economy will surpass that of Japan in the not-too-distant future. [...] "As we seek to build new structures for international cooperation, we must overcome excessive nationalism and go down a path toward rule-based economic cooperation and security [...]"

However, we should nonetheless aspire to move toward regional currency integration as a natural extension of the rapid economic growth begun by Japan, followed by South Korea, Taiwan and Hong Kong, and then achieved by the Association of Southeast Asian Nations (ASEAN) and China. We must spare no effort to build the permanent security frameworks essential to underpinning currency integration. Establishing a common Asian currency will likely take more than 10 years. For such a single currency to bring

about political integration will surely take longer still. [...]

The problems of increased militarization and territorial disputes cannot be resolved by bilateral negotiations between, for example, Japan and South Korea, or Japan and China. The more these problems are discussed bilaterally, the greater the risk that emotions become inflamed and nationalism intensified.

Therefore, I would suggest, somewhat paradoxically, that the issues that stand in the way of regional integration can only be truly resolved by moving toward greater integration. The experience of the E.U. shows us how regional integration can defuse territorial disputes.¹

Hatoyama proceeded to act on the vision with a concrete call for an "East Asian Community". He proclaimed this at several East Asian summits, as well as at a series of warm meetings with China and Korea (including a warmer than usual tri-nation summit in Beijing in October 2009). Debriefing the tri-nation summit in his weekly letter on October 16, Hatoyama wrote:

In an opening statement, I stated that the new Japanese government would focus its attention on Asia and that there was no doubt that the coordination among Japan, China, and the ROK would become even stronger. We discussed various topics and, as a concrete example of youth exchange, I proposed that permitting the interchangeability among universities of credits earned would help strip away the mental wall separating the youths of the three countries. At the end, we issued a joint statement advocating the strengthening of a mutually cooperative relationship. [...]

During the bilateral summit talks with Premier Wen, I proposed that we turn the East China Sea into a Sea of Fraternity, just as I did to President Hu previously.²

Most dramatically, in mid-December 2009, DPJ Secretary General Ichiro Ozawa led an historic mission by over 140 DPJ members of parliament to Beijing.

¹ Yukio Hatoyama, "A New Path for Japan," *The New York Times*, August 27, 2009.

² Yukio Hatoyama, *Hatoyama Cabinet Email Magazine* 2, October 16, 2009.

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Chinese president Hu Jintao individually shook hands and posed for photos with each of the parliamentarians. As late as February 27, 2010, Hatoyama was considering another summit in China in the spring as a hedge against the US in the confrontation over the Okinawa bases.³

Moreover, the June 2010 tri-nation summit of China, Japan, and Korea was still a very warm affair.⁴ As quoted in the *Nikkei* press, China had this to say about Hatoyama (who was stepping down as prime minister):

“During his time in office, Hatoyama prioritized Sino-Japan relations and we applaud him for his hard work in developing healthy and stable ties,” Chinese Foreign Affairs Ministry spokesperson Ma Zhaoxu said Wednesday.⁵

While South Korea was quite enthusiastic about Japan’s change of leadership, China evidently embraced it with caution and skepticism. The Chinese leadership was waiting to see tangible progress with Japan on key issues: Taiwan, the East China Sea, historical memory, and Chinese sovereignty. But when Hatoyama and Ozawa were replaced as prime minister and DPJ secretary general in early June 2010, the situation grew more difficult again.

Surveying the background preceding the events of September 2010, two key questions thus come to mind. How could recently improved relations around a common agenda of integration in East Asia collapse so quickly? How could two interdependent trading nations descend into such zero-sum behavior over an issue of very little economic or strategic value?

In this article, I make three concentric arguments. They proceed from the proximate causes to the more fundamental enabling condition. First, I argue that the crisis and its escalation were due to the decisions made by leaders who operated in a *domestic* political game. In the absence of mitigating institutions, these decisions had negative and unintended consequences.

The unintended consequences transpired on two levels. Although some of the facts of what took place in the sea of the Japanese-administered islands remain unclear and disputed, this much *is* clear: the clash was not planned by either China or Japan. It was the result of the interaction between grassroots actors, namely a daring Chinese fishing captain in search of fish and Japanese coast guard ships seeking to assert control. In an attempt to escape, the Chinese boat hit Japanese ships. The fishing captain was arrested.

At the political level, Japan was the first mover.

It was a clear example of political entrepreneurship by then-Coast Guard minister Seiji Maehara. Maehara took the critical early decisions, thereby ignoring historical precedents and miscalculating China’s likely reaction. Also important was the overcrowded domestic political agenda: due to a September 14 leadership race in Japan, the Prime Minister’s office was too preoccupied to devote attention to the problem.

On the Chinese side, I argue that behavior was mostly the result of strong bottom-up pressures exerted by public opinion. In this context, the Chinese government was forced to shift from pragmatic diplomacy to more robust action. Diaoyu trigger asymmetric reactions in Chinese public opinion (relative to Japanese public opinion), because they were taken over by Japan during the Sino-Japanese War (1894-95). Thus, for all Chinese – not just in Mainland China, but also in Hong Kong, Taiwan, and the larger diaspora – the Diaoyu Islands are associated with the onset of Japanese imperialism in China.

Second, I argue that the crisis escalated to hitherto unreached levels because of a fundamental shift in the economic and political balance of power between China and Japan. This accelerated in the 2000s. The 2010 crisis was the moment when China’s actual leverage over Japan’s economy and diplomacy became visible. Japan took unprecedented actions toward the Chinese fisherman; but even more significant is that, for the first time, China felt it could break Japan’s will over the arrest of the fisherman. And it did.

Third, and most crucially, I argue that the escalation of this crisis demonstrated the structural weakness of East Asian regionalism. The fact that such a small event could trigger such dramatic actions underlines the crucial importance of further institutionalizing ties between Japan and China. This needs to occur within the broader framework of diplomacy in Northeast Asia. It is precisely to avoid such crises between France and Germany that Jean Monnet initiated the process of European integration in 1950.

The rest of this article proceeds in five steps. Section 1 gives a very short historical overview. Section 2 reviews the key phases of the crisis. Section 3 surveys the costs and consequences of the crisis for Japan, China, and Northeast Asia. Section 4 analyzes the proximate political causes in Japan and in China. Section 5 turns to the deeper structural causes: the changing balance of power and weak regional integration in North East Asia. The conclusion offers some thoughts on the way forward.

SOME GEOGRAPHIC AND HISTORICAL PERSPECTIVES

The Diaoyu Islands are an unlikely candidate for great power competition and high-level politics. The islands lie 170 kilometers northeast of Taiwan, about 370

³ “With US Trip In Limbo, Hatoyama Looks To Visit China Again,” *The Nikkei*, February 27, 2010.

⁴ “China, S Korea Express Regret over Hatoyama’s Departure,” *The Nikkei*, June 3, 2010.

⁵ *Ibid.*

km from Mainland China, and 410 km from Okinawa (Lee 2010). The closest piece of land is Japan's Ishikagi Island, still located some 170 km away. Geographically, they are located on the Chinese continental shelf and are separated from the Okinawa Islands by the Okinawa Trough (with a maximum depth of 2716 meters).

The islands first appeared on Chinese maps around 1400 under Chinese names. They were noted on several naval records. They were considered by China to be part of the Chinese maritime sphere. They also served as meeting points between Chinese and Ryukyu envoys.⁶ Interactions were limited, however. In 1879, in its post-Meiji restoration ascendancy, Japan moved closer when it annexed Okinawa and related islands (Ryukyu kingdom). In 1885, following a survey that proclaimed the islands *terra nullius* (uninhabited land), Japan moved to take control of the Diaoyu Islands. However, it faced opposition from China and withdrew its claim. After renewed efforts in 1890 and 1893, Japan finally laid claim to the islets in January 1895 through a unilateral Cabinet decision. This took place in the midst of the Sino-Japanese War, at a time of incisive Japanese victories. Negotiations for the treaty of Shimonoseki that marked the end of the war followed in March and April 1895. This led to the transfer of Taiwan and the Pescadores to Japan. It was only in 1900 that Japan came up with the name "Senkaku". It appears in a survey by the Okinawa Normal School conducted at the time (Wada 2010).

Japanese control lasted until 1945. At that time, Taiwan and the Pescadores were returned to China (under the Nationalists of Chiang Kaishek). Okinawa and the Diaoyu passed under US military control until 1972. Chiang Kaishek did not claim Diaoyu at the time; initially, he was embroiled in civil war in China, and later, he was concerned with political survival in Taiwan. In the latter case, US protection was essential, so a conflict with the US over the Diaoyu was out of the question. Both Taiwan and the People's Republic of China started to actively claim the Diaoyu in 1971. That year, Okinawa and the Diaoyu were officially returned to Japan (the return became effective in 1972).

The move was enacted by the US and Japanese governments. However, interviews with Fujian fishermen indicate that Chinese fishermen kept fishing in the waters during US occupation and under Japanese control. They had fished there for generations, and political sovereignty did not concern

them.⁷

In sum, a gap exists between the Japanese legal claim and China's considerations of historical justice. Japan's claim is strong in international law, due both to the lack of permanent inhabitants prior to 1895 and to the length of effective control from 1895 to 1945 and from 1972 to now. However, all key decisions were taken during and after wars. China never accepted those outcomes as just.

For China, the Diaoyu dispute is connected to memories of the Sino-Japanese War. As such, it is bound up in the history of Japanese imperialism and domination. This is why the islets have such a power to motivate and unify Chinese people across borders, not just in Mainland China. It is funny to note that one of the most popular Hong Kong *dim sum* and teahouses in the Canadian town of Richmond, British Columbia is called "Diaoyutai".

THE SEQUENCE OF EVENTS: SEPTEMBER TO NOVEMBER 2010

The crisis began on September 7. The sequence of events that unfolded was characterized by astonishing actions and unintended consequences. These events (to date) can be broken down into seven phases:

Phase 1: Initial Shock and the Arrest of Captain Zhan

The events of September 7 and the decisions within the Japanese Coast Guard still remain foggy. By piecing together Japanese and Chinese sources, the story comes out in the following terms. The precise trigger of the entire crisis was just fish. Apparently, important schools of fish decided in 2010 to migrate to the Diaoyu waters. They had left those waters mostly quiet in recent years, so Fujianese fishermen had avoided the area. But this summer, large quantities of fish were once again found there. As a result, up to 80 fishing boats navigated into the area. Among the Diaoyu Islands, there is an area called "Snake island street" (*she dao haixia*) that is 1000m wide. According to the fishermen, the geographical features of this area make it a good refuge from storms and waves. It is also an area rich in coveted fish, such as "fly fish (*feihua yu*)" and "skinning fish (*bopi yu*)". This makes it a very attractive spot for fishermen from Mainland China, but also from Taiwan.⁸

Fishermen report that, until a few years ago, Japanese Coast Guards used to allow Chinese boats to

⁶ Wada, Haruki. Resolving the China-Japan Conflict over the Senkaku/Diaoyu Islands. *The Asia-Pacific Journal* 43-3-10, 2010; Serita, Kentaro. *Japan's Territory (Nihon No Ryōdo)*. Tokyo: Chūō Kōron Sha, 2002.

⁷ "Shouwang diaoyudao de zhongguo yumin: zhe liang nian riben xiaozhang qilai [Chinese fishermen who protect Diaoyu Islands take a stand: Over Past Two Years, Japan Has Become Overbearing]," *ifeng.com*, October 1, 2010, accessed October 1, 2010, http://news.ifeng.com/history/zhongguoxiandaishi/detail_2010_10/01/2688635_0.shtml

⁸ *Ibid.*

fish in the area. Initially, only Taiwanese fishermen were chased away. But Fujianese fishermen hint that the Japanese Coast Guards decided at some point in early September to take more energetic action to stem the tide of Chinese fishing boats. They moved to encircle ships in an attempt to seize their fish and equipment. Given the dire economic conditions under which fishermen operate in Fujian, the loss of catch and even worse, of equipment, can mean bankruptcy and the loss of livelihood. For captains like Captain Zhan Qixiong, the stakes are very high.

On September 7, the now ubiquitous video of the clash between the small blue fishing boats and Japanese Coast Guards clearly show that Captain Zhan rammed the Japanese Coast Guards twice. What is not clear on the videos, but likely, is that he did so in an attempt to escape their trap and to hold on to his equipment and catch. Also not shown is footage of his eventual arrest.

Although Captain Zhan was particularly rash and daring, his actions are quite easy to explain. He sought fish where there were fish, just as he and generations of fishermen from his village had done near Diaoyu in the past. He then risked everything to escape the trap of the Coast Guard and to save his livelihood. What is less clear is why the Japanese Coast Guards changed their standard operating procedure to cut off the escape routes of a fishing boat like this.

The next step was the most crucial one: the decision to arrest Captain Zhan. In past incidents, usually more minor, captains were not arrested. The Japanese magazine *Aera* revealed a secret 2004 understanding between Japan and China to do just that: Japan agreed to refrain from making any arrests, knowing full well that it could inflame public opinion; in exchange, China agreed to keep activists from sailing to the islands. In essence, it was a pragmatic attempt to separate fishing from sovereignty.⁹ The release of that information provoked angry queries from Taiwan and Hong Kong (not included in the pact).¹⁰

Japanese news sources reveal that the decision to arrest Captain Zhan was not made by the Coast Guard itself. It was actually made by Coast Guard minister Seiji Maehara, with support from Foreign Minister Okada and passive acquiescence by the Prime Minister's Office. According to Asahi Shinbun news service:

Immediately after the trawler collided with Japan Coast Guard vessels on Sept 7, Maehara called Coast Guard Commandant Suzuki Hisayasu and told him, "Captain Zhan of the Chinese fishing

boat must be arrested." [...] Maehara refused to back down. He told close aides: "The prime minister's office was hesitant so I had to make the decision to arrest Captain Zhan. There was no mistake in the handling of the matter."¹¹

Thus, the wheels of the crisis were set in motion. The ship was initially seized with its crew. But, save for Captain Zhan, they were released within a couple of days. Captain Zhan was transferred to domestic prosecutors in Naha (Okinawa) and tried by Japan's domestic courts. The charges leveled against him respectively were obstruction of officers on duty and illegal fishing.

China quickly protested. The Japanese ambassador was called several times within a few days, including a midnight summons by State Councilor Dai Bingguo that precipitated the release of the crew and the ship. On September 10, China's official English-language paper *China Daily* published a strongly worded editorial titled "Japan's Action Off Diaoyu Raises Concern." The editorial reads:

The Diaoyu Islands have been part of Chinese territory since ancient times, and China enjoys indisputable sovereignty over them. This is not only the Chinese government's stance, but also the conclusion of Japanese historian Kiyoshi Inoue. [...] Japan infringed upon China's sovereignty when its patrol vessels intercepted and inspected the Chinese finishing boat, and arrested its captain. Japan should know that it would set a bad example if it charges the Chinese trawler's captain according to Japanese laws. China should intensify its patrol off the Diaoyu Islands to protect Chinese fishermen, too, and it should never compromise its sovereignty and integrity.¹²

Yet initial protests remained diplomatic. There was no snowball effect. Japan believed that the issue could be kept under control.

Phase 2: Escalation and Fury

The crisis reached its climax when Japan made two critical decisions on September 17 and September 19. Following the victory of incumbent Naoto Kan over rival Ichiro Ozawa in the DPJ leadership race on October 14, Maehara was promoted to the position of

⁹ "Nihon Senkaku Mitsuhyaku atta [Japan had a secret agreement over the Senkaku Islands]", *Aera*, *Asahi Shinbun Weekly*, October 25, 2010.

¹⁰ Chris Wang, "Taiwan Investigating Reported China-Japan Deal on Disputed Islands," *Focus Taiwan*, October 19, 2010.

¹¹ "Conditions were ripe for an escalating dispute with China," *Asahi Shinbun*, September 29, 2010 [cited in Peter Lee, "High Stakes Gamble as Japan, China, and the US Spar in the East and South China Seas," *The Asia-Pacific Journal* 43-1-10, October 25, 2010].

¹² Hu Feiyue, "Japan's Actions Off Diaoyu Raises Concern," *China Daily*, September 10, 2010.

Foreign Minister on October 17. The appointment was purely domestic, as Maehara had supported Kan in his reelection bid and Kan needed the support of the party faction controlled by Maehara. In China, however, it was perceived as a reward for anti-China posturing and for arresting Captain Zhan. It went down very badly.

Then on October 19, the Naha prosecutor decided to prolong by another ten days the detention of Captain Zhan for further investigation. This is customary procedure in Japan; yet given the Chinese expectation that the expiration of the first ten-day period would lead to his release, the decision further aggravated relations.

At this point, China launched an all-out campaign against Japan. It called off all top-level summits. It cancelled the invitation to 10,000 Japanese children to visit the Shanghai Expo. It started a de facto embargo of rare metals on September 23. The most radical action was taken on September 20, when four Japanese employees of a Japanese chemical firm were arrested in China in an obvious gesture of retaliation. On September 21, Prime Minister Wen Jiabao made a stern speech in New York in which he threatened very serious consequences for Japan. Japan tried desperately to talk with Chinese leaders, but all direct links were cut. The Chinese response affected Sino-Japanese ties on all fronts.

Phase 3 – Release of Captain Zhan

On September 24, Japan awkwardly buckled under pressure. On the official side, the Naha prosecutor made the extremely unusual decision to release Captain Zhan before the end of his detention time. He publicly stated that this was related to international considerations. Unofficially, reports later revealed that the Prime Minister's office had been involved in convincing the prosecutor to act and that furious phone calls had taken place. Officials from the Foreign Ministry also paid the prosecutor a personal visit.

The opposition parties blasted the prime minister, his foreign minister (Maehara), and the DPJ secretary general (Okada) for intervening politically in the judiciary system and for showing such cowardice toward China. The political costs of the move quickly became clear.

Interestingly, there was a meeting between Kan and US President Obama in New York just prior the release of Captain Zhan. Little is known about the conversations, but it is possible that the US convinced Kan of the advantages of defusing the crisis with China.

Phase 4 – The Crisis Continues and Public Opinion Grows Heated

Desperately seeking to put a floor under the crisis, Prime Minister Kan changed his schedule and flew to Europe on October 3 for the ASEM meeting in order to meet with Chinese prime minister Wen Jiabao.

In the end, he just managed to have an impromptu meeting for ten minutes in a corridor. No proper conversation took place.

Surprisingly, the crisis continued after the release of Captain Zhan. China asked for an apology from Japan, a step that even pro-government scholars found to be one step too far. On October 16, large anti-Japan protests

took place in Chengdu, Xian, and Zhengzhou. They were organized by university groups and apparently authorized by authorities, even though the scale of actual protests was larger than expected and probably planned. Spontaneous anti-Japanese feelings started pouring out. In the following week, further protests, some of them unauthorized, started taking place in smaller cities in Sichuan and northern China. Some banners started to give voice to anti-government feelings, and the government proceeded to crack down on them. Meanwhile, young middle class elites began circulating mass emails or posting blogs with photos of Japanese atrocities from World War II.

In Japan, meanwhile, Maehara escalated the verbal attacks on China as a way to silence his critics at home. On October 16, he referred to China's reaction as "hysterical." Protests by rightist groups against China took place in Tokyo, as well as threatening acts against Chinese tourists in other parts of Japan.

Another critical step was the last minute cancellation of the planned reconciliatory meeting between Kan and Prime Minister Wen Jiabao on October 30 on the margins of the ASEAN meeting in Vietnam. China blasted Maehara for lying about the contents of his previous meeting with the Chinese foreign minister and for his attempt to marshal anti-China support around the region. He was further criticized for his meeting with Hilary Clinton in Hawaii on October 28, during which Clinton stated that the Senkaku Islands were part of the US-Japanese alliance's security zone. On November 1, 2010, China's government-controlled *Global Times* published this scathing piece on Maehara:

MAEHARA: A FOREIGN OR DEFENSE MINISTER?

A tie-mending summit meeting between Chinese Premier Wen Jiabao and Japanese Prime

Some banners started to give voice to anti-government feelings, and the government proceeded to crack down on them.

Minister Naoto Kan was canceled shortly before it took place on Friday in Hanoi. [...]

The one to blame is Japan's newly appointed foreign minister, Seiji Maehara. It may be better to call Maehara a defense minister rather than a foreign minister. [...] Apparently, Kan has chosen the wrong guy to represent Japan in international relations. The young and promising new-generation politician proved to be more like a political extremist than a diplomat. [...]

Maehara's right-wing comments have reduced Japan's diplomatic flexibility to zero.

Two weeks ago, Maehara shocked China by describing China's response to the Diaoyu Islands dispute as "hysterical." His words were the most offensive by a Japanese government official in the past decade or two. [...]

Japan's foreign policy shows no sign of viewing China as Japan's largest partner in trade, but as a war machine, ready to attack Japan at any time. In the face of China's rise, the Japanese government is not leading its people to compete with China on fair ground, but stirring up discomfort over China's rise and joining force with other countries to contain China.

China's rise is inevitable. Maehara knows this better than any other Japanese. He should not try to push his country to confront this trend, which will be unbearable for Japan.¹³

Phase 5- The Russian Twist

The bitterest twist for the Japanese came with the surprise visit by President Medvedev to one of the four Kurile Islands on November 1. These islands have been the subject of a territorial dispute between Japan and Russia since 1945 and have prevented the signature of a peace treaty between the two nations. No Russian or Soviet leader had visited the Kurile Islands before. The visit seemed to undermine years of negotiations around the return of those islands to Japan.

Most galling was the fact that Medvedev first announced his intention to visit the Kurile Islands on September 27, a mere two days after his summit in Beijing with China. There are many speculations that the idea to open this second front was discussed in Beijing as part of practical discussions of mutual interests.

Public opinion in China certainly reacted positively to the event. The November 2 *Global Times* included a strong editorial piece with this sentence:

"Japan is unable to afford having tensions with China and Russian at the same time. It's time for Japanese politicians to reflect their diplomatic policy and sort out a solution," said Liu

¹³ "Maehara, a Foreign or Defense Minister?," *Global Times*, November 1, 2010.

Junhong, a researcher at the Institute of Japanese Studies at CICIR.

Phase 6- The Saga over the Leaked Video of the Clash

Just when people thought that the crisis could not get any worse, they were proven wrong once again. The boat clash – hitherto kept secret by the Japanese government – was suddenly leaked on YouTube on November 4. The culprit was a disgruntled Coast Guard officer who wanted to show the world "what really happened." The leaking of this footage had a large impact in Japan. It illustrated the disunity within the ranks of the Japanese government; at the same time, it vividly portrayed the clash between Captain Zhan and the Coast Guard.

But the video does not show what happened in

No Russian or Soviet leader had visited the Kurile Islands before. The visit seemed to undermine years of negotiations around the return of those islands to Japan.

the lead-up to the clash. Nor did it really change opinion in China. On the contrary, it has incited further attacks against the Kan government and deepened the sense of mistrust among the Japanese public.

Phase 7 – Finally, a Détente at APEC

After another missed occasion at the G20 meeting in Seoul on November 11 and 12, the crisis finally came to a halt at the APEC summit in Yokohama. An impromptu ten-minute meeting was held between President Hu Jintao and Prime Minister Kan on November 13. On November 19, it was announced that rare metal shipments from China to Japan had resumed. It seems that the crisis has now entered the détente phase. But relations have not fully recovered.

SURVEYING THE COSTS AND CONSEQUENCES

What are the consequences of this crisis? Undoubtedly, the collapse in the support for Prime Minister Kan and his government is one of them. By November 7, support for the Kan cabinet had plummeted from its mid-September high of 71% to just 33%. No prime minister had ever seen such a rapid drop in approval ratings. A full 74% blamed their disapproval on misguided foreign policy; also, 49% indicated that China and Japan would have a more distanced relationship in

the future.¹⁴ The situation may only be getting worse; the crisis has made it nearly impossible for Kan to find allies in the Upper House, where his party is in the minority. This has greatly reduced his ability to govern. While Kan's survival is now at stake, his two closest rivals, Okada and Maehara, may have suffered too, although only the future will tell.

A second consequence is the paralysis of Japanese diplomacy during the crisis months. At the G20 meeting in Seoul, Japan seemed too distracted to assume leadership on any key issues. Further, the crisis seems to have pushed Japan more closely toward the US; as a result, it is now less able to mediate between China and the US.

Thirdly, the institutional changes that have taken place in response to the crisis mean that tense relations are likely to remain in the medium term. One such change is the decision by China to permanently send armed fishery boats around the Diaoyu area to protect its fishermen. On November 16, 2010, China's newest and fastest armed fishery administration vessel, China Yuzheng 310, made its maiden voyage from Guangzhou to the Diaoyu area.¹⁵ Japan, for its part, announced on November 21 that it would double its military presence in the Okinawa region from 2000 to 4000 soldiers, including the positioning of 100 soldiers on the far-flung island of Ishigaki by 2014.

Fourth, the crisis revealed China's newfound economic and diplomatic power, and more importantly, its willingness to use that power. One consequence of this has been an increase in the US military's role in regional disputes. This policy shift has also affected Korea (in the wake of the Cheonan incident) and Vietnam (in relation to the South China Sea confrontation). It is interesting to note that China's embargo on rare metals exports to Japan has mushroomed into a very serious confrontation in the World Trade Organization (WTO).

THE UNINTENDED CONSEQUENCES OF DOMESTIC POLITICS

This paper argues that the Diaoyu crisis of 2010 followed a classic downward spiral of missed signals,

¹⁴ "Public Support For Kan's Cabinet Drops 14.9 Points to 32.7%," *The Nikkei*, November 7, 2010.

¹⁵ "Stronger Fleet for Fishery Administration," *China Daily*, November 17, 2010.

miscalculations, and unintended consequences. It was result of a dynamic interaction between two highly charged domestic political arenas.

It is important to note upfront what the crisis was *not* about. Clearly, the crisis was not intentional. It cannot be said that China purposely tried to test Japanese naval defenses or to project its power eastward. Captain Zhan was an independent fisherman pursuing fish. The crisis is more compatible with chaos theory than with a view of grand strategic interactions. It is probably farfetched to link this crisis either to the long-standing debate on resurgent Japanese militarism¹⁶ or to the debate on the military rise of China.¹⁷

As the sequence of events shows, the Japanese were first movers. Prior to the clash, the government ordered the Coast Guard to step up its activities in the Diaoyu area. It then decided to arrest Captain Zhan. Following Zhan's release, it took further action against China. These actions were not coordinated. They are clearly related to political entrepreneurialism by one man, Seiji Maehara, who may have tried to buttress his nationalist image en route to becoming prime minister

after Kan. Maehara is known as a pro-US and anti-China hawk. It is also likely that his close entourage lacked detailed knowledge of Chinese politics, just as Maehara seemed to lack knowledge of previous secret agreements entered into by the LDP before the DPJ. Once Captain Zhan was arrested, a rapid release became very costly, both as a weakening claim to sovereignty and as a significant loss of face. The

actions on September 7 involved only small groups of actors; yet once the game was set, it stirred up public opinion in Japan.

As for the Chinese side, it is easy to misunderstand China's motives as an attempt to assert growing power

The situation may only be getting worse; the crisis has made it nearly impossible for Kan to find allies in the Upper House, where his party is in the minority.

¹⁶ Hughes, Christopher W. *Japan's Remilitarisation*. New York: Routledge International Institute for Strategic Studies, 2009; Samuels, Richard J. *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*. Ithaca: Cornell University Press, 2007; Takao, Yasuo. *Is Japan Really Remilitarising?: The Politics of Norm Formation and Change*. Clayton, Vic.: Monash University Press, 2008.

¹⁷ Gill, Bates. *Rising Star: China's New Security Diplomacy*. Washington, D.C.: Brookings Institution Press, 2007; Kang, David C. *China Rising: Peace, Power, and Order in East Asia*. New York: Columbia University Press, 2007; Xiao, Xinhuan and Zhengyi Lin. 2009. *Rise of China: Beijing's Strategies and Implications for the Asia-Pacific*. London; New York: Routledge.

however, the fact that the islands were annexed by Japan in 1895 after centuries in the Chinese maritime sphere intimately connects them to the Sino-Japanese war, the loss of Taiwan, and Japanese imperialism. The Chinese government was relatively slow to respond to this crisis and seems to have been pushed by public opinion not only within China, but also in Hong Kong, Taiwan, and the larger Chinese diaspora abroad. At a time of growing public participation in Chinese governance, the regime could not ignore the groundswell.

THE SEARCH FOR UNDERLYING CAUSES

Two deeper sets of causes escalated this crisis. First, a shifting balance of power is becoming acutely visible between China and Japan. The relative rise of China in Asia and globally has accelerated in the 2000s, particularly in the years from 2005 to 2010. The Chinese economy passed its Japanese counterpart in absolute size of GDP during the summer of 2010, five years earlier than forecast as late as 2003 by Goldman Sachs. And yet, the scale of this financial, trade, and economic rise only tends to become visible at critical junctures. During the 2010 crisis, Japanese companies were quick to make clear to the Japanese government how embedded they had become in China and how little they could afford a breakdown in relations over small islets. Because Japan imports 92% of its rare metals from China, a dependence that reaches 100% for types,¹⁸ the problem became acutely visible.

Second, the crisis has shown the limits of East Asian regionalism. It remains a gradual, informal process that is strongest among ASEAN states and weakest in the case of Japan and China. Unlike in Europe, there was no regional network of politicians and institutions to fall

back on when this crisis hit. In this sense, it may be in Japan's best interest to institutionalize the relationship with China as soon as possible.

CONCLUSION

The Diaoyu crisis of September 2010 struck Sino-Japanese relations like a missile. What started as a showdown between a fisherman and coast guards led to the most serious breakdown of diplomacy in years. Actors who were mainly concerned with domestic issues caused the crisis. Japanese officials were caught in the midst of electoral politics, and were forced to manage the crisis amidst key personnel changes. The Chinese regime, on the other hand, sought to maintain its public support ahead of the leadership transition set to take place in 2012. It thus had to react to the public outcry over what was perceived as a violation of tacit operating procedures by the Japanese.

Japan and China form the backbone of regional stability in East Asia, but their relationship remains glaringly under-institutionalized. A lot remains to be done to enhance bilateral dialogue. Relations at the political level have to catch up with growing economic integration.

As for the Diaoyu Islands, the way forward probably lies in cool-headed efforts to share sovereignty. As recently proposed by Waseda Professor Satoshi Amako (Amako 2010), the two sides should seek mutual benefit rather than zero-sum outcomes. It may be in Japan's best interest to adopt a pragmatic sharing approach rather than a purely legalistic approach. Otherwise, it may soon hit the wall again and further jeopardize relations with its powerful neighbor.

¹⁸ "Ohata May Take Rare Earths Halt to WTO," *The Japan Times*, September 25, 2010. These figures stem from data compiled by Japan Oil, Gas and Metals National Corp., a government-affiliated organization.

