



CHATHAM HOUSE

Chatham House, 10 St James's Square, London SW1Y 4LE

T: +44 (0)20 7957 5700 E: contact@chathamhouse.org

F: +44 (0)20 7957 5710 www.chathamhouse.org

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Transcript

Japan: Bridging East Asia with the Rest of the World

Hitoshi Tanaka

Chairman, The Japan Research Institute; Deputy Minister for Foreign Affairs, Japan (2002-05)

Chair: Dr Robin Niblett

Director, Chatham House

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Robin Niblett:

Ladies and gentlemen, welcome to Chatham House. I am Robin Niblett, director of the institute and I can't think of a better way of kicking off our post-summer series of meetings than to be able to welcome Hitoshi Tanaka to Chatham House.

This meeting, as we do for our members meetings, is on the record, but now that you are out of government I am sure that you will be comfortable sharing your thoughts, and thanks for being with us at such an interesting time. And with all the developments taking place right now, we are not going to be short of questions and discussion. We look forward to your opening remarks. Welcome to Chatham House, and the floor is yours.

Hitoshi Tanaka:

Thank you, Robin, for your kind introduction. I never thought I would be speaking on the record at Chatham House. [Laughter] The Chatham House Rule is a good cover for everybody, you don't have to... you can state in a very frank way, but since I am out of the government, I shall speak as frankly as possible on the record. So, let me start from the most imminent issues and entanglements.

We have issues surrounding Senkaku Islands with China, and Takeshima with South Korea. At first, where Senkaku is concerned, the claim is made from Taiwan as well. Let me say, apart from my new details, let me start by saying two things: one, Japan lost the war, the Second World War, we all know, and when you lost the war, your territories were taken. Look at Germany. German territory became much smaller. The same thing applied to Japan. Japan surrendered unconditionally; therefore, Japan had to give up various lands and territories. But even under the San Francisco Peace Treaty, the Takeshima and Senkaku remain as Japanese territories. You are victor, and you endorsed that indeed Takeshima and Senkaku belong to Japan; point number one.

People may say that Japan does not have lots of dreams; we have dreams. Indeed, Japan maintained the land even when we lost the war. Takeshima was taken by force in 1952 by South Korea. Korean President Rhee Syngman did draw the Rhee Syngman Line and Takeshima was inside it, and 3,000 people, 3,000 fishermen were arrested, put in jail, five people were killed. It was a horrendous issue. So, since then Takeshima was kept by [South] Korea. Korea effectively controlled the island.

As far as Senkaku is concerned, Japan maintained effective control during the period of occupation of the United States. The United States had administrative rights, but when they returned Okinawa to Japan, Senkaku was returned to Japan as well. So, this is a fact, this is a fact. Why has it become so visible an issue? Japan, as you know, took a very low-key policy towards nations in Asia because Japan was an aggressor, and therefore we thought that Japan needed to take a low-key foreign policy and we did not make horrendous claims *vis-à-vis*, for instance, Takeshima. Takeshima was taken by South Korea in a forceful way, but we did not make much noise about it.

Senkaku was kept by Japan, and China – remember, when we concluded the peace treaty, Deng Xiaoping came to Japan stating that China is ready to put it on shelves, that the current generation doesn't have any wisdom, therefore, [it is] for the next generation... further, even 100 years. That was in the late 1970s. Chinese attitudes changed; it didn't take 100 years, it took only 40 years. China became very, very aggressive. China became aggressive. In 2004, one Chinese fisherman was arrested on the island, and we expelled the fisherman immediately. There was not much noise there. In 2010, we, Japan, the Japanese authority, arrested the captain of the ship which collided with the Japanese authority boat, and China started making all types of noise in relation to that. They took very harsh measures, including the stoppage of rare earth [exports] and also the arrest of the Japanese citizens. If we did not release the captain, China would have taken much harsher measures.

Why? Why are the Chinese getting more and more aggressive? That goes to my second point: China is getting big and big; China is gaining confidence. In 2001, when we had an incident of Prime Minister [Junichiro] Koizumi's trip to Yasukuni, China registered a strong complaint, but yet China stayed at the same time with cool political relations, but hot economics relations. Why? Because China, the Chinese economic scale, was only one-fourth of Japan in terms of GDP. In 2010 – China took all the measures, as I said – China surpassed Japan in terms of GDP in 2010.

The point I was making is that if you look into the future, this type of friction might take place more frequently. In the region, East Asia, we see three major elements. One, the Chinese rise is very, very rapid, much more rapid than we had expected in the past ten years. Two, at the same time, we are very interdependent; I mean China is not the Soviet Union, because we depend upon the Chinese market, China depends on our technology. So, there is a tense inter, sort of, connection, there is a tense connectivity with China. The same thing with Europe and the United States as well. So, China is not the Soviet Union, we have a strong interdependent relationship, number two.

Number three, China has got huge domestic problems, huge domestic problems: the income disparity, the question of the environment and also the question of lack of political freedom.

Therefore, China may become very vulnerable. If China fails to produce, for instance, seven or eight per cent growth rate annually, they cannot attend to the wishes of the people. And today, their nationalism is high. China now has 530 million internet users. The demonstration against Japan may one day turn out to be a stronger demonstration against the communist government. Therefore, the communist government tries to control the demonstration, even against Japan, with a fear that that might one day lead to a decrease in the legitimacy of the communist government. Then, in order to oppress those public movements, China would have to take stronger measures against the Japanese.

That is going to be a danger point and, again, nationalism on the part of Japan is getting high. People are used to low-key diplomacy since the end of the war. We sort of thought about a very steady help to various nations; take Korea. We helped Korea a lot in terms of ODA (Official Development Aid), in terms of technology transfer. I was the director in charge of the Korean peninsula in 1987-88. At that time I was very, very anxious to make the Olympic Games successful – the UK hosted the Olympic Games very recently. Terrorism was one of the key issues at that time, so we organized a very precise counterterrorism group with Korea, and we also helped Korea a lot in terms of backup of financial facilities in the case of the currency crisis in 1998. So, [South] Korea has got, they have a military government as well. The military government, for instance, took Kim Dae-Jung, forcefully abducted from Japan, and there are horrendous human rights questions in [South] Korea under the military government. Every country – I am sorry to say this – every country has got a dark side in its history. People in Japan started saying that ‘Why are we all the time being bashed by the region in relation to the question of the past?’ So, the frustration is getting higher these days in Japan as well. This is a reason why the issue of Takeshima, the issue of Senkaku is getting much more visible, with more tension.

But I am optimistic about the future of those territorial issues because there is a built-in deterrence against further deterioration from the situation surrounding Senkaku and Takeshima. As far as Senkaku goes, the US-Japan security treaty covers Senkaku as well. That has been stated very clearly by the US Secretary of State, which does mean that in case China were aggressive on the land, Japan and the United States would fight back. That is the deterrence against possible military conflict. The question of Takeshima:

North Korea is again, ironically, deterrence against possible further worsening of the relationship between Japan and [South] Korea because for [South] Korea, for Japan, the question of North Korea is very, very imminent. Their threat is there, their threat is real, therefore Japan and Korea – South Korea – are bound to unite themselves. Therefore, that is the reason that I say that those two issues are manageable in the future. Yes, indeed, there is a reason why it becomes so intensified, but yet it will be kept under control.

Now, let me just talk about the future of East Asia. The title of my talk is 'Bridging East Asia and the Rest of the World'. Japan is a nation which has been working in the group of advanced industrial nations in the OECD, in the World Bank, in almost every institution, and Japan has an experience in rule-making and other sorts of cooperation in the field of global issues as well. The United States may claim themselves as a Pacific nation, Australia does as well, but Japan is the only nation which is situated in Asia and is Asian but at the same time an advanced nation which is more like a Pacific nation. So, we have an experience in relation to how to make an advancement for a nation. So our experience will be very, very important for the future of East Asia. We talk about possible mechanisms in East Asia. It cannot be a single mechanism, like the containment of Soviet Union. As I said China is an important partner, therefore our approach would have to be multi-layered.

First, security; clearly we need hard security to deter possible future uncertainty. Two, we would have to increase confidence building. We will have to establish something through which we can work together, something like a joint operation against possible natural disaster. There is no reason why the Japanese Self-Defence Forces, the Chinese military and the US military cannot work together to help people and counter piracy and all sorts of things. This cooperation over non-security issues, it may be soft security – it cannot be hard security – but there is common interest. Therefore, why don't we have an inclusive type of mechanism in which we can cooperate together?

Number three; we need rule-making in the region, in particular, trade and investment. We would very much like to see the East Asia economic integration. That is the reason why Japan is willing to move ahead with a trilateral free-trade agreement with Japan, [South] Korea and China. And we would very much like to see an expansion of that to the 16 nations, ASEAN plus Japan, [South] Korea, China, Australia, New Zealand and India. We think TPP (Trans-Pacific Strategic Economic Partnership) is an important tool for developing much more sophisticated rules. We talk about a possible confrontation between free-market mechanisms versus state capitalism, and the only solution for this, the only solution for us not to see this confrontation,

is to make sure we have common rules with the state capitalism. TPP proposes to create certain rules and regulations, like the protection of intellectual property, like the definition of state-owned companies and subsidies of it. So, it is a very important exercise. Japan needs to join in it. The Chinese cannot be joined at this juncture, but in ten years, I am sure China will be able to join in that sort of network of very sophisticated trade and investment rules. So, rule-making is an important element for the future.

Then comes the question of energy. If you look at the situation in the South China Sea, the East China Sea, it is a territorial question, but at the same time, the reason for the visibility of those types of questions is the question of energy. China, India and other nations who have huge growth would have a shortage in energy. There is every reason for the region to talk about joint energy exploration and cooperation and it must include the question of the safety of several nuclear facilities as well. So, I would like to see the region create some type of mechanism in which we can cooperate on joint energy and that sort of thing. I do think that there is room for, for instance, the European Union to make a contribution to that movement. I was in Brussels yesterday talking with people there, I said to them that Japan and the EU needs to develop a free-trade agreement, but please see it not just from an economic angle, but from a strategic angle. The linkage between Japan and the EU would be very necessary for bridging East Asia to the rest of the world. Japan is a like-minded nation, like-minded of Europeans as well. So, this is important, and also Japan is proposing to have political agreements with the EU. This is also important.

So, the whole question I would pose to you is when you – I am sure for you, for Britain – China, India, a great market and there is going to be every reason why you are worried about future instability in the region. And if you think that Britain would have to put [forth] more their view in relation to the region, with whom would you do that? Would you be doing it with China? Would you be doing it with India? Probably, Japan is the right partner, because we have like-mindedness. So, I would hope – I will stop here – but I would very much hope that even in relation to the future making of the mechanism in the region, I would very much like to see Europe more active.

I will stop here, thank you.