



**Asia-Pacific Center for Security Studies**



**SPECIAL ASSESSMENT**

OCTOBER 2004

## **Asia's Bilateral Relations**

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# **Japan-Taiwan Relations: A Case of Tempered Optimism**

**DAVID FOUSE**

## **Executive Summary**

- Japan-Taiwan relations have grown close over the past fifteen years due to the end of the Cold War, the emergence of Chinese economic and military power, cultural and political changes in Taiwan and the rise of a new generation of politicians in Japan.
- The Chen Shui-bian administration has attempted to capitalize on this trend by enhancing political, economic, and security ties with Japan. Japan has taken small steps to increase political contacts and security dialogue, but remains cool to a Free Trade Area (FTA) proposal by Taiwan.
- Despite signs of strengthening ties with Taiwan, Japan's formal One China policy remains unchanged. Japan is wary of Taiwan moving toward independence and remains sensitive to Chinese criticism of its involvement with Taiwan. A territorial dispute over the Senkaku/Diaoyutai islands that Japan shares with both Taiwan and the People's Republic of China (PRC) also inclines Japan to favor the status quo.
- Improved Japan-Taiwan ties will benefit United States security planning under the Taiwan Relations Act, as trilateral coordination among the three countries will be essential in the case of a contingency in the area. Japan has taken a somewhat more proactive approach to its relationship with Taiwan in recent years, but this has occurred primarily within the context of improving policy coordination with the United States.

# Report Documentation Page

Form Approved  
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE <b>OCT 2004</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-2004 to 00-00-2004</b>	
4. TITLE AND SUBTITLE <b>Japan-Taiwan Relations: A Case of Tempered Optimism</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Asia-Pacific Center for Security Studies, 2058 Maluhia Road , Honolulu, HI, 96815</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

## INTRODUCTION

Although formal diplomatic ties between Japan and the Republic of China (ROC) were severed in 1972 after Japan normalized relations with the PRC, the relationship remains of importance for the political, economic and strategic stability of Northeast Asia. The overall trend in relations between Japan and Taiwan over the past several years has been toward strengthening existing political and economic ties. Under President Chen Shui-bian, Taiwan has also attempted to move the relationship from its traditional grounding in historical and cultural ties toward one based upon the shared political values of the two countries. This new policy was most vividly reflected in a September 9, 2002 speech in which President Chen urged Japan to support his proposal to form an “Asia-Pacific Democracy Alliance” to better defend the universal values of freedom, democracy, and human rights.

For its part, Japan has taken steps to upgrade the level of political contacts with Taiwan, supported Taiwan’s observer status in organizations that do not require statehood, and has engaged in track two level trilateral security dialogue between Japan, the United States, and Taiwan. Japan, however, remains unwilling to let its desire to enhance ties with Taiwan jeopardize its relationship with the PRC. This ceiling on the Japan-Taiwan relationship was most recently demonstrated when the Koizumi government refused to support Chen Shui-bian’s “defensive referendum,” which in turn provoked strident criticism of Japan from Taiwan’s independence advocates.

Japan sees its own national interests best served by preserving the status quo in the cross-Strait standoff. Japan does not wish to see Taiwan declare independence, which could draw Japan into a major power war via its alliance with the United States. An independent Taiwan might also make stronger sovereignty claims on neighboring islands that Japan sees as its own. On the other hand, Japan does not wish to see Taiwan absorbed into the PRC, which could give China dominion over vital shipping lanes and the South China Sea. This second scenario could enhance China’s influence over Southeast Asia at the expense of Japan’s relations in the region. Japan will therefore continue to uphold its One China policy while seeking to upgrade security coordination with the United States and Taiwan.

## BACKGROUND TO IMPROVED JAPAN-TAIWAN RELATIONS

### The End of the Cold War

Prior to the end of the Cold War, Taiwan’s ability to pursue greater diplomatic recognition in the international community had been largely stymied by the demands of the strategic triad between the United States, the PRC, and the former Soviet Union. However, as Michael Swaine and James Mulvenon have argued, a combination of two trends, one domestic and the other international, spurred Taiwan’s move toward “pragmatic diplomacy” under President Lee Teng-hui during the 1990s. On the domestic side, Taiwan’s move to democratize its political system together with its impressive economic success provided a new profile from which to promote better relations with countries like the United States and Japan. Taiwan’s democratization contrasted starkly with images of the Tiananmen Square massacre, Beijing’s answer to the changes that were sweeping through the communist world in 1989. The breakup of the Soviet bloc lessened China’s

strategic value for the United States and afforded Taiwan new room to maneuver on the international scene. Lee Teng-hui exploited this new diplomatic space to strengthen relations with both the United States and Japan in the early 1990s.

Lee's administration scored its first major success when the administration of George H.W. Bush agreed to sell Taiwan 150 F-16 fighter planes in 1992. This sale came despite Chinese objections that the sale violated the 1982 U.S.-China Joint Communiqué, which states that the United States would gradually reduce its arms sales to Taiwan. In the same year Japan began to allow its economic officials to meet with their counterparts from Taiwan and permitted Taiwan to change the name of its representative office from the Council of East Asian Relations (CEAR) to the more distinctive Taipei Economic and Cultural Representative Office in Japan (TECRO). A similar name change occurred in Taiwan's representative office in Washington following a U.S. policy review in 1994. This review was spurred by controversy surrounding President Lee's proposed transit through Hawaii on a trip to Central America. Under the policy review, future "transits" were to be permitted, although explicitly differentiated from official visits. The new policy allowed U.S. officials outside of the State Department and Executive Office of the President to meet with their counterparts from Taiwan. The Clinton administration also declared its intention to support Taiwan's participation in international organizations that did not require statehood for membership (excluding the United Nations [UN]).

The year 1994 also saw Japan's first major controversy over Taiwan when China objected to President Lee attending the Asian Games held in Hiroshima. The Japanese government eventually bowed to pressure from Beijing and forced the games organizer to retract the invitation to Lee. However, when Vice-Premier Hsu Li-te was invited in his capacity as chairman of the Taipei Olympic committee, Japan did not yield to Chinese pressure. Beijing strongly protested Tokyo's decision on the grounds that the expansion of Taiwan's political space through diplomacy of this sort was a step toward independence. Nevertheless Tokyo remained firm in its stance. That year, eleven members of a pro-Taiwan parliamentary group from Japan visited Taipei during its celebration of the 1911 founding of the Chinese republic. A year later the Clinton administration, under pressure from Congress, issued a visa for President Lee to visit his alma mater, Cornell University. This, however, turned out to be the straw that broke the camel's back, as it unleashed a firestorm in Beijing that culminated in the 1995-96 cross-Strait crisis.

### **Lee Teng-hui's Japan Diplomacy**

The cross-Strait crisis marked a low point in Japanese public sentiment toward China. Reports of China test firing M-9 missiles in the direction of Taiwan in order to discourage the election of a pro-independence candidate alarmed many Japanese about Chinese intentions in the region. After taking his position as Taiwan's first elected president in 1996, Lee Teng-hui was poised especially well to take advantage of this trend in Sino-Japanese relations. In addition to his appeal to common values of market capitalism and liberal democracy, Lee's presidency represented the ascendancy of a generation of Taiwanese that tend to compare Japanese colonial rule favorably with the corrupt, authoritarian rule of the Kuomintang (KMT) that followed it. Lee studied in Japan at Kyoto Imperial University (now Kyoto University) and later served in the Japanese military during the war. He is fluent in the Japanese language, speaks warmly of Japanese traditional samurai values, and has published several books extolling the Japanese to regain their traditional spiritual base. Under Lee, Taiwan distinguished itself in Japan by

avoiding the historical issues that plagued Sino-Japanese relations. Japanese liberals were drawn to Lee's championing of democracy and human rights, while politicians on the right admired both Lee's tenacity in the face of Chinese pressure as well as his embrace of Japanese culture and colonial rule. Yet what really distinguished Lee was that his success in developing goodwill toward Taiwan extended well beyond the narrow halls of Nagata-cho-Japan's bureaucratic and political center in Tokyo. As Singaporean scholar Lam Peng-Err writes, "Lee mesmerized the Japanese mass media with his charisma, passion, and intense admiration of Japan."

President Lee's charm offensive helped to bolster the ranks of pro-Taiwan parliamentary groups inside the Japanese Diet during the late 1990s. This process coincided with the gradual erosion of Cold War ideological boundaries as a basis for factional membership inside the Diet, which allowed politicians to join pro-Taiwan groups with less fear of recrimination from pro-China forces. The rise of a new generation of Japanese politicians unwilling to countenance Chinese criticisms of Japan on the basis of wartime guilt further contributed to this trend.

Taiwan secured at least two significant diplomatic victories with Japan under Lee. The first was Japan's decision not to explicitly exclude Taiwan from "the areas surrounding Japan" when the revised Guidelines for U.S.-Japan Defense Cooperation were announced in 1997, despite heavy pressure from Beijing for Japan to do so. The second came when Prime Minister Obuchi refused to sign on to the "three nos" policy (no Taiwan independence, no Two Chinas policy and no to Taipei's membership in international bodies based on statehood) adopted by the Clinton administration in 1998. Japan's refusal to adopt the "three nos" policy in a joint declaration during Jiang Zemin's trip to Tokyo in 1998 was in part responsible for a deterioration of Sino-Japanese relations during that period.

Some observers have argued that these diplomatic successes, as well as Lee's ability to secure a visa to travel to Tokyo in 2001 (purportedly for medical treatment) despite vehement Chinese protests, derived from the lavish treatment Taiwan provided high-level Japanese politicians and government officials during his tenure. The recent public exposure of a secret fund inside the Taiwan National Security Bureau created for just this type of purpose lends some credence to this argument, though Taiwan's ongoing democratization will make such efforts less likely to occur in the future.

## JAPAN-TAIWAN RELATIONS IN THE KOIZUMI-CHEN ERA

### Political Ties

The victory of Chen Shui-bian and the Democratic Progressive Party (DPP) in Taiwan's 2000 presidential election brought about the first change of ruling party in Taiwan's political history. It also brought about a new approach to Taiwan's Japan diplomacy. Unlike former President Lee, Chen Shui-bian does not speak Japanese and does not have many personal connections to Japan. His party represents a younger generation that would like to see the basis of Taiwan-Japan relations move from being based on personal ties and the colonial legacy toward a broader relationship based upon mutual economic, political, and security interests. On September 9, 2002, President Chen enunciated this new approach when he called on Japan to join Taiwan in an Asia-Pacific Democracy Alliance that would strengthen security cooperation and safeguard democratic development in the region. In order to counter the effect of the vast mainland Chinese market, Chen also urged Japan to sign free trade agreements with Taiwan, the United States, and members of the Association of Southeast Asian Nations (ASEAN).

In a speech three days later Prime Minister Junichiro Koizumi told a Council on Foreign Relations audience that his country has an “important role” in creating an environment for Taiwan and China to settle their differences in a peaceful manner. While perhaps not the exact response Taiwan was hoping to hear, Koizumi’s determination to see the cross-Strait issue resolved “in a peaceful manner through dialogue without ever resorting to force” signaled Japan’s intent to remain engaged with Taiwan despite the growing importance of China as an economic and military power in the region.

For those familiar with the political backgrounds of members of Koizumi’s cabinet, this subtle display of support for Taiwan came as little surprise. Koizumi himself springs from the pro-Taiwan Mori faction, and several high-profile members of his cabinet come with established pro-Taiwan records. On the other hand, none of the cabinet members are known to be especially pro-China. Though the Ministry of Foreign Affairs (MOFA) remains split over where to place policy priorities, it has been under increasing pressure during the Koizumi administration to loosen guidelines for official visits between Japanese and Taiwanese officials. In November 2002 MOFA yielded enough to revise guidelines for official visits so that trips to Taiwan by division chief or officials of a higher rank, which had previously been prohibited, will now be considered “on a case-by-case” basis. There has also been growing contact between members of President Chen’s DPP and the opposition Democratic Party (DP) in Japan. The DP has formed its own parliamentary group to foster Japan-Taiwan relations and its former leader Kan Naoto went so far as to voice support for Taiwan’s entrance into the United Nations.

Two high profile events in December 2003 furthered the impression that political ties between Taiwan and Japan are creeping closer. On December 14, a celebration for Japanese Emperor Akihito’s birthday was held at the Taipei Office of the Japanese Interchange Association (Japan’s de facto embassy) for the first time in thirty-one years. High ranking Taiwanese government officials, including Presidential Secretary-General Chiou I-jen, Minister of Foreign Affairs Eugene Chien, and KMT Vice Chairman Vincent Siew attended the celebration. Then, on December 25, former Japanese Prime Minister Yoshiro Mori arrived in Taipei for what was characterized as a three-day private visit, despite strong formal protests from the Chinese preceding the trip. Mori is only the second former Japanese prime minister to visit Taiwan, the first being Takeo Fukuda in 1981. Despite Mori’s insistence that his visit carried no political significance, he was able to meet with President Chen, former President Lee, and other political heavyweights in Taiwan during the trip in order to foster his understanding of Taiwan’s policy.

### **Economic Ties**

President Chen’s call for a Taiwan-Japan free trade agreement and a larger free trade area that excludes mainland China can be seen as a rearguard action in the face of Taiwan’s declining economic importance vis-à-vis its own trading partners. Although Japan, along with United States, have supported Taiwan’s participation in Asian Pacific Economic Cooperation (APEC) and the World Trade Organization (WTO) ministerial conference, they are not likely to join Taiwan in a free trade pact. Both countries have strong agricultural lobbies that will make such a link-up very difficult.

The Japanese government’s official response to the idea of a free trade agreement with Taiwan came in October 2002, when the Economic Affairs Bureau of the MOFA published a white paper on “Japan’s FTA Strategy.” In the white paper MOFA kept open the “theoretical and technical” potential of carrying out an FTA, indicating that “Taiwan is a separate customs territory under the WTO Agreement.” From a practical standpoint,

however, the white paper argues that Taiwan's tariff rates are already so low that tariff reductions achieved through an FTA “would not produce major benefits for both sides.” The report concluded that, “It would be more appropriate to consider strengthening economic relations in specific relevant areas.”

One area where Taiwan has increased in economic importance for Japan is in playing an intermediary role for Japanese investment going into China. Japanese businesses have relied to a great extent on the cultural and linguistic expertise of Taiwanese to gain a foothold in areas such as Kunshan, Suzhou, and neighboring Shanghai. Joint ventures between Japanese and Taiwanese companies investing on the mainland have become increasingly common as both countries race to exploit the growing Chinese market.

### **Security Ties**

Historically, there has been little strategic thinking behind Japan's Taiwan policy. According to Keio University scholar Yoshihide Soeya, Japan's primary concern with the island, dating back to 1956, has been that Taiwan did not become a military outpost for China. Beyond that, Japan has had no broad-range strategic framework for engaging Taiwan. Japan's relations with Taiwan have been largely a byproduct of the requisites of the U.S.-Japan alliance. Soeya also argues that the security of Taiwan was not a primary concern when Japan agreed to revise the U.S.-Japan Guidelines for Defense Cooperation to include “areas surrounding Japan” in 1997. This argument is supported by Fumio Kyuma, director general of Japan's defense agency who in July 1997 stated that there would be no need to prepare for a Taiwan crisis in actual joint planning based on a review of the guidelines.

There are, however, signs that thinking inside Japan is starting to change. As Japanese expert Yoshihisa Amae has observed, the victory of pro-independence candidate Chen Shui-bian in 2000 “sharpened Japan's security concerns over Taiwan since stability (or the status quo) in the Taiwan Strait is now based on a fragile foundation.” Japan is beginning to think seriously about its role in a future contingency. Track two level trilateral security dialogue among Taiwan, the United States, and Japan is reported to be making “smooth progress,” while a number of Japanese lawmakers have voiced their support for greater security cooperation between Taiwan and Japan on a bilateral basis. In January 2003 retired Major General Yoichi Nagano was posted to the Taipei office of Japan's Interchange Association, the first time Japan had posted a former SDF official to Taipei since it severed diplomatic ties with Taiwan in 1972.

Japan's heightened awareness of security concerns has also motivated Japan's foreign policy experts to attempt to clarify where Japanese national interests in the cross-Strait issue really lay. Hisahiko Okazaki, a former high-ranking MOFA official, has highlighted the possible threat that Chinese annexation of Taiwan might pose to Japan. According to Okazaki, not only could China's annexation of Taiwan compromise the vital sea lanes through which Japan imports most of its oil from the Middle East, it could also provide China with extreme leverage over the other nations of Southeast Asia, which could in turn have a severe impact upon Japan's economic interests in the region.

## A CEILING ON EXPECTATIONS

The momentum toward closer Japan-Taiwan ties hit a road bump when President Chen announced plans for a “defensive referendum” to coincide with presidential elections in March 2004. Beijing interpreted the referendum to the world as a dangerous move toward independence and lobbied both the United States and Japan to denounce the act as reckless. Japan waited quietly until after President Bush criticized Taiwan for showing intent to unilaterally disrupt the status quo before sending a message to President Chen through Katsuhisa Uchida, the head of the Japan Interchange in Taipei. Uchida expressed Japan’s “concern” over the referendum and asked Taiwan to “handle with caution” issues that could unnecessarily strain China-Taiwan relations.

Despite the fact that Japan’s criticism of the referendum was muted in comparison with the United States and France, Japan received strident criticism from the Taiwan Solidarity Union, a pro-independence group organized by former President Lee. Lee himself offered the harshest criticism of Japan, accusing Japan of being weak and backing down to whatever China opposes. Lo Fu-chen, a TECRO representative in Japan, focused the attack on Japan’s MOFA, stating that it had harmed Taiwan in its handling of the referendum issue. According to Mr. Lo, the Japanese foreign ministry had failed to properly explain the referendum plan to parliament and Japanese reporters based in Taipei.

In attacking Japan’s foreign ministry, Taiwan’s representative appears to be trying to take advantage of a recent decline in MOFA’s popularity related to its handling of the abduction issue in North Korea. Japanese politicians on the right continue to hammer away at bureaucratic control of foreign policy, but it is doubtful that this strategy will soon alter Japan’s approach to Taiwan. Foreign Minister Yoriko Kawaguchi reaffirmed this fact when she visited Beijing in April 2004, stating that Japan holds to its commitments under the Sino-Japanese Joint Declaration of 1972 (a One China policy) and does not support Taiwan’s independence.

While support for Taiwan inside Japan is growing, expanding trade with China is reported to be the driver for Japan’s current economic resurgence, and it is doubtful that Japan will jeopardize relations with China, unless it was forced to choose between China and the United States. Meanwhile, current U.S. priorities with the war on terrorism and the North Korean nuclear crisis do not bode well for a policy change that favors Taiwan. All other factors aside, Japan may also hesitate to support Taiwan’s independence until it relinquishes its claim to the Senkaku/Daiyotai islands, an idea promoted by former President Lee but dismissed by Taiwan’s current leadership.

## CONCLUSION

Closer engagement between Japan and Taiwan will benefit policy makers in Washington as they attempt to promote a peaceful resolution to the cross-Strait issue. Contingency planning for the area should be facilitated by Japan’s heightened awareness of related security issues and its public commitment to creating an environment in which such planning becomes unnecessary. Through demonstrating its determination to retain relations on both sides of the channel, Japan encourages neither side to act unilaterally in a way that could disrupt the delicate balance that currently exists. While clearly taking a more proactive approach to its relationship with Taiwan in recent years, the leadership in Tokyo has continued to coordinate its policy closely with Washington and is likely to do so for the foreseeable future.

The views expressed in this publication are those of the author(s) and do not necessarily reflect the official policy or position of APCSS, U.S. Pacific Command, the U.S. Department of Defense, or the U.S. Government.

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