

## **Sea of Confrontation: Japan-China Territorial and Gas Dispute Intensifies**

**By J Sean Curtin**

Japan and China appear headed for a showdown over natural gas exploration and drilling in the East China Sea.

Up until Japanese Prime Minister Koizumi Junichiro on Monday visited a controversial shrine to his country's war dead, it was hoped the showdown might occur at the negotiating table. But the visit, his fifth since 2001, once again infuriated China, as well as other Asian nations, putting the status of a wide range of talks between the two countries in jeopardy. Among them was this week's hoped-for decisive round on East China Sea gas.

Japan had hoped that a final make-or-break round of negotiations on the gas-deposit issue would commence on Wednesday in Beijing, but that looks increasingly unlikely in the wake of the shrine visit. "No date and time have been set yet," Japan's Vice Trade Minister Sugiyama Hideji said. China has already canceled Japanese Foreign Minister Machimura Nobutaka's scheduled Sunday visit to Beijing.

The East China Sea situation is becoming increasingly volatile. Tensions have been high since last month when a Chinese Navy destroyer aimed its guns at a Japanese Maritime Self-Defense Force P3-C surveillance plane near the disputed waters of the Chunxiao gas field in the East China Sea. Five Chinese Navy warships have also recently been observed prowling in the same area.

And the Japanese news agency Kyodo this week reported that China last month sent a spy plane, the third in two months, to the disputed East China Sea area to collect data on Japanese military vessels operating there.

A senior Japanese diplomat, who did not wish to be identified said: "It will be difficult for either Japan or China to compromise in this dispute, but failure to do so could create a very dangerous situation. We issued China an ultimatum at the previous talks [at the beginning of October], and made it clear that the issue must be resolved in the next and final round of negotiations scheduled for October 19. If we do not reach a satisfactory settlement, the Japanese public's patience is likely to reach breaking point."

A public opinion poll detailed this week in the Yomiuri Shimbun suggests that 70% of Japanese think China should suspend its unilateral development of natural gas fields in the East China Sea. The survey also found that 65% of respondents believe that if China

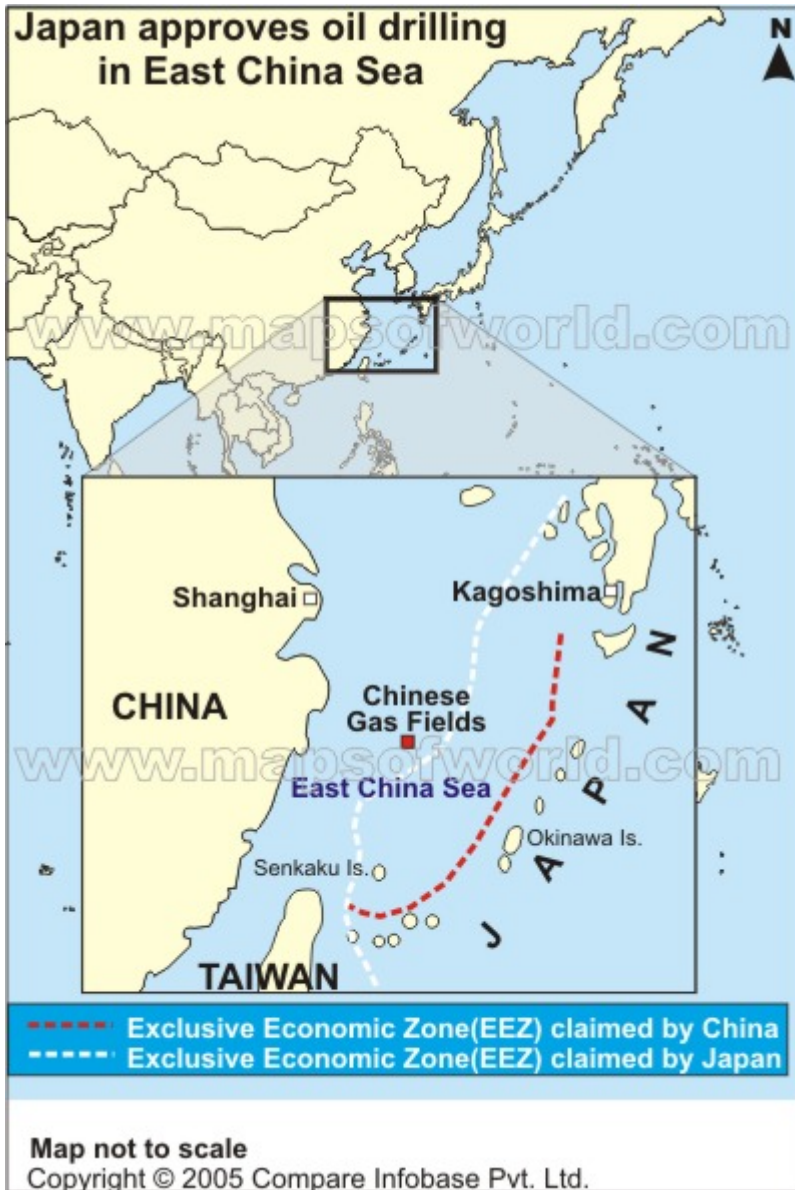
refuses to stop the gas-field development, Japan also should develop gas fields in the region on its own.

Compare that to polls that show Japanese people are almost evenly divided over Koizumi's shrine visits, and it is not a stretch that the population could easily be distracted from the Yasukuni shrine issue and toward the nationalistic gas-drilling issue.

What's at stake in the East China Sea is 200 billion cubic meters of natural gas reserves. The sides have had three rounds of talks without a solution. Meantime, Japan wants China to cease drilling it claims could siphon gas from Japanese territory. China is in no apparent hurry to comply.

Beijing has declared that it wants to make the East China Sea a "sea of cooperation", but in the light of recent comments many in Tokyo now fear it could soon become a "sea of confrontation".

Disagreement in the East China Sea centers around the exploration of the Chunxiao, Duanqiao and Tianwaitian gas and oil fields, which are known in Japanese as Shirakaba, Kusunoki and Kashi.



The three gas and oil fields are in waters near the median line that Japan asserts is the boundary between the two countries' exclusive economic zones (EEZ). Beijing does not recognize this demarcation and maintains it is exploring resources in uncontested waters.

While the three fields China is currently bringing online are all on their side of the Tokyo-designated median line, Japan has expressed deep concern that China may be siphoning off natural resources buried under the seabed on its side of the median line.

The Chunxiao/Shirakaba and Duanqiao/Kusunoki fields have been confirmed to be connected at the subterranean level to a gas field that lies within what Japan says is its EEZ. The Tianwaitian/Kashi gas field is also suspected to be directly connected to deposits on the Japanese side.

Tokyo angrily protested to China last month when production started at natural gas platforms in the Tianwaitian/Kashi gas field, also near the median line. Japanese TV broadcast pictures of flames burning from a funnel on one of the rigs. The Chunxiao/Shirakaba gas field is expected to start production by the end of this month, which is certain to further increase Japanese resentment toward Beijing.

Under the UN Convention on the Law of the Sea, to which both Japan and China are signatories, coastal countries can claim an economic zone extending up to 370 kilometers from their shorelines, which Japan relies on in its argument over the gas field. But China bases its exploration claim on another international treaty, the 1958 Geneva Convention of the Continental Shelf, that allows coastal countries to extend their borders to the edges of their undersea continental shelves.

### **Beijing playing for time**

Japanese anger was already building up ahead of the next round of talks and Koizumi's Yasukuni foray is likely to increase passions. Japan's nationalistic lawmakers and the rightwing press are questioning Beijing's motives and sincerity in the negotiations.

Just after the last round of talks ended, an October 2 editorial in the Yomiuri Shimbun, Japan's largest circulation daily, stated: "We cannot rule out the possibility that China is buying time over the issue by allowing the bilateral talks to continue. Such maneuvering could lead to China's development of the gas fields becoming a fait accompli."

In a recent TV interview, the high-profile Economy, Trade and Industry Minister Nakagawa Shoichi adopted a similarly tough line, openly accusing Beijing of stalling on talks and plotting to extract as much oil and gas as it can while it keeps negotiations deadlocked.

Nakagawa said, "As China buys time at the talks, it plans to push ahead with gas drilling in the so-called Tianwaitian [Kashi] and Chunxiao [Shirakaba] gas and oil fields." In another interview he warned, "I hope Beijing is not just playing for time."

Striking a less confrontational note, he later indicated that Japan was prepared to have top ministerial-level talks with China over the dispute. It was then agreed that Japanese Foreign Minister Nobutaka Machimura would go to China, a trip that was cancelled following Koizumi's shrine pilgrimage.

### **Compromise agreement possible?**

Aware of the dangers failure could bring, diplomats on both sides had been trying to show a degree of flexibility ahead of the next round of talks. Although the parties still remain far apart, joint development of the disputed areas has been put forward as the best means for unlocking the impasse and achieving a breakthrough.

Significantly, the focal point of the dispute recently shifted to whether Japan and China

could viably develop jointly the contested gas fields.

In the previous round of talks Japan proposed to China that the two jointly develop the Chunxiao, Duanqiao and Tianwaitian gas and oil fields.

It was the first time Tokyo has formally submitted a proposal for jointly developing these undersea deposits. Significantly, China promised to consider the offer in the round now on hold in the wake of the prime minister's Yasukuni excursion.

Before Koizumi's shrine visit, Cui Tiankai, head of the Chinese Foreign Ministry's Asian Affairs Department and the leader of China's negotiators, said: "We discussed the concept of joint development. Under these circumstances, some kind of joint development is the only realistic solution."

However, in the newly strained atmosphere, it is unclear what kind of approach China will adopt in the negotiations.

Until recently, Beijing said it was only willing to jointly develop projects in those areas situated in what Japan claims is its EEZ, rather than in the zone around the Chinese median line region.

Previously Tokyo insisted that China cease any gas field development near the median line, a request Beijing completely ignored. However, in what was hoped to be a breakthrough, China indicated that it might be willing to discuss Tokyo's long-standing request to disclose details of China's own oil and gas-exploration data, but only once the two nations agree to joint development.

Sasae Kenichiro, who heads the Japanese Foreign Ministry's Asian and Oceanian Affairs Bureau, has been fairly upbeat about the Chinese response, "China said it would seriously consider Japan's proposals."

Prior to the last round of negotiations, Tokyo was concerned that Beijing might completely reject its proposal, or simply respond with a vague or ambiguous reply. Some Japanese diplomats had believed the dispute could be resolved if both nations agreed to conduct joint exploration and development in the disputed region.

At earlier talks in May, Beijing had also proposed joint gas-field development, but only on the Japanese side of the sea divided by the median line, an idea Tokyo immediately rejected. Japan then shifted its position, insisting on joint development on both sides of the zone, something many believe is the only viable solution.

Under the current Japanese proposal, China would have to cease its development of the three gas fields on its side of the median line. Beijing would then submit its below-seabed survey data to Tokyo before the two could jointly begin development of the gas fields. Tokyo was hoping this formula would avert a potential crisis situation developing. However, with nationalist passion rising on both sides since the Yasukuni visit, prospects for a successful outcome to negotiations are not looking good.

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