



Policy Forum 08-010: An 'Early Summer': Sino-Japanese Cooperation in the East China Sea



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By Sourabh Gupta

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I. Introduction

Sourabh Gupta, Senior Research Associate at Samuels International Associates, Inc., writes, "Nevertheless, with the number of Chinese visitors to Japan exceeding the number of Americans for the first time in 2007 and with China, excluding Hong Kong, ousting the United States as Japan's top

trading partner for the first time in 2007, 2008 might yet play witness to a veritable "early summer" in Sino-Japanese bilateral relations."

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II. Article by Sourabh Gupta

- "An 'Early Summer': Sino-Japanese Cooperation in the East China Sea"

By Sourabh Gupta

For an important diplomatic relationship that has been in a slow thawing mode for the past year, 2008 might yet - surprisingly - turn out to be an unusually productive year for Sino-Japanese relations.

The "ice-breaking trip" of former Prime Minister Shinzo Abe in October 2006 and the "ice-melting trip" of Premier Wen Jiabao in April 2007 cautiously moved Japan-China relations away from the bitter rancor of the Koizumi years.

Prime Minister Yasuo Fukuda's "spring-greeting trip" in December 2007 was characterized by an unusually warm welcome extended to him by his Chinese hosts. His engagements in Beijing included a speech at Peking University that was broadcast live on China Central Television, an unprecedented joint press conference with his Chinese counterpart and a rare banquet hosted by President Hu Jintao - the first for a Japanese prime minister since the Nakasone visit in 1986.

As President Hu prepares to return the visit, timed to coincide with the blossoming of Tokyo's cherry trees in late-March 2008, there is a strong likelihood that substance will finally outstrip form in Japan-China relations. And, unusually, it is the anticipated progress on one of the more intractable near-term bilateral issues - gas exploration and drilling rights in the disputed waters of the East China Sea - that is expected to furnish ballast to the relationship, going forward.

The dispute over sea-bed jurisdictional and drilling rights relates to overlapping Chinese and Japanese exclusive economic zone (EEZ) claims to three promising gas-fields that straddle the median line in the East China Sea.

Stalemated between Beijing's claim based on the "natural prolongation" principle of its continental shelf and Japan's Law of the Sea-based counter-assertion demanding acceptance of a hypothetical median line between China and Okinawa as the maritime boundary, the gas fields have *mostly* lain untapped during the Koizumi-Abe years.

In recent weeks though, buoyed by Prime Minister Fukuda's Sino-philic inclinations, there has been a quiet but notable movement in the Chinese position on the issue. Beijing has in recent talks acknowledged, implicitly, the preferred Japanese demarcation line as the basis for "joint development" of the under-sea gas reserves - a significant development that alters the complexion of the dispute.

In recognizing the median line, China is *implicitly* signaling that gas reserves would be jointly developed around the median line, and not jointly developed in areas proximate to the Okinawa Trough/Japanese coast that lie at the edge of China's claimed EEZ line. This effectively is, or is close to, the Japanese position.

With the median line now acknowledged, only the technicalities of fleshing out the concept of "joint

development" remain i.e. identifying the sub-zones that will be developed. Once identified, both governments will likely have an undivided interest with respect to each of the sub-zones on both sides of the median line and will authorize concessionaires, each of whom will probably be allocated a sub-zone to develop.

With the Chinese Ambassador to Japan Cui Tian-kai - a past veteran of these negotiations - on record for having stated that the issue will be sorted out before the arrival of the Chinese president in Tokyo, the controversial political element has effectively been laid to rest at the negotiating table and the technical detail are, in all likelihood, being currently grappled with.

Notable in Beijing's practical formula for acknowledgment of the median line is the lack of any jurisdictional connotation ceding territorial rights to its extended EEZ boundary claims. This however is hardly unprecedented, particularly in East/South-east Asian maritime zones.

South Korea and Japan have an offshore joint oil development arrangement in disputed waters that places into abeyance the boundary delimitation issue. Equally, China and Japan have a fisheries agreement that skirts the Senkaku/Diaoyutai territorial dispute.

More fittingly, a Sino-Japanese mutual prior notification arrangement for entry into each other's (claimed) EEZ cleverly avoids identifying the exact location of the line. By this account, the jurisdictional questions underlying the East China Sea gas dispute is of a less complex order than the mutually agreed notification system prior to entry into each others respective (claimed) EEZ.

Beyond the immediate issue of gas, drilling and jurisdiction, the calculus behind Beijing's problem solving approach to the matter also allows for interesting reading into China's quintessentially characteristic behavior when negotiating frontier and maritime territorial disputes - particularly with democracies.

When a Sino-phobic faction enters office, Beijing typically raises the rhetorical temperature, digs in its heels at the negotiating table but creates no significant adverse facts on the ground. Alternatively, when a Sino-philic faction enters office and shows willingness to seek overall good neighborly relations, Beijing muffles its rhetoric and responds with a quiet but significant shift in its position at the negotiating table.

Having created no new real adverse facts on the ground - and typically related to territory that in any case is beyond China's possession - relinquishing, sharing or compromising on its jurisdictional claims comes easily to Beijing.

Meanwhile in Tokyo, despite questions of his government's longevity, Prime Minister Fukuda remains a smart, wily and yet self-effacing politician - a type the Japanese electorate is not enamored of but is comfortable with. Second, in a significant recent shift in LDP politics, the old Yoshida-Iked-Ohira-Miyazawa faction, a liberal and potentially heavyweight faction, has regrouped and thrown its weight behind Fukuda. Already backed by the large Mori faction, Mr. Fukuda arguably sits comfortably perched with wide intra-party backing.

And while the LDP remains in visible decline, the opposition DPJ seems unprepared to pick up the reins. With the DPJ leader Ichiro Ozawa preferring realignment to a decisive showdown with the LDP, yet leashed to his own party's preference for the latter option, the Democratic Party - itself a party itself without a natural center - seems unlikely to mount a credible central charge on the LDP.

Failing any dramatic political happenings then, the odds remains weighed in favor of a successful Sino-Japanese summit later this spring. With the Chinese facilitating the necessary compromises,

both parties will reach a significant agreement on "joint development" of their disputed sea-bed resources in the East China Sea.

Further, with prestige events later this summer (G-8 summit; Beijing Olympics) anchoring the underlying mutual incentive for stability in their bilateral relationship, Prime Minister Fukuda and President Hu will also likely issue their nations' most important joint statement since the Sino-Japanese Treaty of Friendship in 1978. No equivalent written statement relegating the "history issue" to posterity is however likely to emanate from the summit.

Nevertheless, with the number of Chinese visitors to Japan exceeding the number of Americans for the first time in 2007 and with China, excluding Hong Kong, ousting the United States as Japan's top trading partner for the first time in 2007, 2008 might yet play witness to a veritable "early summer" in Sino-Japanese bilateral relations.

III. Nautilus invites your responses

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: napsnet-reply@nautilus.org . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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