

## Talking Points

### Title: Taiwan, China, and Japan: Can Taiwan Help?

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Presented at Miller Center Conference, titled “Taiwan Inclusive: Trends, Opportunities, and Challenges.”

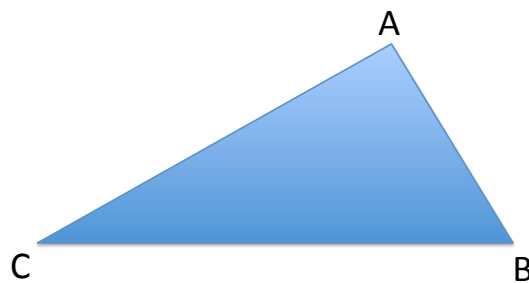
Date: November 16, 2013

#### I. Triangles and Mediation

Thank you for the opportunity to mediate on this very interesting question, which was pitched to me by Brantly when he invited me to join this conference. I think that most analysts focused on Sino-Japanese relations over the past several years have neglected to consider it. On the surface, given that the primary irritant in recent Sino-Japanese relations has been the sovereignty dispute over the Senkaku/Diaoyu Islands—and the fact that Taiwan and China both deny Japan’s claim to the islands—it doesn’t seem like Taiwan would have much to offer. But by stepping back from the immediate dispute and considering the nature of a mediating role in a triangular relationship, I will offer some basis for optimism that Taiwan DOES have something to offer.

Let me start with some abstract thoughts on triangular relationships, illustrated below.

#### Triangles and Mediation

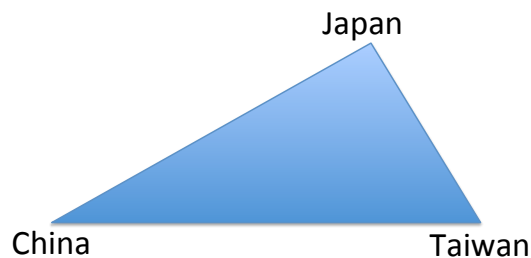


Many triangles are not equilateral. Two of the parties are closer to each other in the relationship (AB). Two of the parties are furthest apart (CB). In these cases, you have one party who is closer to both of the others than the other two are to each other (A). In these relationships, I propose, that party (A) has a mediating role to play in the triangular relationship. It can help resolve problems between C and B.

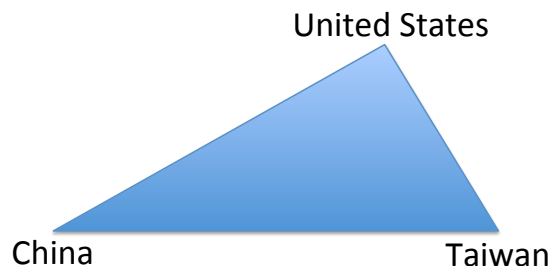
## **II. Taiwan Has NOT Been a Mediator During the Postwar Period**

For most of the postwar period in the region, Taiwan has not figured as a mediator in triangles involving China (C-J-T) or (C-US-T). Taiwan was the one with the most distant relationship with China, so (if anything) it has been Japan and the United States that have helped keep a lid on China-Taiwan conflict at various points, serving to reassure Taiwan that it would not be isolated as long as it did not provoke China with a declaration of independence, and urging Chinese restraint.

### **C, J, and Taiwan in 1947-2008**



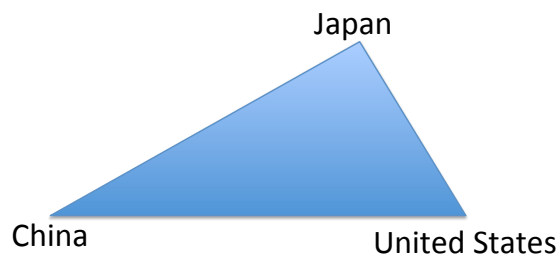
### **C, US, and Taiwan in 1947-2008**



### III. In the C, J, US triangle, Japan has been the Mediator for most of the postwar period.

For most of this period, of course, the most important triangular relationship in the region has been the one between China, Japan, and the United States. In this relationship, I propose, it is JAPAN that has been in the mediating role more often than not. Of course, relations between these parties have shifted greatly over these years, with a particular turning point in 1971. But before and after that date, the closest relationship between them was the one between Japan and the United States, marked by the US-J Security Treaty.

#### C, J, and US from 1947-2000



And both before and after this date, Japan has had a closer relationship with China than did the United States. Even during the period in which Japan and China lacked formal diplomatic relations (1947-1972), powerful constituencies within Japan and China advocated for an improved relationship. On the Chinese side, these initiatives grew out of recognition that Japan could offer technology and aid in the nation's economic development. On the Japanese side, parts of the business community and key figures in the LDP long felt that it was unnatural for Japan to forgo economic and political relations with the nation that had been its number one trade partner before the war. This led to "LT trade" (Liao-Takasaki) after 1962, even during period in which diplomatic ties were lacking. In 1969, 16% of Japan's trade was with China, and Japan was China's number one trading partner (Takamine 2006, p. 38).

After Nixon and Tanaka went to China in 1971-72, relations between the two entered a honeymoon era, even though some hard bargaining over the terms of normalization continued until 1978. Between the early 1970s and 1989, the two countries emphasized the mutual advantages flowing from trade, aid, and investment. They had a common enemy in the Soviet Union. China badly needed aid, trade, and investment. Japan saw opportunities to profit from all of these. The relationship was just as warm on the cultural side: Silk Road TV series was one of

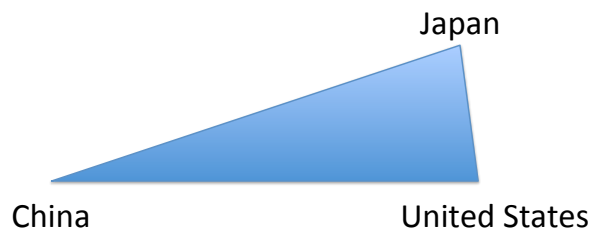
the most-watched TV shows when it came out, and Japanese tourists began to flock to China.

Even after Tiananmen Square and the end of the Cold War, the two saw such advantages in cooperation that Japan took the lead in urging an end to the short period in which aid had been suspended, explicating serving as a mediator between China and critics of China's human rights record within the United States. Japan continued to provide a \$1 billion a year in aid to China, even as parts of China reached middle-income levels.

#### **IV. Triangles in an Era of Strained Relations Between Japan and China**

Sometime around 2000 (Koizumi visits to Yasukuni started in 2001) the above pattern changed. Chinese became increasingly strident in criticizing Japan for its lack of contrition for its sins during the war, and accused it of conspiring to reignite nationalism through actions like the visits to Yasukuni Shrine. Japanese also began to report in public opinion surveys (reported in Sekiyama paper from spring conference) less amity and more anxiety in their attitudes toward China. This grew especially after the Japanese national soccer team was booed and sparked protests at both the 2004 and 2008 Asian Cup competitions, and after the decision of the Japanese national government to purchase the Senkaku/Diaoyu Islands from their private (Japanese) owner led to widespread rioting against Japanese businesses in 2012. Chinese government seemed to fan the flames, and the temporary suspension of Japanese access to Chinese rare earth metals seemed to signal that this was not just the people but the government that had turned against Japan.

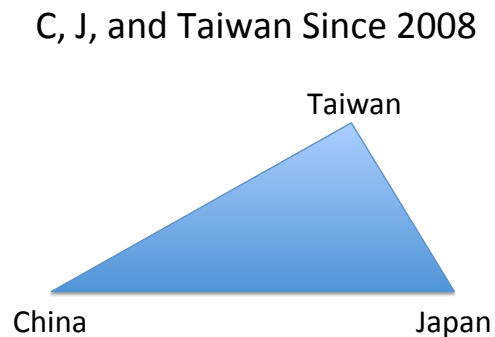
#### **C, J, and US Since 2000**



But in this triangular relationship, the United States has not grown significantly closer to China either. Neither one seems well-positioned to serve as a mediator.

## **V. Enter Taiwan as Possible Mediator in Japan-China Relations**

Meanwhile, even as Japan's relationship with China has been growing more strained, Taiwan's relationship with China has been growing closer. Arguably, the triangle now looks like this:



China is the number one trade partner and major foreign investment destination for both Japan and Taiwan, but Taiwan's trade and investment dependence on China is an order of magnitude more intensive. Ma Ying-jeou's policies have accelerated this trend. China is now quite confident Taiwan will not declare independence and that over time, it will become more and more unthinkable for such a rupture to occur. On the contrary, these trends make it increasingly likely that Taiwan will one day accept a political relationship with China that conforms at least nominally with the Chinese desire for unity under Chinese rule.

Taiwan's improved relations with China have happened at the same time Sino-Japanese relations have reached the worst point in the post-war years. Every month since the summer of 2012, Chinese ships and Japanese coast guard vessels play cat and mouse games near the Senkaku/Diaoyu Islands. The number of close encounters has grown steadily, as the Chinese do things like a 28-hour record-length continuous deployment inside the contested waters near the islands, which they carried out in August. Japan has acquired new and larger coast guard vessels and recently announced it is procuring up to six AAV-7a1 amphibious assault vehicles to prepare for the possible need to retake the islands after a Chinese force has landed on them. It is developing a "marine" unit trained to carry out amphibious landing for the same purpose.

It is in no one's interest for this conflict to escalate and become violent, but we have a classic game of chicken underway where neither side wants to signal weakness by being the first to de-escalate.



The United States, interestingly, has stepped in to try to play a mediating role. It has urged restraint on both sides through informal channels. It is trying to reassure the Japanese side that it will be by their side if the Chinese try to take the islands, while making these guarantees discretely so that the Chinese won't take offense. It clearly has an important role to play in these ways, but as a party that is MUCH closer to Japan than to China, its ability to mediate is limited.

Taiwan is arguably in a better position to serve as a mediator. It joins China in denying Japan's territorial claim to the islands. In recent years, Taiwanese fishing vessels have sailed into the waters to try to pressure the Taiwanese government to fight harder for their claim to the territory and fishing rights. And yet, Taiwan has warmer relations with Japan than the Chinese do. Taiwan has enjoyed a strong economic relationship with Japan throughout the postwar period. Cultural and personal ties between Chinese and Japanese leaders, and at the grass-roots level, are warm. So although Taiwan wants to press its claim as much as the Chinese do, its approach is more pragmatic.

We have seen Taiwan demonstrate how its pragmatic approach might relax tensions in the way it worked out a fisheries agreement this past April (2013) with Japan that sets up a joint control committee to share management of fishery access between the two nations. The deal left unresolved the question of which nation has

sovereignty over the islands or the 12-mile territorial waters around them, but by giving Taiwanese fisherman access to the rich fishing grounds in the much larger economic zone around the islands (see map), it has removed from the equation the issue that was the main economic interest at stake in the dispute—important enough to Taiwanese fisherman to have inspired emotional protests against the Japanese and aggressive intrusions into Senkakaku/Diaoyu islands by Taiwanese fishing vessels.



This agreement serves as a potential model for a compromise resolution of the dispute between China and Japan over the same islands, if the two countries were willing to put aside for a period of years the dispute over sovereignty, mutually agree not to land people on the islands and not to build structures, and share the economic resources in disputed seas. I'm not sure if Taiwan has enough sway to PUSH the two countries toward such a deal, but it has demonstrated the ability to lead by example. If it were willing (with Japan) to invite China into a THREE-WAY sharing of fishery resources in the current two-way zone, for example, it might improve prospects for the type of resolution described above.