

## 2. Japan's "Pragmatic" Diplomacy Towards the PRC: Lessons from the Cold-War?

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In July 2017, the President of the People's Republic of China (PRC hereafter) Xi Jinping and Japanese Prime Minister (PM) Shinzō Abe met on the sidelines of the Group of 20 (G-20) Summit in Hamburg to discuss the state of bilateral ties between their two countries. It was a key moment in the ephemeral Sino-Japanese rapprochement that culminated in a 4-day state visit to Japan of late PM Li Keqiang (May 2018) to celebrate the 40<sup>th</sup> anniversary of the Sino-Japanese Treaty of Peace and Friendship. Citing the healthy growth of a baby panda born in Ueno Zoo, the Japanese PM expressed his hopes for an improvement of PRC-Japan relations (*kankei kaizen*) as a key to maintaining regional and global peace and stability.<sup>1</sup>

Notwithstanding the emerging geoeconomic competition between the two nations,<sup>2</sup> the Abe-Xi rapprochement of 2017-19 can be considered a high point in contemporary Sino-Japanese relations, after the nadir of the 2012 nationalisation of the Senkaku/Diaoyu islands by Tokyo and subsequent political

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<sup>1</sup> Ministry of Foreign Affairs of Japan, *Nicchū shunō kaidan* (Japan-China summit meeting), Ministry of Foreign Affairs of Japan, 8 July 2017.

<sup>2</sup> Abe went as far as to announce that Japan welcomed the PRC's Belt and Road Initiative (BRI) and announced case-by-case cooperation provided it satisfied a series of criteria and principles consistent with Japan's own geoeconomic strategy, the 2015 Partnership for Quality Infrastructure (Harris, 2019).

upheaval in the PRC forestalling the November 2012 leadership transition in Beijing.<sup>3</sup> This succession is consistent with patterns of Sino-Japanese interaction since the late 1940s, which are rooted in mutually non-exclusive habits of cooperation (particularly in the economic realm) and competition (on multiple levels: political, technological, military, geoeconomic and symbolic).<sup>4</sup>

For decades, a somewhat twisted expression has been used in Japan's foreign policy-making circles to refer to this phenomenon: separation of politics and economics, or *seikei bunri* in Japanese. Born out of the Cold War context and Japan's early postwar alignment with Washington in the effort to contain international communism, it has proven useful in several instances to frame Japan's relations with the PRC in an acceptable way *vis-à-vis* international allies and portions of Japanese civil society. As pointed out by Suzuki, particularly after the Cultural Revolution (1966-76) in China and the

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<sup>3</sup> K. Nakazawa, "Premier Li Keqiang Reveals China's True Motive: 'China-Japan Relations Have Returned to a Path of Normality'", AJISS-Commentary, Tokyo, JIIA, 29 June 2018; M. Zappa, "Abe, Xi e il nuovo sinocentrismo 'economico'. Gli accordi sino-giapponesi del 2018 in una prospettiva di lunga durata," in G. Amitrano, S. De Maio, and A. Manieri (eds.), *Indagini sul Giappone: nuove prospettive di studio e ricerca*, Napoli, UniorPress, 2023, pp. 423-43.

<sup>4</sup> H.G. Hilpert and R. Haak (eds.), *Japan and China - Cooperation, Competition and Conflict*, Palgrave Macmillan, 2002; C.W. Hughes, "Japan's Response to China's Rise: Regional Engagement, Global Containment, Dangers of Collision", *International Affairs*, vol. 85, no. 4, July 2009, pp. 837-56; C.W. Hughes, "Japan's 'Resentful Realism' and Balancing China's Rise", *The Chinese Journal of International Politics*, vol. 9, no. 2, June 2016, pp. 109-50; G. Pugliese and A. Insisa, *Sino-Japanese Power Politics: Might, Money and Minds*, Palgrave Macmillan UK, 2017; G. Pugliese, "The 'Free and Open Indo-Pacific' as a Strategic Narrative", *China-US Focus* (blog), 18 February 2019; W. Pascha, "The Quest for Infrastructure Development from a 'Market Creation' Perspective: China's 'Belt and Road', Japan's 'Quality Infrastructure' and the EU's 'Connecting Europe and Asia'", *International Economics and Economic Policy*, vol. 17, no. 3, July 2020, pp. 687-704; H. Yoshimatsu, "Japan's Strategic Response to China's Geo-Economic Presence: Quality Infrastructure as a Diplomatic Tool", *The Pacific Review*, vol. 36, no. 1, 2 January 2023): 148-76.

economic reforms launched by Deng Xiaoping in 1978, Japan has consistently defended the *seikei bunri* principle to foster stable relations with Beijing mainly through economic and business-related gains.<sup>5</sup> Not surprisingly, in 2017, Xi conceded that the economy and Japan-China trade are the “driving force” (*suishinryoku*) of Sino-Japanese ties and highlighted the need for a “practical” cooperation (*jitsumu kyōryoku*).<sup>6</sup>

However, in the light of ongoing PRC-Japan competition and against the backdrop of multi-dimensional US-PRC confrontation for primacy in the Asia-Pacific, to what extent can *seikei bunri* be sustainable?

According to scholars such as Kawashima and Suzuki, since the mid-2000s, the maintenance of *seikei bunri* has become increasingly frail.<sup>7</sup> Despite the Japanese government's purported resolve to keep building “constructive and stable” relations with the PRC, the Asian neighbour is associated with a series of “long-pending issues” (*ken'an*), such as unilateral attempts to alter the status quo in the East and South China Seas, the risk for Taiwan's stability, the suppression of political dissent in Hong Kong, and human rights violations in Xinjiang.<sup>8</sup> This has revealed a sense of anxiety regarding the PRC and, by infringing upon a set

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<sup>5</sup> This staunch pragmatic orientation of Japan's diplomacy towards the PRC soon yielded to international diplomatic pressures following the events of June 1989 in Tiananmen Square, Beijing. Japan reluctantly adhered to international sanctions against the PRC, remarking the conviction that the PRC should not be isolated. Facing US criticism over protecting the PRC and fearing international isolation, the Japanese government toned down its positions on Beijing. Nevertheless, by the end of 1990, Tokyo lifted its yen loan freeze to China. K. Suzuki, “Nihon to Chūgoku ‘keizai anzen hoshō’ no gainen ga taitō shita jijō” (“The conditions for the emergence of the concept of ‘economic security’ between Japan and China”), Tōyō Keizai Online, 6 June 2022.

<sup>6</sup> Ministry of Foreign Affairs of Japan, *Nicchū shunō kaidan...*, cit.

<sup>7</sup> Suzuki (2022); S. Kawashima, “Anzen Hoshō No Jidai e - 2020 -” (“Toward the Era of Security – 2020 – today”), in A. Takahara et al. (eds.), *Nicchū Kankei 2001-2022 (Japan-China Relations 2001-2022)*, Tōkyō daigaku shuppan kai, 2023.

<sup>8</sup> Y. Hayashi, “Dai 208 kai kokkai ni okeru Hayashi gaimudaijin no gaikō enzetsu” (“Foreign policy speech by Minister of Foreign Affairs Hayashi at the 208 Session of the Diet), Ministry of Foreign Affairs of Japan, 17 January 2022.

of values seen by Japanese policymakers as key to world peace and stability, has contributed to Japan's ontological insecurity.<sup>9</sup> To confront this perception, Japanese authorities have put in place specific defence mechanisms, at both the discursive and policy levels. Since the late 2000s, Japan's Ministry of Defence (MOD) has been consistently referring to the PRC as a matter of deep concern (*kenen*) in its annual reports for its unilateral attempts to change the status quo,<sup>10</sup> especially considering that the PRC is also a nuclear power.<sup>11</sup>

Most significantly for the argument put forward in this chapter, political frictions between Beijing and Tokyo in the early 2010s, culminating in the latter's nationalisation of the Senkaku/Diaoyu Islands, have resulted in trade disruptions, such as the 2010 embargo on rare earths, a key resource for the Japanese car making sector. Against Beijing's weaponisation of trade, the government of Japan (GOJ) has taken steps toward a "securitisation of China", in the traditional military and economic domains.<sup>12</sup> Particularly, this has resulted in an acceleration of the process of institutional change begun in 2007 with the upgrade of the Japan Defence Agency into the MOD,<sup>13</sup> and in a series of specific measures aimed at strengthening the nation's economic security (*keizai anzen hoshō*). A case in point

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<sup>9</sup> K. Gustafsson and N.C. Krickel-Choi, "Returning to the Roots of Ontological Security: Insights from the Existentialist Anxiety Literature", *European Journal of International Relations*, vol. 26, no. 3, 1 September 2020, pp. 875-95.

<sup>10</sup> K. Schulze, "Japan's New Assertiveness: Institutional Change and Japan's Securitization of China", *International Relations of the Asia-Pacific*, vol. 18, no. 2, 1 May 2018, pp. 221-47; Ministry of Defense of Japan, *Reiwa 2 Nen Ban Bōei Hakusho* (Defense of Japan Annual White Paper 2020), 2020; Ministry of Defense of Japan, *Reiwa 5 Nen Ban Bōei Hakusho* (Defense of Japan Annual White Paper 2023), Tokyo, 2023.

<sup>11</sup> Y. Hamada, "Reiwa 5 Nenban Bōei Hakusho No Kankō Ni Yosete (On the Publication of the 2023 Annual White Paper," in *Reiwa 5 Nen Ban Bōei Hakusho* (Defense of Japan Annual White Paper 2023), Tokyo, Ministry of Defense of Japan, 2023.

<sup>12</sup> Schulze (2018).

<sup>13</sup> Ibid.

is the 2018 *de facto* restrictions imposed on Huawei with regard to the supply of 5G network equipment, implemented since late 2018 by the Abe and Yoshihide Suga administrations.<sup>14</sup>

Current PM Fumio Kishida, despite his affiliation with the dovish *Kōchikai* faction within the LDP,<sup>15</sup> has consistently taken a series of steps aimed at strengthening Japan's economic security *vis-à-vis* the PRC. Particularly, in an attempt to prevent future supply chain disruptions such as those of 2020-21 while supporting an albeit limited decoupling from the PRC, in May 2022 he promoted the adoption of a specific law enabling the government of Japan (GOJ) to reduce the possible negative effects of a deteriorating international situation on the national socioeconomic structure by determining secure quotas of essential goods and resources and providing support to private entities or specific measures to ensure their supply, while supporting research and the development of key advanced technologies.<sup>16</sup>

Such developments must be analysed against the backdrop of a comprehensive revision of Japan's security posture in the region. During the second Abe administration (2012-2020), the GOJ adopted a new interpretation of article 9 of Japan's constitution allowing for the recognition of Japan's right to collective self-defence: it established a National Security Council, strengthening the Prime Minister's role in security and foreign policy making and updated the laws governing the

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<sup>14</sup> Suzuki (2022), p. 3; A. Krolkowski and T.H. Hall, "Non-Decision Decisions in the Huawei 5G Dilemma: Policy in Japan, the UK, and Germany", *Japanese Journal of Political Science*, vol. 24, no. 2, June 2023, pp. 171-89.

<sup>15</sup> In the context of factional competition within the LDP for influence over the GOJ, since the mid-1950s, the *Kōchikai* has established itself as the "conservative mainstream" current within the LDP. The group has traditionally prioritised economic development over security, defending the need for Japan to pursue a realistic and pragmatic approach. See K. Zakowski, "Kōchikai of the Japanese Liberal Democratic Party and Its Evolution After the Cold War", *The Korean Journal of International Studies*, vol. 9, no. 2, 31 December 2011, pp. 179-205.

<sup>16</sup> Cabinet Office, Keizai anzen hoshō suishin hō (Economic Security Promotion Act), Cabinet Office, Government of Japan, 2021.

Japan Self Defence Forces (JSDF)'s deployment to international peacekeeping operations and in case of attacks against allied powers and even in "grey zone" conflicts.<sup>17</sup>

More recently, Japan has embraced the US-led Free and Open Indo-Pacific (FOIP) strategy, which was actually introduced by PM Abe in 2016, and welcomed the revival of regional security frameworks such as the Quadrilateral Security Dialogue (QUAD), even establishing defence and intelligence exchanges with AUKUS, NATO and the Five Eyes countries.<sup>18</sup> Ultimately, in December 2022, the GOJ moved to approve a sweeping review of the country's three major defence documents, the National Security Strategy (NSS), the National Defence Strategy (NDS) and the Defence Buildup Programme (DBP), resulting in the enhancement of counterattack capacities and in a 27.4% increase in defence spending for fiscal year 2023.<sup>19</sup> In light of these facts, it might be possible to argue that Tokyo has gradually moved closer than ever before to the US's China strategy and further strengthened its role in the Asia-Pacific region's security arrangements. Moreover, Kishida has proceeded to gradually hold down the influence of "China-friendly" figureheads within the LDP such as former LDP Secretary-General Toshihiro Nikai and, more recently, former Foreign Minister Yoshimasa Hayashi.<sup>20</sup>

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<sup>17</sup> A.L. Oros, *Japan's Security Renaissance: New Policies and Politics for the Twenty-First Century*, Columbia University Press, 2017.

<sup>18</sup> The AUKUS is a security and defence partnership between the US, Australia and the UK underpinning the US strategy in the Asia-Pacific region within the Indo-Pacific framework. The Five Eyes, in turn, is an intelligence and information sharing network built since 1946 by five major English-speaking countries (the US, the UK, Canada, Australia and New Zealand). U.S. Department of Defense, "New Uncrewed Undersea Capabilities Strengthen AUKUS Partnership", 13 November 2023; K. Haan and K. Aditham, "What Is the Five Eyes Alliance?", *Forbes Advisor*, 5 October 2023.

<sup>19</sup> H. Tokuchi, "Japan's New National Security Strategy: Background and Challenges", Policy Paper, European University Institute, 2023; Kawashima (2023), p. 80.

<sup>20</sup> According to Japanese press revelations, after the 2021 LDP presidential elections,

For decades, supporters of the *seikei bunri* principle have been instrumental in establishing and maintaining semi-official diplomatic channels with the PRC, safeguarding the cabinet's political approach toward Beijing (as harsh as it may be) without discouraging the business interests which the majority party and cabinet represent.<sup>21</sup> Figures such as Kenzō Matsumura in the 1960s and Toshihiro Nikai in the 2000s, who were members and leaders of minor factions within the Liberal Democratic Party (LDP), favoured the emergence of a semi-official diplomacy toward the PRC, which, at any rate, has contributed to reducing Japan's ontological insecurity, granting, for instance, critical trade agreements and the maintenance of good neighbourhood relations.

Against this backdrop, a look back at a critical moment for the application of *seikei bunri* might be useful to discuss the pragmatic and opportunistic nature of the principle since its inception and its intrinsic fragility. In fact, the case presented below focuses on one of the earliest emergences of Japan's ontological insecurity *vis-à-vis* the US and the PRC at a critical time characterised by bilateral efforts to normalise ties, and, concomitantly, by the beginning of Beijing's rise as a nuclear power. This chapter will show that *seikei bunri* was hardly sustainable already in the 1960s

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Nikai is allegedly a "persona non grata" within the current administration, and his faction is marginalised. By contrast, Hayashi, a former chairman of the Japan-China Friendship Diet Members' Union, was reportedly not confirmed as Foreign Minister in the September 2023 cabinet reshuffle for his overtly soft approach to the PRC and out of the suspicion that he could be the object of political manoeuvring by Chinese authorities. See H. Tomokuni and Ō. Takuya, "Kyū Takeshitaha kara kanjichō, Jimin habatsu ni meian, Nikai-ha reigū, dattai kibōmo" ("Secretary-General from former Takeshita faction [winners and losers among LDP factions] Nikai faction's cold treatment, some wish to withdraw"), *Nishi Nippon Shimbum*, 13 November 2021; Y. Fuji, "Hayashi Yoshimasa shi 'kiri' naikaku kaizō, hoshu ha torikomi kasaku mo me o hiku 'ronkō gyōshō' nisei giin mo... Abe shi shinrai atsukatta Kihara shi ga bōeishō ni" ("Yoshimasa Hayashi's 'assassination', the cabinet reshuffle and the plan to attract conservatives: an interesting conferral of honors. Even second generation Diet Members. Kihara, an Abe-loyalist, to the Ministry of Defense"), *Zakzak Yūkan Fuji*, 13 September 2023.

<sup>21</sup> Zappa (2023).

due to factors such as the internal workings of foreign policy making in Japan since the early postwar period, (e.g. the influence of non-government actors, such as opposition parties, or factions within the majority on the government's decisions), the agency of individual leaders on the narratives and implementation of foreign policy,<sup>22</sup> US diplomatic pressures and processes of legitimation within the international order based on adherence to a certain set of shared rules and institutions.<sup>23</sup>

### **The Liberal Gospel: The Origins of *Seikei Bunri***

The idea of a Sino-Japanese rapprochement started floating around in Japan's policymaking arena in the early 1950s, once the country regained its sovereignty after signing the San Francisco Treaty in 1951, ending a 7-year US military occupation. Two of the major figures in Japan's postwar politics, namely Shigeru Yoshida and Hayato Ikeda, Japan's PMs between 1946 and 1954 and 1960 and 1964 respectively, defended, though not publicly, given Washington's tight scrutiny of Tokyo's foreign policy, the need for Japan to regain access to mainland China's resources and markets.

On top of being considered the "father" of Japan's postwar foreign policy, Yoshida is also credited with the creation of the idea of separating economics and politics in dealings with the People's Republic of China (PRC) after its founding in 1949. A 1951 US Department of State document reports that Yoshida believed that "in the long run the Chinese would adopt the attitude that 'war is war and trade is trade' and that it would be possible for a reasonable degree of trade to take place between Japan and China".<sup>24</sup>

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<sup>22</sup> G. Pugliese, *Leadership and Japan's China Policy*, Doctor of Philosophy Thesis, Cambridge, University of Cambridge, 2016.

<sup>23</sup> M. Dian, *La Cina, gli Stati Uniti e il futuro dell'ordine internazionale*, Bologna, Il Mulino, 2021.

<sup>24</sup> C.W. Braddick, "In the Shadow of the Monolith: Yoshida Shigeru and Japan's



This vision is also reflected in several internal MOFA documents of the early 1950s that lamented the loss of China after Japan's defeat. In a 1951 letter to John Foster Dulles, Yoshida wrote that the Japanese government ultimately aspired to establish "trade and political relations with our neighbour China" it being "in our best and realistic interest" adding, however, that for the time being Tokyo had "no intention of establishing bilateral relations with the People's Republic of China".<sup>25</sup> Having to ensure US protection and economic aid for the sake of Japan's national interest, Yoshida moved to recognise Taipei as *one* of the governments of China, rather than *the only* one, granting his government room for relatively free manoeuvring towards the PRC, under the cover of a fully-fledged US-alignment.<sup>26,27</sup>

Nonetheless, during much of the 1950s, private trade, parliamentary delegations, non-governmental trade missions and agreements were tolerated and allowed by the GOJ.<sup>28</sup> In this period, however, a major role was played by the Socialist Party, and particularly its leader Inejirō Asanuma, who emerged as a reliable intermediary with the Chinese authorities for businesspeople dealing in made-in-China goods, such as lacquer and wood oil, which were in demand on the Japanese market.<sup>29</sup>

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China Policy During the Early Cold War Years, 1949-54", in *The Japanese Empire in East Asia and Its Postwar Legacy*, Monographien Aus Dem Deutschen Institut Für Japanstudien, Munchen, Iudicium Verlag, S, 1998, p. 213.

<sup>25</sup> T. Tamaki, "The Persistence of Reified Asia as Reality in Japanese Foreign Policy Narratives", *The Pacific Review*, vol. 28, no. 1, January 2015, pp. 30-31.

<sup>26</sup> Pugliese (2016), p. 88.

<sup>27</sup> According to Braddick, against the US Department of State's opinion, Yoshida was convinced that Japan could exercise influence over the PRC such that it would ultimately pull it out of the USSR's domination. From the perspective of the US Secretary of State John Foster Dulles, a PRC-Japan rapprochement could create a Sino-Japanese global "third force" and, therefore, had to be avoided, in favour of the hard wedge strategy, identifying the PRC as the major regional threat for Tokyo while pushing the PRC toward the USSR to accrue its dependence from Moscow, see Braddick (1998), pp. 214-15.

<sup>28</sup> M. Itoh, *Pioneers of Sino-Japanese Relations: Liao and Takasaki*, Springer, 2012, pp. 96-97.

<sup>29</sup> T. Kimura, "LT Bōeki No Kiseki: Kansei Nicchū 'Minkan' Bōeki Kyōtei Ga

The end of the Great Leap Forward in China and the instalment of an economic recovery and growth-oriented cabinet led by Hayato Ikeda in 1960 imparted a new momentum to postwar Sino-Japanese relations. The PM himself was reportedly supportive of establishing official trade relations with the PRC but had to “save face *vis-à-vis* the United States”. For this reason, he chose Kenzō Matsumura, an LDP MP from Toyama Prefecture, as the government’s sole China hand.<sup>30</sup> Matsumura is credited with pioneering the normalisation of China-Japan ties. Along with him was Tatsunosuke Takasaki, a former businessman who had worked in Manchuria under the Japanese occupation between the 1930s and 1940s and then emerged as PM Ichirō Hatoyama’s key advisor on Chinese affairs and Japan’s envoy to the Asian-African Conference in Bandung, Indonesia, in 1955. Both Matsumura and Takasaki could be considered heralds of the *seikei bunri* principle.

One quote by Matsumura clearly represents his interpretation of the idea of *seikei bunri*.

As for the question of the inseparability of politics and the economy, I don’t know to what extent we shall separate them. Japan ought to take its responsibility as a liberal country, and Communist China has its own stance as a strong member of the communist countries. But both China and Japan are Asian countries; therefore, a common goal must be found.<sup>31</sup>

As this quote poignantly shows, in Matsumura’s vision, Japan and the PRC had taken divergent political courses but shared a common “Asian” origin and “should work together for common prosperity”.

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Mezashita Mono (The Legacy of the LT Trade: The Aims of a State-manufactured “Private” Trade Pact), *Historia: Journal of Osaka Historical Association*, vol. 216, 20 August 2009, p. 112.

<sup>30</sup> Itoh (2012), pp. 112-13.

<sup>31</sup> Wilson Center Digital Archive, “Matsumura Kenzo’s Remarks on His Visit to China and the Peoples’ Responses”, October 1959.

Takasaki too admittedly saw politics as an “obstacle” to the construction of mutually beneficial trade relations. Particularly, Takasaki seemed keen to repay China of the sufferings inflicted by Japan’s military intervention in the 1930s, through aid and trade, much in the same spirit as the US helped Japan in the aftermath of World War 2. Arguing that, from a Japanese perspective, political divisions between Taiwan and the PRC were meaningless, he conveyed his ideas to US congressmen and senators during a 1960 trip. “Like you, the Japanese do not like communists; however (...), [w]hile [it] is a political ally of the United States, Japan cannot survive without economic relations with China and the Soviet Union”.<sup>32</sup> In fact, separating politics from economics was needed to enhance trade as “the best messenger of peace”.<sup>33</sup> Based on this conviction and inspired by his experience as an entrepreneurial leader in Japanese-occupied Manchuria at the end of the Pacific War, Takasaki nurtured personal ties with Chinese PM Zhou Enlai, whom he had met at the 1955 Bandung Conference, and one of his key advisors, Liao Chengzhi, a Japan-born CCP official who later oversaw the Committee of Overseas Chinese Affairs. The trust he was able to win over led to the signing of the Liao-Takasaki (L-T) Trade Agreement of late 1962 which heralded the *de facto* normalisation of ties a decade later. Moreover, by supporting the L-T Trade Agreement, the government and the LDP could finally marginalise the JSP and bring the then limited China trade under its supervision.<sup>34</sup>

If Takasaki arranged the economic and financial aspects of the trade agreement, it was Matsumura who pulled the political strings. Having received PM Ikeda’s support, between the late 1950s and early 1960s, he visited China twice, meeting with prime minister Zhou Enlai and discussing ways to enhance bilateral ties.

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<sup>32</sup> Itoh (2012), p. 112.

<sup>33</sup> Ibid., p. 115.

<sup>34</sup> Kimura (2009).

Considering the above, it is clear that for liberals such as Takasaki and Matsumura, postwar Japan-China relations had to be built upon a non-ideological approach to diplomacy and, above all, pragmatism, prioritising mutual economic benefits. Against the backdrop of the transformations in policymaking processes characterised by the ascendance of ministerial bureaucracy and LDP faction politics,<sup>35</sup> Takasaki and Matsumura succeeded in influencing cabinet-level decisions.

At any rate, bilateral trade under the L-T framework reached US\$100 billion in late 1963 (mostly Japanese steel, fertilisers, insecticides and agricultural machinery in exchange for Chinese soybeans, maize, coal, iron ore, salt and tin), leading to the establishment of liaison offices (functioning as *de facto* embassies) and to the expansion of the agreement on industrial plant exports.<sup>36</sup> When put into practice, however, this approach was all but easy. After the L-T Agreement was made public, PM Ikeda had to reassure Taiwan, the only China that Japan officially recognised under the San Francisco Treaty, by way of former PM Yoshida, that Tokyo was not considering extending financial aid and the transfer of capital goods to the PRC. In addition, Ikeda could neither prevent a port visit by a US nuclear submarine in November 1964 nor allow the entry into Japan of CCP delegates ready to attend the eighth congress of the Japanese Communist Party three years earlier.<sup>37</sup> Since the early 1960s, on top of establishing friendly relations with China for the sake of Japan's economic security in terms of raw material supply, it was essential for Japanese decision makers to "save face" with their major regional and global allies, specifically the US, and eventually align their policies with external diplomatic pressures. In this sense, the separation of politics and economics was a means to bypass US Cold War restrictions while maintaining access to Washington's defence and economic support.<sup>38</sup>

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<sup>35</sup> Pugliese (2016), p. 89.

<sup>36</sup> Itoh (2012), pp. 117-19.

<sup>37</sup> D.T. Yasutomo, "Sato's China Policy, 1964-1966", *Asian Survey*, vol. 17, no. 6, 1977, p. 538.

<sup>38</sup> It is worth noting that for the Chinese side the principle of the separation

## The 1964-66 Chinese Nuclear Tests: The Early Crisis of *Seikei Bunri*

Momentum for the long-awaited bilateral normalisation fizzled out with the demise of the Ikeda cabinet in November 1964 and the rise of Eisaku Satō to the top of the LDP and Japan's executive body. Satō, Japan's second longest serving PM in postwar history and former PM Nobusuke Kishi's birth brother, hailed from a more Taiwan-lenient conservative faction within the LDP. From an institutional point of view, Satō could be described as the harbinger of *kantei*-led policymaking and diplomacy based on "brain trust"<sup>39</sup> which became key to the political ascendance of Shinzō Abe between 2012 and 2020.<sup>40</sup>

In the earlier phase of his 8-year tenure, given his relative inexperience in foreign policy making, he adopted a prudent China policy based on precedent.<sup>41</sup> Nonetheless, as opposed to Ikeda, Satō appeared reluctant to concede government financing to China through Japan's Export-Import (EXIM) bank for the transfer of machinery to produce synthetic fibres in the PRC as agreed upon by the L-T agreement liaison offices.<sup>42</sup> Satō's course of action was in part influenced by the emergence of the "China threat", following the October 1964 Chinese nuclear test.

The event, which was anticipated by the US Secretary of State Dean Rusk in early 1964, caught Japan by surprise and

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between economics and politics did not apply until 1962, as the Chinese government explicitly required Japanese businessmen to follow three principles that highlighted the inseparability of politics and business, namely as not being openly adversarial toward the PRC, not joining conspiracies to create two Chinas, and not obstructing the normalisation of Sino-Japanese relations. See Itoh (2012), p. 96.

<sup>39</sup> R. Hattori and E. Sato, *Japanese Prime Minister, 1964-72: Okinawa, Foreign Relations, Domestic Politics and the Nobel Prize*, Routledge, 2020.

<sup>40</sup> G. Pugliese, "Japan's Kissinger? Yachi Shōtarō: The State Behind the Curtain", *Pacific Affairs*, vol. 90, no. 2, 1 June 2017, pp. 231-51.

<sup>41</sup> Yasutomo (1977).

<sup>42</sup> Mayumi Itoh, *Pioneers of Sino-Japanese Relations: Liao and Takasaki*. (Place of publication not identified: Palgrave Macmillan, 2016), 123-24.

pushed diplomats and decision makers to find a way around the “China issue” (*Chūgoku mondai*). A series of editorials in the *Asahi Shimbun*, one of Japan’s major liberal newspapers, in late 1964 discussed the effect of Beijing’s nuclear tests on its relations with Tokyo. One commentary, which appeared in the *Asahi* on 18 October 1964, a few days after the PRC government’s announcement of the successful conclusion of its first nuclear test, condemned the event as a “challenge to international peace” and called for greater US and USSR commitment to international denuclearisation, while maintaining that the nuclear tests did not constitute a direct military threat to Japan.<sup>43</sup>

Through its chief cabinet secretary (CCS) Zenkō Suzuki, the government of Japan, however, denounced China’s decision as constituting a risk for Japan’s own peace and stability and causing environmental damage to neighbouring countries (including Japan). It is worth noting that the CCS statement points to the military significance of the nuclear test, conducted with contempt for the international community’s efforts in the early and mid-1960s toward a reduction in the worlds’ nuclear armaments and Japanese public opinion on nuclear weapons. Concomitantly, the document highlighted that the country’s security was guaranteed by the US-Japan security treaty.<sup>44</sup>

In this regard, the first instalment in a series titled “China’s nuclear test and Japan” offered an insight from within the Japanese policymaking arena. In fact, the article noted, soon after Beijing’s announcement, Japanese diplomats started considering two ways to respond to the PRC’s provocation: an assertive one, based on containing a belligerent China and a more moderate one, based on persuasion, aimed at having Beijing embrace the international law on nuclear weapons. A sense, however, that

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<sup>43</sup> *Asahi Shimbun*, “Shasetsu: Chūgoku Kakujiikken No Jūdaina Eikyō (Editorial: Important Consequences of the Chinese Nuclear Test),” October 18, 1964.

<sup>44</sup> MOFA, “Genbaku Jikken Ni Tsuite No Kanbōchōkan Danwa (Chief Cabinet Secretary’s Declaration on the Nuclear Test)” (MOFA, October 17, 1964), Sekai to Nihon, <https://worldjpn.net/index.html>.

this constituted a serious and urgent matter started spreading in relevant Japanese ministries. "The only thing that is clear is that the government too should look for a new direction in foreign policy in order to respond to an international situation which looks extremely fluid, at a time of transition", highlighted the Asahi piece. According to the report, Kenzō Matsumura supported the idea of Japan's proactive engagement to reduce tensions in Asia against the backdrop of the Sino-Soviet split, given its position as a "middle agent" (*kakebashi*) between Asia and "the West". However, quoted by the same article, Masayoshi Ōhira, FM under Ikeda between 1962 and 1964, argued that Japan could not afford to act freely on the "China issue" as opposed to other international powers, given the several hurdles to its international action, namely its ties to Taipei and the US-Japan security treaty. Raising international awareness based on its experience as the only country to have suffered two atomic bombings seemed to be ineffective as a means to stop China from conducting new nuclear tests.<sup>45</sup> In a subsequent instalment, Matsumura's regret for the nuclear test and his resolve to keep working for the normalisation of ties are reported against the backdrop of emerging international competition to gain access to the Chinese market.

Besides the political reactions to the test, the Asahi reported altered values in radioactivity levels across Japan following the Chinese nuclear test, and featured articles regarding the possibility of radioactive rains on Tokyo, thus discussing the environmental consequences of the event. Quoting a researcher investigating the spike in radioactivity observed in Niigata Prefecture, one article concluded that it was not natural, but rather related to the "death dust" (*shi no hai*) released from the Chinese nuclear test and carried over by air currents and winds blowing from the continent.<sup>46</sup>

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<sup>45</sup> "Chūgoku No Kakujikken to Nihon (1) Tenkanki, Igaini Hayai Ka? Taibei Hatsugenryoku Kyōka Mo Kadai (China's Nuclear Test and Japan (1) An Unexpected Early Transition?)", *Asahi Shimbun*, 18 October 1964.

<sup>46</sup> "Mata Tsuyoi Hōshanō, Koyama Kyōju: Chūgoku No 'Shi No Hai' to Suitei

The premier-designate Satō's positions on the "China issue", as reported again by the *Asahi* in November that year, seemed consistent with those of his predecessors, except for Satō's pledge to adopt an approach based on "pragmatic policy choices" (*gutaisaku*) regardless of the previously future-oriented direction of Japan's relations to Asia. The report does not explicitly mention the nuclear test issue, nor its consequences on Japan's China policy, nor the afore-mentioned effects on the environment, but detailed Satō's intention to coordinate with the US and preserve Japan's "moral ties" (*dōgitekina kankei*) with Taiwan, stressing the need to act "one day later than the US" (*Beikoku yori ichinichi osoku*) rather than "one day earlier".<sup>47</sup> At the opening of the January 1965 regular session of the Diet, Satō highlighted the importance of acting "cautiously" on the problem of China representation, based on an unbiased judgement, while maintaining friendly ties with Taiwan and still promoting the idea of separation between economy and politics in dealings with Communist China.<sup>48</sup>

## The Emergence of the "China Threat" Narrative and Satō's Diplomatic "Coup"

A narrative turning point occurred in May 1965, after China's second nuclear test. Even on the liberal *Asahi*, China starts being framed as a "threat" (*kyōi*). In a particularly interesting dialogic article reporting on an internal editorial meeting, the

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(High Level of Radiation, Again. Prof. Koyama: Possibly China's Death Dust)", *Asahi Shimbun*, 19 October 1964.

<sup>47</sup> "Satō Shin Naikaku No Kadai (Naka). Gaikō: Ajia Ni Gutaisaku o, Nicchū 'Maemuki' Dake de Sumanu" ("Satō's New Cabinet's Agenda (part 2 of 3). Foreign Policy: Concrete Policies Toward Asia and the Impossibility of Future-Oriented Japan-China Relations Only"), *Asahi Shimbun*, 11 November 1964.

<sup>48</sup> E. Satō, "Satō Eisaku Naikaku Sōri Daijin Shisei Hōshin Enzetsu, Dai 48 Kai (Tsūkai)" ("Programmatic Speech by Prime Minister Satō Eisaku at the 48th Session (Regular) of the Diet"), GRIPS, University of Tokyo, 25 January 1965, Sekai to Nihon.



possibility of a Chinese attack deploying the Tupolev TU-4 and TU-16 type bombers on Japan and on the US Pacific fleet is discussed as a direct security menace, even considering the protection offered by the US-Japan security treaty to Tokyo.<sup>49</sup>

In this regard, there might have been a correlation between the increased threat perception and the public statements by the Japanese PM in the aftermath of the incident. At a hearing in front of the special committee for Japan-Korea relations in the Upper House of the Diet in May 1965, Satō himself described China as a threat to Japan's own security. "Even without nuclear weapons, the PRC's recent behaviour would cause great concern, and it is natural that we feel threatened by Communist China since it has nuclear weapons". This was a departure from Japan's earlier posture toward China. As opposed to the USSR, the latter seemed to want to break away from the principle of peaceful coexistence with non-Communist countries which was central to Japanese early postwar diplomacy.<sup>50</sup> A few weeks later, Satō proceeded to a cabinet reshuffle which would soon take a pro-Taiwan configuration and refocused foreign policy on the normalisation of Japan-South Korea relations, another irritant to Japan-PRC ties.<sup>51</sup>

In January 1966, speaking in front of the plenary session of the Lower House, Satō reiterated the need for "prudence" (*shinchō*) in dealing with the PRC, preserving Japan's national interest. On that occasion, referring to the 1965 nuclear test, Satō underscored the fact that the PRC had taken a course of action that would isolate it from the rest of international society.<sup>52</sup>

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<sup>49</sup> "Nikaiime No Chūgoku Kakujikken: Honsha Kisha Zadankai" ("China's Second Nuclear Test: Our Reporters Discuss"), *Asahi Shimbun*, 15 May 1965.

<sup>50</sup> "Ajia Gaikō de Kappatsu Rongi: San'in Nikkan'I" ("Energic Debate on Japan's Asia Policy: House of Councilors Special Committee for the Normalization of Japan-Korea Relation's"), *Asahi Shimbun*, 25 May 1965.

<sup>51</sup> Yasutomo (1977), p. 537.

<sup>52</sup> E. Satō, "Satō Eisaku Naikaku Sōri Daijin Shisei Hōshin Enzetsu, Dai 51 Kai (Tsūkai)" ("Programmatic Speech by Prime Minister Satō Eisaku at the 51st Session (Regular) of the Diet"), GRIPS, University of Tokyo, 28 January 1966,

In December, Satō reiterated the importance of stability in the PRC not just for the country's own domestic situation but for the rest of Asia, indirectly criticising the isolationist foreign policy course chosen by Mao Zedong against the backdrop of the Cultural Revolution (1966-76).

If the situation in China becomes unstable, achieving actual peace and prosperity in Asia would be difficult [...] But, actually, the foreign policy that Communist China is currently pursuing is hindering her possibilities to be accepted in the international community and the improvement of Sino-Japanese ties that we hope for.<sup>53</sup>

At the foundations of this narrative might have been Satō's affiliation with a pro-Taiwan conservative faction within the LDP and his preference for the maintenance of the status quo on the problem of China's representation in multilateral settings. Moreover, the instability narrative reflected Satō's aim to upgrade Japan's defence and security architecture. Undoubtedly, the Chinese nuclear tests of 1964, 1965 and 1966 increased Satō's sense of insecurity.<sup>54</sup> Against this backdrop, Satō would use the purported acquisition of nuclear capacities for Japan as diplomatic leverage *vis-à-vis* the US. Confident that Washington would oppose Japan's transition towards a nuclear power, the Japanese leader sought the US's unrestricted commitment to defend Japan in case of an attack from a Communist enemy and, in fact, Satō obtained it in early 1965 after a meeting with the US President Lyndon Johnson. Although China was still lagging in nuclear development, the threat of a nuclear attack from China or possibly from the Soviet Union was perceived as real. Thus, Satō's insistence on China's nuclear threat was

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Sekai to Nihon.

<sup>53</sup> E. Satō, "Satō Eisaku Naikaku Sōri Daijin Shoshin Hyōmei Enzetsu, Dia 53 Kai (Rinjikai)" ("Programmatic Speech by Prime Minister Satō Eisaku at the 53rd Session (Extraordinary) of the Diet"), 15 December 1966, Sekai to Nihon, <https://worldjpn.net/>.

<sup>54</sup> A. Kusunoki, "The Satō Cabinet and the Making of Japan's Non-Nuclear Policy", *The Journal of American-East Asian Relations*, vol. 15, 2008, p. 31.

instrumental to increasing the credibility of the US-Japan alliance, notwithstanding the intrinsic asymmetry involved in it.<sup>55</sup>

However, on this basis, Washington and Tokyo embarked on a long negotiation leading to (1) the 1968 confirmation of Japan's Three Non-Nuclear Principles; (2) the signing of the NPT by Japan, and (3) the 1972 reversion of Okinawa to Japan and the removal of nuclear stockpiles from the islands, secretly agreeing on the fact that ports were excluded from the no-introduction clause, that is, US nuclear armed vessels could enter and moor in Japanese ports without previously consulting with Japanese authorities, and nuclear weapons could be reintroduced by US forces to Okinawa in case of an emergency. In other words, in exchange for its pledge to contribute to international non-proliferation on top of the Three Non-Nuclear Principles, the Satō cabinet obtained the renewal of Washington's commitment to defend Japan against the Chinese and Soviet threats and an upgrade in Japan's strategic role in the Asia-Pacific region. In this context, of particular importance is the 1969 pledge to regard Taiwan's and South Korea's security as indivisible from that of Japan.<sup>56</sup>

Hence, Japanese business leaders who had benefitted from the L-T Trade Agreement since 1962 and their political advocates struggled to find ways to keep the existing semi-official trade arrangements operating. In February 1968, at the height of the Cultural Revolution, entrepreneur Kaheita Okazaki (All Nippon Airways) and two liberal LDP politicians, Yoshimi Furui and Seiichi Tagawa, were allowed into China to discuss the renewal of the L-T Trade Agreement, despite the demise of Liao Chengzi, marginalised in the context of the Cultural Revolution. Faced with criticism from their Chinese counterparts, the Japanese delegation was pushed into extending its "deep understanding" of the inseparability of

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<sup>55</sup> Ibid., pp. 31-32.

<sup>56</sup> Kusunoki (2008), pp. 49-50.

economics and politics, that is, *de facto* renouncing the *seikei bunri* principle, in exchange for a 1-year extension of the L-T Trade Agreement, to be renegotiated yearly until 1972 through subsequent memoranda.<sup>57</sup>

Interestingly, by early 1970, Satō showed a more optimistic attitude toward the RPC in his speeches to the Diet, despite the continuation of the PRC's nuclear programme. In his February 1970 address, Satō again called for “particular attention” (*ryūi*) toward the PRC, thus somehow tempering the “threat” perception of Beijing, while signalling that the government of the neighbouring country was expected to take a more “conciliatory and constructive posture” (*kyōchōteki katsu kensetsutekina taido*) toward Tokyo.<sup>58</sup> This was especially true after the new Nixon administration in Washington took over and demonstrated its resolve to scale down US military involvement in Vietnam and engage in talks with Beijing in the context of the Sino-Soviet tug of war of the late 1960s.<sup>59</sup>

In his last address to the Diet as PM in January 1972, Satō seemed to anticipate the process of diplomatic normalisation which would be pushed forward by his successor Kakuei Tanaka. China is described as Japan's “largest neighbour country” with which Japan had entertained exchanges for at least 2,000 years. According to Satō, “stable Sino-Japanese ties in the long run would be of great importance for peace in Asia and in the rest of the world”. Tensions over China's nuclear tests seemed to have been shelved and the adversarial name Communist China (*Chūkyō*), found in previous speeches, is replaced by the official country name “People's Republic of China” (*Chūka jinmin kyōwa koku* in Japanese). The Japanese

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<sup>57</sup> Kimura (2009), p. 121.

<sup>58</sup> E. Satō, “Satō Eisaku Naikaku Sōri Daijin Shisei Hōshin Enzetsu, Dai 63 Kai (Tokubetsukai)” (“Programmatic Speech by Prime Minister Satō Eisaku at the 63rd Session (Special) of the Diet”), GRIPS, University of Tokyo, 13 February 1970, Sekai to Nihon, <https://worldjpn.net/>.

<sup>59</sup> G. Warner, “Nixon, Kissinger and the Rapprochement with China, 1969-1972”, *International Affairs*, vol. 83, no. 4, 2007, pp. 763-81.

PM then pledged to proceed swiftly with the establishment of "friendly neighbourhood ties" based on mutual respect and the peaceful resolution of controversies in the hope of contributing to the region's peace, economic and cultural exchanges.<sup>60</sup>

## Discussion and Conclusion

The historical episodes analysed in the preceding sections show the long-lasting nature of Japanese foreign policymakers' preoccupations with handling the PRC as (a) a key trade partner and (b) a source of political and security concerns in preserving the national interest. Events in the last decade have confirmed that Japan-China relations are better understood as constructed around dynamics of cooperation and competition that are not mutually exclusive.

For decades since the early 1950s, the principle of the separation of economics and politics (*seikei bunri*) provided an acute justification for the opening of trade relations with Communist China in the context of the Cold War, for the provision of foreign aid between the late 1970s and the 1990s and for the periodic renewal of pledges to maintain friendly ties despite political tensions in the 2000s.

By adopting the *seikei bunri* principle – separating economics and security – in foreign policymaking with respect to the PRC, Japanese policymakers have in fact obliterated the intrinsic fragility of the concept itself, to support, or at best avoid discouraging, economic enterprises and trade relations with the PRC. If, on the one hand, this approach has left room for the agency of semi-official deal brokers and providers of good offices on both sides, with Tatsunosuke Takasaki and Liao Chengzhi as the epitomes of this phenomenon, on the other it

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<sup>60</sup> E. Satō, "Satō Eisaku Naikaku Sōri Daijin Shisei Hōshin Enzetsu, Dai 68 Kai (Tsūkai)" ("Programmatic Speech by Prime Minister Satō Eisaku at the 68th Session (Special) of the Diet"), GRIPS, University of Tokyo, 29 January 1972, Sekai to Nihon.

has provided subsequent Japanese governments with a useful, but in fact fragile, narrative framework for their China policies. From the mid-1960s, particularly under the Satō cabinet, semi-official trade was discouraged by suspending credits for plant export and a new narrative of China as a “threat” and a source of instability for the region emerged after the 1964 and 1965 nuclear tests, in the context of Japan’s alignment with the US and adherence to the UN-led international nuclear non-proliferation pledges resulting in the 1968 NPT. Against this backdrop, the stigmatisation of the PRC’s behaviour by the Satō administration served two major aims of the GOJ at the time. First, it signalled Japan’s *difference*, boosting Japan’s image as a responsible member of the US-led international order in the context of US-Japan negotiations on Okinawa; second, it highlighted Satō’s own breakaway from his predecessors’ *softer* approach to Beijing and the cabinet’s resolve to upgrade Japan’s standing in the regional security arrangements.

In light of the above, PRC-Japan trade negotiations amidst Satō’s *kantei*-led diplomacy and the Chinese Cultural Revolution had to be conducted on the condition that Japanese semi-official envoys accepted the inseparability of politics and economics. It was in fact on these premises that trade relations were conducted before the definitive normalisation in 1972 and the conclusion of the Treaty of Peace and Friendship in 1978. In other words, against that historical backdrop, Japanese policy makers realised that political orientations and decisions could have a direct impact on Japan-PRC economic relations. Thus, it may be argued that until the early 1970s, the *seikei bunri* principle helped Japanese leaders and policymakers to reinstate a pipeline with Beijing while saving face *vis-à-vis* Taiwan and the US, but it has not been immune to interpretation by individual cabinets prioritising national security in the face of an emerging “Chinese threat”.

By contrast, after PRC-Japan normalisation and the end of the Cold War, the principle has epitomised a restored pattern of pragmatic and non-ideological cooperation in the economic

domain. In fact, despite political downturns in 2012 over the Senkaku/Dioayu Islands spat and in 2020 over Covid-19-related immigration restrictions, Japan is still the third largest source of direct investment in the PRC, with bilateral trade relations thriving since the mid-1990s. The total trade volume amounted to more than US\$200 billion in 2021.<sup>61</sup>

However, as shown above, GOJ trends toward securitising the PRC have intensified in recent years in direct proportion to structural anxieties in Japanese foreign policy making and more contingent concerns over the PRC's regional assertiveness. Political polarisation following the outbreak of the Covid-19 pandemic in 2020 and Russia's invasion of Ukraine in 2022 have naturally affected these tendencies, stressing the intrinsic contradictions of the *seikei bunri* principle that first emerged in 1964. However, if politics ruled over economics in the mid-1960s, after 2020, it appears that the economy, and economic security in particular, is driving political decision making. Measures aimed at streamlining the GOJ's decision making processes in the domain of security, strengthening defence capabilities and consolidating economic security through the reshoring of fractions of supply chains and the designation of secure quotas for key goods and resources, are shattering the remnants of the *seikei bunri* principle. Once again, in response to the aforementioned diplomatic anxiety, the current Japanese leadership sees alignment with US geopolitical and geo-economic strategies in the Asia-Pacific as the most viable and reasonable option. The recent demise of seemingly "China-friendly" figures in mainstream Japanese politics, such as Nikai, who represented PRC-related economic interests within the LDP leadership until 2020, seems to further confirm this tendency.

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<sup>61</sup> "2022nen no nicchū bōeki wa zennenhi de bigen, yushutsu wa 2 keta herashi de 6 nen buri no yushutsu chōka ni" ("Sino-Japanese trade in 2022 will be slightly lower than the previous year, with exports falling by double digits and imports exceeding exports for the first time in six years"), *JETRO*, 29 March 2023.

