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View Point

Japan-China Relations in the Wake of the Hike in Chinese Defence Budget

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On 4 March 2012, China's National People's Congress spokesman Li Zhaoxing announced that China would increase its defence budget by 11.2 per cent over last year's spending of US \$ 106.4 billion (estimated to be 670.2 billion yuan) in 2012 compared to an increase of over US \$ 10 billion earlier. Significantly, this is the first time Chinese defence budget has crossed the US \$100 billion. It is generally assumed that China's actual defence spending is between 1.5 to 2 times higher than the official figures. China's decision to increase the defence spending has several implications for the region, and what does it import for Japan-China relations?

China's growing defence budget is both congruous and incongruous. It is congruous, because the Chinese defence budget has consistently been rising. It was about US \$ 20 billion (166 billion yuan) in 2002 and reached US 106.4 billion (670 billion yuan) in 2012. Only twice, the rise has been less than double digit since the early 1990s. It is incongruous, because: (a) it raises security concerns for its neighbours such as India, Japan, Vietnam and Philippines with whom China has strained relations over land and maritime border issues, and (b) the decades-long uneasy relations between Japan and China – due to lingering historical memories and conflicting maritime claims over Senkaku Islands – further gets vitiated.

The Japanese Chief Cabinet Secretary Osamu Fujimura responded to the increased Chinese defence budget by stating that 'Japan will continue to keep close watch on China and urged China to be more transparent in revealing the details'. Further, he stated that there are 'some parts in the defence budget which are unclear and it is desirable to boost transparency in China's defence budget and defence policies'. 'Japan will also continue to seek more transparency through security dialogue and exchanges'.

The above views gain further importance as Japan and China celebrate the 40th anniversary of their diplomatic ties. The obfuscation and discrepancy in the official figures of the defence budget occur due to several factors. The cost of research and development of new weapons and procurement from abroad are omitted in the defence budget. Moreover, such costs are also included in the budget of other ministries. For instance, some of the expenses incurred for the development and manufacture of advanced weapons systems such as the next-generation stealth fighter Jian-20 and the Dong Feng-21D anti-ship ballistic missile, also called a 'carrier killer', and refitting costs of Soviet-era Varyag aircraft carrier are excluded from the defence budget. The 11.2 per cent increase in defence budget will exceed the Gross Domestic Product (GDP) growth rate of 9.2 per cent last year. On the other hand, Japan's defence budget has fallen 5.2 per cent since 2001 to 4.68 trillion yen or US \$56.4 billion at current rates in 2011. Besides, China crossed the defence spending of Japan in 2007 and Japan's spending has generally remained below 1 per cent of the GDP.

Further, the response of the Chief Cabinet Secretary belies the rising tension between Japan and China in the recent weeks. In February 2012, Mr Takashi Kawamura, the governor of Nagoya, met a delegation from Nanjing, China. He expressed the view that he disbelieved the massacre of 1937. A joint study committee, consisting of historians from Japan and China, established following an agreement between leaders of the two countries to discuss the history question, also discussed the Nanking Massacre. The committee agreed that the Japanese troops committed atrocities against civilians in the Chinese city of Nanking in 1937, but they differed on several issues, including number of Chinese civilians killed. As a consequence, the Japanese Consulate General in Shanghai was compelled to postpone a scheduled

'Japan Week in Nanjing' a cultural exchange event, while a commemorative Judo event has also been cancelled.

Close on the heels of the aforementioned episode, on 2 March 2012, the Japanese government named 39 more uninhabited islands around Japan, including those near the Senkaku Islands, which are claimed by both China and Japan. The Japanese government announced the naming of the islands only on its website instead of issuing a press statement. On the following day, the Chinese government responded by announcing the names of 70 islands around the Senkakus, which it calls Diaoyu, claiming they are part of China's territory. Further, China 'firmly opposed' Japan's naming of the four islands near the Senkakus. In this context, it is pertinent to recall to the confrontation between Japan and China following a seizure of Chinese fishing trawler by the Japan Coast Guard (JCG) near Senkaku Islands in September 2010.

China's increased defence spending for the year 2012 has further added to the security concerns and renewed tension between Tokyo and Beijing. Nonetheless, Japan's response towards China over the defence budget hike has been calibrated so as to avoid stirring up a controversy and disturbing the peace in the region. The way forward for Japan is not only to engage China in a dialogue to seek more transparency in its defence spending, but also increase the exchange of officials, military personnel and other non-governmental organisations to improve trust and confidence in each other.

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