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Japan-China tensions over PM's Taiwan statement

On 7 November, during question time in the Japanese Diet, Prime Minister Sanae Takaichi was asked by Opposition lawmakers to clarify language contained in security legislation that calls on Japan to provide 'collective self-defence' in the event of a 'survival-threatening situation'. In an unexpected response, Takaichi, apparently speaking partially off-the-cuff, mentioned that a 'contingency' in the Taiwan Strait would qualify as a 'survival-threatening situation' triggering mobilisation of the Self-Defence Forces. This apparent change in the policy of studied ambiguity maintained by Japanese leaders in the past caused China to respond sharply.

The initial Chinese response came in the form of a tweet by the Chinese Consul-General in Osaka threatening the newly-appointed Prime Minister with decapitation. In response to Japanese demarches objecting to the diplomat's language, China's Foreign Ministry expressed support for the diplomat, demanding instead that Tokyo withdraw the Prime Minister's statement.

Amidst the war of words, China took several steps to impose economic and strategic costs on Tokyo. Chinese Coast Guard flotillas began sailing around the disputed Senkaku Islands on 17 November. On 19 November, it was learnt that China had suspended import licences for seafood exports from Japan, citing the

continued need to monitor the release of treated water from the crippled Fukushima Daiichi nuclear power plant. Though initially denied by Japanese authorities, it was subsequently confirmed to be true. Beijing also issued travel advisories to its citizens not to visit Japan, citing unverified allegations of 'hate crimes' against persons of Chinese origin. Subsequently, China on 22 November took Takaichi's statement to the United Nations, in an unusual move.

Citing the 'threat' of an 'armed intervention' by Tokyo in its internal affairs, China's Ambassador to the UN wrote a strongly-worded letter to Secretary-General which promised that China would 'resolutely exercise its right of self-defence under the UN Charter and international law and firmly defend its sovereignty and territorial integrity' against Tokyo's so-called 'act of aggression'. A counter-letter by Japan's Ambassador to the UN submitted three days later rebutted Chinese allegations of aggression, citing the Constitutional prohibition on making aggressive war in the form of Article 9, and called for 'calm dialogue' to resolve the situation. The letter also made clear that Japan's position on Taiwan had not changed since 1972, when it switched recognition from Taipei to Beijing as the legitimate representative of China.

Japan, backtracking significantly in the wake of the statement, took several declarative steps to resolve tensions. Chief

Cabinet Secretary Minoru Kihara warned lawmakers on 22 November to exercise ‘extreme caution’ when making statements on Taiwan in the future, and urged extreme care in order to avoid a misunderstanding of Japan’s position on the issue. The Prime Minister herself emphasised in the Diet on 26 November that Japan was interested in building good ties with China through dialogue, adding that it was her ‘responsibility’ to do so.

Meanwhile, the leaders of Japan and China had the opportunity to speak with US President Donald Trump on this issue over separate phone calls on 25 November. President Xi Jinping is believed to have emphasised the importance of Taiwan as a ‘core interest’ for China, while Takaichi refused to elaborate on the issue, though she did mention that Trump had briefed her on his call with Xi. Reuters, citing ‘two Japanese government sources with knowledge of the matter’, later conveyed that Trump had urged Takaichi to refrain from further provoking Beijing, though ‘he did not make any specific demands’. Taiwan, the bone of contention between the two countries, also involved itself in the dispute, lifting its own restrictions on Japanese seafood on 22 November.

Japan’s PM meets BOJ Chief

Japanese Prime Minister Sanae Takaichi met Bank of Japan Governor Kazuo Ueda on November 18 for the first time since she took office last month. They discussed Japan’s monetary policy, its current economic condition, and the country’s

foreign exchange movements. During the meeting, Ueda is believed to have argued for gradual rate hikes to support sustainable growth and a stable wage-price link. Ueda later told reporters that Takaichi made no specific requests for the monetary policy, which many saw as signalling her acknowledgement of the independence of the Bank of Japan’s actions. Takaichi has in the past expressed some dissatisfaction over the idea of the BOJ’s independence and has asked the central bank to cooperate with the government in its quest to reflate the economy.

After the meeting transcript was released, the Tokyo stock market sank, with the yen weakening to 155 yen per US dollar due to investors’ concerns about Japan’s financial stability. On the morning of 18 November, Finance Minister Satsuki Katayama said that the government is closely monitoring the disorderly movement in the foreign exchange market.