

Chinese politics & policy

China ramps up charm offensive with Japan

Meeting of finance ministers set to further thaw relations amid backdrop of US trade war



Japan's finance minister Taro Aso, left, and his Chinese counterpart Liu Kun are due to meet later this week © FT Montage/Bloomberg/Reuters

Robin Harding in Tokyo and Tom Mitchell in Beijing AUGUST 29, 2018

Japan and China are set to discuss this week the revival of currency swap arrangements and a potential leaders' summit, in the latest sign of warming relations between Tokyo and Beijing.

Taro Aso, Japan's finance minister, will travel to Beijing for talks with his Chinese counterpart, Liu Kun, as diplomatic contacts between the two largest powers in East Asia pick up pace.

"We're going to exchange views on economics, finance and the whole range of our co-operation," said Mr Aso.

Alluding to an unconfirmed top-level trip, he said: "I hope it can also contribute to the success of prime minister [Shinzo] Abe's visit later this year."

Currency swap lines between Japan and China lapsed in 2013 when relations were at their lowest point. But as talks proceed on reviving them, officials in Tokyo are wondering how much to risk on a rapprochement that is largely down to Chinese concerns about US president Donald Trump.

"The biggest short-term factor here is the deterioration of the US-China relationship," said Kiyoyuki Seguchi, research director at the Canon Institute for Global Studies in Tokyo. He also emphasised how the immense political strength of Chinese president Xi Jinping allows him to take more diplomatic risks.

The Chinese government first began to shift its hostile posture towards Japan in September 2017, when foreign minister Wang Yi sought to ease bilateral tensions during a visit to Tokyo. As Mr Trump threatened to launch a trade war against China this spring, Chinese officials ramped up their Japanese charm offensive.

In May, Li Keqiang made his first visit to Japan since becoming premier in 2013, and the two nations agreed to open a hotline to prevent a military clash.

Chinese officials forced a Shanghai university to “delay” a symposium on the experiences of Chinese “comfort women” forced to work in Japanese military brothels during the second world war. The forum was to have been held on August 10, just two days before the 40th anniversary of the two countries’ 1978 peace treaty.

“It was because [Chinese officials] wanted to create a harmonious atmosphere,” said one person involved in planning the event at Shanghai Normal University, who asked not to be named. “You cannot discuss such crimes when celebrating a peace treaty.”

The question for Japan is how warmly to respond to China’s overtures. “There are different opinions on this within the Japanese government,” said Mr Seguchi.

One school of thought is that China remains a security threat and its fundamental interests have not changed. One Japanese diplomat pointed out that China has not reduced its activity around the disputed Senkaku or Diaoyu islands, where Chinese vessels regularly enter what Japan regards as its territorial waters.

But others close to Mr Abe regard it as an opportunity to rebuild a relationship that has been in decline since the 1990s. There is no chance of Japan aligning with China against the US, they emphasise, but the two nations have a burgeoning trade and economic relationship.

Eswar Prasad, a former head of the IMF’s China division who now teaches at Cornell University, said Chinese officials were most worried about “the possibility of US, EU and Japan talks resulting in some common [trade] action against China”.

Last week, just a day after the latest round of China-US trade negotiations ended inconclusively in Washington, senior American, EU and Japanese promised to continue discussions about “unfair market distorting and protectionist policies by third countries” — a thinly veiled reference to China.

“The one thing [Chinese officials] don’t want to happen is these three major trading partners ganging up on them,” said Mr Prasad.

Additional reporting by Xinning Liu

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