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TERRITORIAL DISPUTES IN NORTHEAST ASIA: A PRIMER

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This analysis evaluates the key factors involved in Japan's three territorial disputes with Russia, China and South Korea. First, the analysis provides a brief background for each dispute, examining their origins in Japan's pre-World War II Imperial expansion and the post-war settlement. Furthermore, the analysis assesses the relevance of the various factors, highlighting similarities and differences across the three disputes, before considering what these factors mean for the future of the disputes themselves as well as Japan's bilateral relations with its neighbours.

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Introduction

Northeast Asia plays host to three disputes over small, remote and largely barren island groups. Japan is involved in all three, disputing Russian control over what it calls the Northern Territories, disputing South Korean control over a number of rocks collectively referred to as Dokdo in Korean and Takeshima in Japanese, and finally having its control over the Senkaku Islands disputed by China, which refers to them as the Diaoyu Islands. Although these disputes have their origins in Japan's imperial expansion and the East Asian post-World War II settlement, they remain as contentious today as perhaps any time in their histories. While the post-war period in Western Europe saw the prioritisation of peaceful international relations above all else, leading to the Treaty of Rome and later the European Union, East Asia was deeply polarised, and this polarization sowed the seeds for both the birth and the subsequent deep-freeze of these disputes. The end of the Cold War may have led to a global thaw, but it also permitted the re-emergence of the disputes.

This analysis provides a brief background sketch of each dispute, evaluating the factors motivating the states involved before assessing the current state of affairs. While the characteristics of each dispute differ, the three share important features. The nature and extent of the value attributed to each set of islands – a key factor in determining the approach of each state – has changed dramatically over time. Prior to the discovery of potential oil and gas in late 1960s very few people had ever heard of the Senkaku/Diaoyu islands, and even less actually cared about their ownership. Similarly, for most of their history the Dokdo/Takeshima islands were uninhabited and known only to local Korean and Japanese fishermen. Today the two disputes are at the heart of their respective sets of bilateral relations. The Northern Territories dispute too has changed fundamentally over time, both in symbolic and economic terms. While there is little reason to believe that these disputes will be solved any time soon, understanding the changing motivations of the states involved provides a context for interpreting their actions today and into the future.

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Senkaku/Diaoyu Islands

The disputed Senkaku/Diaoyu Islands are located midway between Taiwan and the most southern islands of Okinawa prefecture, and comprise a number of small islands and rocks with no sustained history of human habitation. They are surrounded by the East China Sea (ECS), subject of a related dispute over maritime territory. The two inter-related disputes owe their origins to a 1968 hydrographic survey, which suggested that “the shallow sea floor between Japan and Taiwan appears to have great promise as a future oil province of the world. A high

probability exists that the continental shelf between Taiwan and Japan may be one of the most prolific oil reservoirs in the world.¹ Not long after the publication of the survey both Taiwan and China protested Japan's sovereignty over the Senkakus/Diaoyus and modern dispute got underway. However, the "prolific oil reservoirs" of the original survey were never found, and instead the seabed of the ECS contains sizeable deposits of gas, but little oil. These gas deposits, while not insignificant, are marginal in the broader scheme of the energy needs of both states.

Indeed, the disruption to bilateral trade and resulting economic losses caused by the dispute outweigh the value of the deposits themselves. The most recent flare-up in 2012 not only cost a fortune in damage to Japanese property in China, but led to a massive decline in tourism on both sides, with airlines cancelling several routes from China to Japan, while sales in China for Japanese brands such as Toyota collapsed and have yet to fully recover.² Therefore, while the prospect of oil and gas did play a key role in creating the dispute, the dispute is no longer about energy – instead it is driven by historic and symbolic factors.

In 1895 Japan defeated China in the First Sino-Japanese War, gaining Taiwan and its associated islands as part of the victory booty. This defeat, together with the much bloodier Second Sino-Japanese War (1937-45) left a deep wound on Sino-Japanese relations that has yet to heal. While the post-war Western European settlement laid the grounds for reconciliation and integration, East Asia was not only divided along communist/capitalist lines, but also witnessed "hot" conflict on the Korean peninsula. Japan hugged the US close and Sino-Japanese diplomatic relations did not formally resume until the 1970s – even then following the US lead after the Kissinger/Nixon "ping pong" diplomacy. This was shortly after the ECS oil was discovered, and such tricky issues were shelved in favour of pragmatic international relations.

However, while the timing of China's claim may be related to the hydrographic survey, the Chinese narrative is that the islands were taken as part of Taiwan in 1895, and with the signing of San Francisco Peace Treaty in 1951 should have been returned – though the treaty did not specifically mention the islands themselves. The association of the islands with the history of Japan's imperial expansion, first into Taiwan and later Mainland China, has imbued them with powerful symbolic value.

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¹ K.O. EMERY *et al.*, *Geological Structure and some Water Characteristics of the East China Sea and the Yellow Sea*, Economic Commission for Asia and the Far East, Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas Technical Bulletin, vol.2, 1969, pp. 4; 41.

² «The Japan Times», 22 April 2013.

Anti-Japanese sentiment in China has become both more vocal and violent in recent years, in part due to Japan's own failings to own up to its past – or at least many right-wing conservatives denials of wartime atrocities – as well as China's patriotic education campaign, which while painting a rosy picture of the Communist Party's role in fighting to free China paints by contrast a gory picture of the Japanese invasion without inclusion of Japan's post-war pacifism.

China has taken a progressively more assertive approach to the islands in tandem with its own developing economic and military power.³ This challenge has alarms bells ringing among the China hawks and hardliners in Japan, who argue that the rise of China poses a serious threat to Japan, and consider the territorial dispute to be one of the arenas in which this shifting power balance is being played out. More extreme views envisage a Chinese occupation of the Senkaku/Diaoyus as the first step in an eventual Chinese invasion of Okinawa, and perhaps even Japan. Yet even in the mainstream, politicians and citizens who had barely heard of the islands prior to the turn of the millennium – when China's new assertive approach got going– advocate taking a tough stance.

The current situation is tense and without prospect of resolution. The high profile of recent flare-ups had hardened public sentiment in both states such that compromise is not an option. Internationally too both Japan and China are involved in multiple territorial disputes, making reputation concerns an issue. Thus a final resolution is out of reach. However, while compromise is not an option, the likelihood for militarised conflict too remains low. Despite the dispute both states are key economic partners, and any kind of conflict in these waters would inevitably have negative impacts for their respective economies. Economic growth is fundamental to domestic stability in China, making an outright invasion very unlikely. Moreover, the US has repeatedly stated that the islands are covered by the Japan-US Security Treaty, meaning that Washington would be obliged to assist Japan defending them in the case of a Japanese-Chinese military conflict over the disputed islands. While China's military is developing into a force to be reckoned with, it remains decades behind the US in terms of military equipment. Currently the main cause for concern is the possibility of an accident involving military, coast guard, or activist vessels from both sides taking place in the disputed seas around the islands, which then spiralled out of control. Aside from this, the most plausible scenario is that we see more of the same – fractious political

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³ P. O'SHEA, *Sovereignty and the Senkaku/Diaoyu Territorial Dispute*, Stockholm School of Economics Working Paper 240, September 2012.

relations and repeated flare-ups with economic consequences for both states.

Dokdo/Takeshima

The dispute over the Dokdo/Takeshima islands shares much in common with the Senkaku/Diaoyu dispute. Both are intrinsically worthless, remote and historically uninhabited islands and rocks, and both have developed symbolic value owing to their acquisition by Japan during the imperial expansion. While China suffered huge loss of life during the war, Korea's fate was perhaps more humiliating: the Korean peninsula was annexed in 1910 and remained a Japanese colony for the next 35 years. The colonial period remains highly controversial today. On the one hand, the Korean economy developed rapidly under Japanese rule, formal education of Koreans was expanded, and many Koreans themselves worked for and benefited from the Japanese colonial authorities. On the other hand, Koreans became second-class citizens in their own country, resistance fighters were tortured and executed, women were forced into prostitution serving Japanese soldiers. Towards the end of the period there was an intensified attempt to assimilate the Koreans that led to the suppression of Korean language and culture. The result is that today, simply put "Korean nationalism is anti-Japanism".⁴

Japan's claims to and incorporation of the islands are, in the Korean narrative at least, intrinsically linked to the colonial era. They were formally incorporated into Shimane prefecture in Western Japan in 1905, the same year as the Korean peninsula was declared a Japanese protectorate (effectively ending any independent Korean foreign policy) and five years prior to the complete annexation of the peninsula. Korea gained independence following Japan's defeat in 1945 and both sides petitioned the occupying US forces to designate the islands as either Japanese or Korean territory – but in the end they as with the Senkaku/Diaoyu Islands – they were not mentioned in the final draft of the San Francisco Peace Treaty. Some scholars have argued that this was deliberate: prior to the Korean War support for the communists on the peninsula was strong, and then US Secretary of State Dean Acheson made statements suggesting that the US would fight to keep Japan and Taiwan from communism, but refrained from mentioning Korea. This suggests that, with the fluid situation on the peninsula, the US was unwilling to give the islands to Korea lest it fall to the communists – extrapolating the logic further, some have argued that the decision not to designate the

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⁴ V. CHA, *Hate, Power and Identity in Japan-Korea Security: Towards a Synthetic Material-Ideational Analytical Framework*, «Australian Journal of International Affairs», vol. 54, no. 3, 2000, pp. 309-23.

sovereignty of the islands may even have been an attempt to leave an open dispute between the two neighbours in the event that Korea did in fact fall to the communists. Whatever the intentions, the US did fight to defend capitalism in South Korea and the dispute did emerge, albeit between two capitalist states, both of which were also key US allies in East Asia⁵.

The territorial dispute is one of a number of historical issues between the two states – including several which also feature in Sino-Japanese relations – such as political visits to the Yasukuni Shrine by Japanese politicians (where Japan’s war dead, including 14 convicted A-class war criminals, are consecrated), history textbooks which “whitewash” Japanese crimes during the war; and the aforementioned sexual slavery issue in Korea during World War II. None of these issues stir up the same levels of emotion in Korea as the Dokdo/Takeshima dispute. Although the islands have been under Korean control since their occupation in 1954, declarations by Japanese officials referring to the islands as “historically and legally Japanese territory” invariably result in Korean state-level and street protests. These protests are frequently passionate and angry: at protest in 2005 activists chopped off their fingers, while in 2006 a protester attempted ritual suicide through disembowelment with a sword (commonly known as *harikiri*). Vast sums of money have been spent promoting Korea’s claims to islands, including full-page advertisements in the New York Times and video advertisements in Times Square.

In Japan the dispute arouses far less sentiment, although this is gradually changing. The dispute was shelved for several decades until 1996, when South Korea began to develop the islands, including upgrading the existing police garrison, constructing a new wharf, and later developing tourist infrastructure. Each of these moves resulted in a corresponding formal protest by the Japanese government, and each Japanese protest provoked an angry response from South Korea. 2005 in particular witnessed huge history-related anti-Japanese demonstrations across East Asia, and in South Korea, the territorial dispute was a key issue. The extent of anti-Japanese sentiment was widely reported in the Japanese press, and the populace became more aware of the dispute and its background – albeit from a Japanese perspective (which is that the islands were legally incorporated in 1905 and stolen by Korea in 1954).

Since 2005 interest in the dispute has slowly grown, accompanied by a gradual toughening of Japan’s stance. Yet the tougher the Japanese stance, the more vitriolic the Korean protests. Last year (2012) witnessed a particularly angry diplomatic spat, when then South Korea President

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⁵ K. HARA, *Cold War Frontiers in the Asia-Pacific: Divided Territories in the San Francisco System*, London, Routledge, 2007.

Lee Myung-bak visited the islands, becoming the first Korean president to do so. Japan responded by recalling its ambassador to South Korea, the first time it had taken such a step over the dispute. It is worth noting that the South Korean president's visit to the islands corresponded with very low approval ratings; playing the Dokdo card towards the end of presidential tenure to boost flagging ratings is well-established ploy (aka 'final year syndrome').

Nevertheless, the renewed Japanese interest in the islands bodes ill for the future. The reality is that South Korea controls them and will neither negotiate nor agree to any kind of third-party adjudication. Even consideration of such a move by a South Korean politician would equal instant political suicide. This means that the only way Japan could gain control over the islands would be through the use of force, which is explicitly prohibited by the constitution – and even if it were not, is still unthinkable. In other words, it is virtually impossible to conceive of a scenario in which Japan gains control over Dokdo/Takeshima. The dispute is relatively quiet now: there is a new South Korean president, and as noted the tendency is for to play the Dokdo card towards the end of the president's term. Meanwhile Japan is struggling to deal with China in its other dispute and it is not in Tokyo's interest to provoke another diplomatic flare-up with South Korea. However, if the trend of increasingly Japanese assertiveness continues, and particularly if it is backed up by irredentist public opinion, the future of the dispute, and Japan-South Korea relations, is bleak.

Northern Territories

Whereas the previous two disputes concern remote, desolate and historically uninhabited islands, the Northern Territories have a (relatively) long history of human habitation and a complex geopolitical past. They lie northeast of Hokkaido, the most northerly of Japan's four main islands, and are part of a chain of islands that runs all the way up to Russia's Kamchatka peninsula. After colonising Hokkaido the Japanese Empire continued north where it bumped into the Russian Empire, itself expanding south from Siberia and the Russian Far East. The two states signed the Treaty of Shimoda in 1855 drawing the border between the two states – the Northern Territories fell on the Japanese side, with the border located beyond the mostly northerly island. Although war and various

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treaties changed the border over next century, the disposition of these islands remained the same: until 1945 they had never been Russian territory⁶.

However, when the Allied leaders met at the Yalta Conference in 1943 they agreed that, in return for Soviet participation in the war against Japan the Soviets would receive the Kurile Islands. The aforementioned chain of islands that runs from Kamchatka to the Northern Territories is called the Kurile Islands, and when the Soviet army did invade it proceeded down the chain – a month after Japan had already surrendered – until it reached sight of Hokkaido, where it promptly stopped. Of course the question is, are the Northern Territories themselves part of the Kurile Islands? Japan insists that they are not, rather they are associated with Hokkaido, and the Soviet seizure was illegal and unjust because the islands were never Russian at any point in their history. One of the principles enunciated in the Atlantic (Allied) Charter was that the post-war settlement would not feature any “territorial aggrandisement”.

But of course there was aggrandisement, the Soviets gained among other territories the new oblast of Kalingrad, formerly the German Königsberg, another territory with no history of Russian control. In any case, the Japanese residents fled or were expelled. After negotiations in 1955-56 Tokyo was seriously considering signing a peace treaty with the Soviet Union in which the southern two islands would be returned but Washington, however, unwilling to see Japan develop potentially friendly relations with its new enemy, intervened and threatened to retain indefinite control over a large number of islands in southern Japan (including Okinawa) should Tokyo agree to a deal through which it renounced sovereignty over any of the islands. Tokyo duly switched its position to the return of all four islands, to which it sticks resolutely to this date.

The 1990s saw the end of the Cold War, the dissolution of the Soviet Union and a series of devastating economic crises in Russia. In the interim in Japan the territorial dispute had been elevated to an issue to a matter of the integrity of the Japanese state itself: Japan was not considered to be complete as long as the islands were under “illegal” Soviet occupation; these sentiments were shared by politicians, former residents and the population at large. Russia’s weakness was Japan’s opportunity through its long-standing policy of *seikei fukabin*, the indivisibility of politics and economics. Japan, then the world’s most

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⁶ Prior to the Japanese occupation the islands were historically inhabited by the Ainu people. All the Ainu were either killed or forcibly removed, such that within a few decades none remained on the islands.

successful economy, offered Russia large amounts of aid in exchange for a return of the islands. Given the dire straits of the Russian economy, it was believed that eventually Russia would be forced to accede.

Yet the new fragile Russian state faced threats to its territorial integrity from various secessionist groups while simultaneously witness a sharp increase in Russian nationalism. Returning all of the islands was simply not an option for President Yeltsin. His successor, President Putin, consolidated control and, aided by rising natural resource prices, successfully reversed Russia's economic fortunes. Japan, meanwhile, went through a first lost decade of low growth followed by a second, such that the idea that rich Japan could buy the islands from poor Russia was, by the 2000s, history. In fact as early as 1996 the *seikei fukabin* approach was quietly compromised as Japan and Russia opened up trade relations. Today Japan imports large amounts of Russian oil and gas, while automakers such as Toyota and Nissan have extensive investments in Russia. But still, the Japanese position remains uncompromising: all four islands returned prior to the signing of a peace treaty. This rigidity stems in part from perceived moral injustice of the manner in which the Soviets seized the islands and has developed over time into a political taboo, similar to Dokdo in Korea, whereby publicly questioning Japan's stance is tantamount to political suicide.

Since the initial optimism of early 1990s, the dispute has drifted, leaving Japan with three policy choices. The first is to continue demanding the return of all four islands in the hope that somehow, one day Russia decides to return them. This is the current policy path, it is the easiest in terms of domestic politics, and it is highly unlikely to be successful. The second is to revert to the *seikei fukabin* approach – an approach that is still supported by some Japanese analysts. Reversing the economic ties that have developed since 1996 may be impossible, and even if implemented is unlikely to succeed; after all it was unsuccessful in the immediate aftermath of the demise of the USSR, when Russia needed trade and aid most. Today Russia is in a far stronger position.

The final option is compromise: accept the two islands and come to some form of agreement of joint development of the other two. Russia may still be able to agree with such a deal, although selling it to the Japanese voters would be an exceedingly difficult task. However, in 2035 the islands will have Russian for longer than they were Japanese, and most of the former residents have now passed away – those who remain are in extreme old age. Public interest in the dispute is waning as attention is focused on the other disputes. A strong Japanese leader with solid nationalist credentials could come to an agreement with the Russian president, so long as the agreement prevented Japan from losing face. The

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current Japanese Prime Minister Shinzo Abe fits the bill, though with no substantive progress in the almost seventy years since the initial Soviet occupation, no one is holding their breath.

Future Prospects

None of the above mentioned disputes are likely to be resolved in the foreseeable future. The worst-case scenario is that they continue to plague Japan's bilateral relations with China, South Korea and Russia, isolating Japan in the region, and perhaps even resulting in militarised conflict. Though such conflict is unlikely in the disputes with Russia and South Korea, it remains a possibility in the dispute with China. The recent flare-ups in all three disputes have served to harden domestic opinion on all sides, preventing the states from explicit compromises. But the Northern Territories dispute tells us something important: as the dispute faded from view, public opinion softened slightly and bilateral trade and other exchanges developed. If the states involved can recognise and pursue their long-term interests, the disputes could be shelved. Over time, if shelving agreements pertained and future flare-ups were avoided, an environment may even develop whereby both sides could reach a compromise agreement. This is perhaps the most optimistic scenario, and it requires a suppression of nationalism and revisionism that may well be impossible. Still, the alternative is a bleak future for not only the disputes, but also for Northeast Asia as a whole.