

“Consul-General-in Residence Lecture”

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## Japan’s relations with China and Hong Kong

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### 1. Introduction

It is a great pleasure for me to have this opportunity to deliver a speech here at the Hong Kong Baptist University on the occasion of the HKBU International Festival.

I am the 24th Consul General of Japan in Hong Kong since the Second World War, a post that I assumed in September last year. Our first consular office here was established way back in 1873 and it was one of the first offices that Japan opened after the Meiji Restoration. So you can see that Japan and Hong Kong have enjoyed a long history of close relations.

Today, I would like to share with you my views on Japan-China and Japan-Hong Kong relations. I would also like to touch on some of my own experiences of China and Hong Kong. During my service as a diplomat over the last 33 years, a great extent of my work has focused on China affairs.

Japan-China diplomatic ties were formally established in 1972, so 2007 actually marks the 35th anniversary of diplomatic relations. Those 35 years of interaction have certainly had their ups and downs, their twists and turns, their good days and not-so-good days. The normalisation of ties in 1972 was a dramatic event in diplomacy and was a result of both historical and strategic needs. As a university student, I watched the historic moment on TV with great excitement.

That excitement was still very much with me when I landed in mainland China for the first time in 1975. I stayed first in Beijing, then in Shanghai, to study at Chinese universities. As you can imagine, China in those days was completely different from what it is now. The life there was not an easy one for a “capitalist roader” like me! The bamboo curtain had been drawn shut and nothing foreign was allowed in: no coke, no MacDonald’s, and, worse for me, no sushi or tempura! Even so, those days were exciting and stimulating and even enjoyable for me, as I came into contact with many teachers working for their nation, not for money, and made good friends with many Chinese people. As a foreigner or “ngoï6 qwok3 jan4” (外国人), however, I was

immune to the awful disaster that those times of the Cultural Revolution represented for the Chinese people.

While I was studying on the mainland, I sometimes travelled to Hong Kong by train on “gau2 gwong2 tit3 lou6” (九廣鐵路), maybe to get a taste of freedom and the comfortable “capitalist” life that I missed on the mainland. I still remember the scene as smartly dressed and modern-looking Hong Kong female students got onto the train, providing a total contrast to mainland people who still were wearing “zun1 saan1 zong1” (中山裝), what we call Mao suits. I have to admit that those Hong Kong girls looked dazzling in my eyes! Hong Kong was a completely different world.

I have been posted to the Japanese Embassy in Beijing twice in my career so far, first in 1978, then from 1987 to 1989. 1978 was the year that the Japan-China Treaty of Peace and Friendship was signed. It was also the year that China launched its “reform and opening-up” policy. I was in charge of preparations for receiving Chinese students who were going to study in Japan. Along with the launch of the “reform and opening-up” policy, China had just started to send many students abroad, including to Japan. As the embassy officer in charge of the issue, I sent a report to Tokyo emphasising the importance of accepting Chinese students in Japan. During my second stint in Beijing in the late 1980s, Japan-China relations were very good, with Japan expanding the scale of economic assistance to China. Then in 1989, I experienced the “Tiananmen Square incident” at first hand. This was a difficult time not only from the political perspective but also in terms of the security of our nationals living in China, as nobody was sure whether and how the instability and violence would escalate. It was unfortunate that we had to evacuate our nationals for security reasons.

I was Director of the China Division at the Ministry of Foreign Affairs from 1995 to 1998, during which time Hong Kong returned to China’s sovereignty. This was an important and memorable event in my days as director for China affairs, and I was fortunate enough to accompany our foreign minister to the handover ceremony on 1 July 1997. It was most definitely exciting to participate in such a historic event, and I still remember it as if it were yesterday. Some of you may also recall, or perhaps you were too young then, but it poured with rain on the day of the handover, which seemed to make the historic scene even more emotional.

In a happy coincidence, I am Consul-General of Japan in Hong Kong exactly ten years later, and in that capacity I was lucky and delighted to attend the ceremonies celebrating the 10th anniversary of the establishment of the HKSAR Government held on 1 July 2007. I don’t imagine many diplomats have had the good fortune to attend both ceremonies. So I feel that there are some strong bonds connecting me and Hong Kong!

My mission here as Consul General of Japan is to contribute to further developing and strengthening Japan-Hong Kong and Japan-China relations. Let me now share with you my views on these relations.

## 2. Japan-China relations

Despite the fact that I have been engaged on quite a few China-related affairs during my career in Japan's foreign service, and that I am often introduced in the Hong Kong media as someone who knows China well, I still cannot help but think – and this is my honest feeling – that it is really difficult to understand China. One of the reasons for this is that China is so big that even if you know a part or some aspects of China, it does not mean you know and understand China as whole. That knowledge is far from providing sufficient understanding. Another reason is that China is developing so rapidly. I lived in China in the 70s and 80s, but China has changed entirely since then. I sometimes visit mainland cities and the change is breathtaking. It really makes me think, “oh, all this is so different from what I know as China”! So when people call me “pro-China” or a “China expert”, I wonder whether I actually deserve that title.

The “Rise of China”, that is China's rapid development, has increasingly occupied the attention and interest of the world in recent years. China's gross national product ranked 4th in the world in 2005, just after the US, Japan and Germany. China's GDP has almost tripled this decade. With this fast and steady economic development, China is expanding its presence and influence in the world.

Let us look now at Japan. After its defeat in the Second World War in 1945, Japan emerged from the ashes and reconstructed itself, achieving the world's second largest GDP as early as 1968. Japan's annual economic growth in the 1960s constantly hit two digits, like China in recent years, and was called the Japanese Miracle. Although Japan had to struggle with a long recession that continued for over a decade in the 1990s and early 2000s, Japan remains the number 2 economy in the world just after the US, and recent trends show that our economy is back on track in general and regaining power. Moreover, Japan has started to seek a more active role in world politics. The increased participation of our Self-Defence Forces in United Nations peacekeeping operations and our efforts in the much-debated reform of the United Nations Security Council originate in Japan's willingness to play a more active political role in the world.

From that, it is clear that Japan and China are two major powers in Asia. Maintaining stable and constructive relations between the two countries is therefore essential for the peace and stability of Asia and the world.

I'd like here to touch on Japan's economic assistance to China, which I referred to

briefly when I spoke about my work in Beijing. Japan has been a consistent supporter of China's policy of reform and opening-up. When China launched the policy in 1978, Japan immediately announced its full support, and this then laid the foundation for Japan's foreign policy towards China. Japan started to extend official development assistance (ODA) to China in 1979, with the amount committed since then totalling about 3 trillion yen (or 200 billion HK dollars). Just before coming to Hong Kong, I myself happened to be in charge of all these assistance programmes. In fact, our programme of assistance for China has been the subject of criticism in Japan. I believe, however, that the assistance extended by Japan played an important role in the successful implementation of the reform and opening policy.

Many observers are of the view that the bilateral relations between the two countries have been going through a period of structural transformation since the early 1990s. The success of the opening and reform policy fuelled China's remarkable economic growth, as I mentioned earlier. It is obvious that the time when Japan provided China unilateral economic assistance is over. Chinese GDP is still expanding at a high speed. The time has come for the region's two major powers to seek coexistence and co-prosperity. They have thus basically agreed that Japan will terminate the provision of ODA loans to China in 2008.

Now let's look at some facts and trends that characterise current Japan-China relations. Looking objectively at the two countries' ties in recent years, it is clear that the overall relationship has not only expanded and strengthened, but it is also becoming increasingly interdependent.

One of the most telling factors symbolising the expansion of our relations is the increase in our bilateral trade. In 2006, the total amount of Japan's trade with China, including Hong Kong, reached 249.2 billion US dollars, surpassing Japan-US trade for the third year in a row. In 2001, just five years before that, Japan-China trade was only about a half of that of Japan-US trade. So the increase has been rapid.

Japan's direct investment in China has also seen plenty of activity. Although we see some ups and downs in the overall amount every year, Japan's total investment in China has roughly doubled in the last five years, with Japan the largest investor in China in 2005, second only to Hong Kong.

In line with the deepening business relations and interdependence, people-to-people exchanges have also intensified. Over four and half a million Chinese and Japanese visited each other's countries in 2006, which practically means more than 12,000 people travel between the two countries every day. 30 years ago when I was studying Chinese in China, annual exchanges only involved around 4,500 people, as little as 0.1 % of the current scale of exchange. At Fudan University in Shanghai where I was studying, you could count the number of Japanese students not just on

one hand, but on one finger. Me!

I guess many of you remember that during the term of Japan's former prime minister Junichiro Koizumi, who held office from 2001 to 2006, the issue of the Yasukuni shrine came to the fore, and no mutual visits between the leaders of our countries took place for nearly five years. But I'd like to remind you that even during that time when the two countries' political relations were described as bad and antagonised, business relations and mutual visits and contacts between our countries never stopped expanding.

As is natural between neighbours with such close ties, Japan and China face the challenge of several issues that cause controversy between them. But we also share many areas where we can benefit from co-operation. What's more, in this era of intensifying globalisation, competition among nations is inevitable in the business field. As China's development has been so rapid, there are many arguments concerning how to address the rise of China. Some argue that China is a threat. However, the Government of Japan believes that Japan can also benefit greatly from China's development. It has been proved that China's growth has created tremendous business opportunities and contributed to the recent recovery of Japan's economy. Also, there has been a positive movement to try to find ways to make the best use of each other's unique characteristics and facilitate the management of globalisation. By doing so, mutually complementary relations can be enhanced.

I'd like here to describe the positive moves in Japan-China relations since last year, which were symbolised by the visit to China last October by Japan's then prime minister Shinzo Abe and by Chinese Premier Wen Jia Bao's trip to Japan in April. Some of you might be aware of these favourable developments, as they were widely reported and positively commented on in the Hong Kong media as well. Former prime minister Abe's trip to China was described as an "ice-breaking trip", and Mr Wen himself then called his trip to Japan an "ice-melting trip". It was impressive that Mr Wen made a speech to Japan's Diet and clearly stated that China appreciated the way the Japanese government and its leaders have addressed the historical issues between the two countries. Mr Wen also spent time with Japanese farmers and university students, an act that many Japanese felt was not a common sight for a Chinese leader and that therefore left behind an impression of Mr Wen's friendly character. I believe this initiative by the Chinese leader was effective in narrowing the distance that Japanese people have felt exists between Japan and China. The two countries share the view that it is the solemn responsibility of both sides to contribute constructively to the peace, stability, and development of Asia and have thus agreed to strive to build a mutually beneficial relationship based on common strategic interests. Steady progress has been made towards the construction of such a

relationship. Although Mr Abe recently resigned, new prime minister Mr Yasuo Fukuda, who has long been known for attaching great importance to Japan's relations with China, has previously stated that Japan gains nothing from being antagonistic towards China and Korea, and, in speeches, debates and interviews leading up to his election, pledged to strengthen relations with Asia. I have no doubt that the need to build on the positive developments in our bilateral relationship will be acted upon by the new government.

Let me now talk about several different fields in which our efforts to promote co-operation are already under way.

Worthy of particular note are the areas of energy and environmental protection. China has such a vast population and geographical scope that energy consumption will naturally be huge, especially as the country is experiencing such rapid growth. According to statistics from the International Energy Agency, China consumes nine to ten times as much energy as Japan does to produce a single unit of GDP. Contamination of the air and water are also reported to be serious in many places in China. Improving energy efficiency and addressing environmental issues is an urgent task for China, and Japan has therefore initiated a programme of training courses to support the Chinese government's efforts to enhance their human talent and expertise in this field. What's more, it was agreed last year that a framework for policy dialogue between the Agency of Natural Resources and Energy of Japan and the State Development Planning Commission of China would be established, and the first policy dialogue under this framework was held in Tokyo in April. Environmental protection and energy saving are areas where Japan has worked tremendously hard for several decades to improve the situation and where China can learn from our experience, both our mistakes and our successes. Although the amount is much smaller than before, Japan still provides a considerable amount of ODA, and almost all of the assistance programmes relate to "huanbo", that is environmental protection. The co-operation in this field is mutually beneficial and should be further promoted.

Similarly, the co-operation in the protection of intellectual property rights has also seen considerable developments.

Another area where noteworthy steps have been taken is defence exchanges. Chinese Defence Minister Cao Gangchuan visited Japan at the end of August this year, the first such visit by a defence official in almost nine and half years. The defence ministers of the two countries agreed on measures to increase defence exchanges, including reciprocal port calls by warships of our Maritime Self Defence Force and the Chinese navy and the setting up of a working group to establish a hotline for emergency communications between the Japanese and Chinese defence authorities. Confidence-building measures between our defence authorities are

important for further developing our bilateral relations. Minister Cao's visit was therefore fruitful and a significant step forward. At the same time, it is true that the Japanese side expressed its concern over the fact that China's national defence spending has registered double-digit growth for 19 consecutive years and we called for more transparency regarding China's military forces. Minister Cao emphasised that the increase in China's spending on defence was due to increases in the salaries of military personnel and the provision of new uniforms. Our defence minister noted the lack of information concerning the types and quantities of main equipment and of basic data on unit deployment, etc. The international community is of the view that China should provide clearer explanations on its defence policies, including its defence spending.

One area that I'd especially like to speak about is projects for the young people of our two countries. The Japan-China 21st Century Exchange Program was launched two years ago to foster mutual trust between the young people of Japan and China through exchanges and direct experience of life in the other country. Around 1200 Chinese and Japanese high school students have visited each other's country on the program's schemes so far and the number is expected to increase to 2000 this year. As far as I can see from the reports of students who have participated, the program has been a rewarding success. Both Chinese and Japanese students have enjoyed the direct exchanges and learned a lot from the experience. The program allows Chinese students to stay with ordinary Japanese families, and they have found that Japanese people are quite different in real life from the picture they have gained from the mass media. Let me read one of the reports by a Chinese student. "Before, I thought that the Japanese were cold-hearted people who denied history and that we should hate them. But after visiting Japan, I discovered that the Japanese people are very friendly to Chinese people and that high-school students are so kind. Their families love to receive guests and I was impressed with their warm hospitality. They like to laugh, and I am so happy to have met and made friends with them". I was of course happy to read such a positive response from this student, but at the same time I was shocked to know that we Japanese were regarded as people who never laugh! I think it is important for us to further encourage the younger generations to become more familiar with each other.

Just three days ago, the 29th of September 2007 marked the 35th anniversary of the normalisation of diplomatic ties between Japan and China. A number of commemorative ceremonies and related events, including the programme of "mutual visits by 30,000 people", in which 20,000 Japanese will visit China and 10,000 Chinese will visit Japan, have been organised on and around that date. This year has also been designated "The Japan-China Exchange Year in Culture and Sports", and

quite a few activities, including concerts by young musicians of our two countries, movie festivals and sporting events have been jointly organised to celebrate this diplomatic milestone. In Hong Kong, I have heard that a “Japanese Culture Quiz” is being organised by The Japan Society of Hong Kong and will be held in the Trade and Exhibition Centre on 21 October. And of course other exciting events such as the Olympic Games in Beijing in 2008 and the Shanghai Expo in 2010 are just around the corner. These events should offer wonderful opportunities for us Japanese to become more familiar with China and the Chinese people, and I would like to wish the Chinese people every success in their preparation for these events.

Increasing contacts and promoting mutual understanding is essential for further strengthening our bilateral relations. It has been a problem that our people’s perceptions of each other have taken a turn for the worse in recent years. Surveys show that the number of Japanese people who have a favourable impression of China has decreased, while the number of those who have negative sentiments about China has increased, especially in comparison to the figures for the 1970s and 1980s, when around 80% of Japanese people expressed favourable feelings towards China. The percentage of Chinese people with negative sentiments about Japan has always been very high. I suppose there could be several reasons for this trend. Our relations have undergone something of a structural transformation related to the change in our respective positions in the region and the world. And as I have mentioned, some challenging issues exist between us, including the perception of history.

However, two months ago, I noted an interesting report on the results of survey jointly conducted by the University of Beijing and a Japanese non-profit organisation. In the survey, respondents were asked if their impressions of Japan or China respectively had improved over the past year. 50.5% of Chinese respondents said their impressions of Japan had improved a lot or somewhat, exceeding the figure of 32.8% recorded in last year’s survey, while in Japan the question was answered positively by 18.8 percent of respondents, more than double the 8.6% of last year. Apparently, the efforts by leaders on both sides have borne some fruit. Although a gap remains in the degree of improvement in our perceptions of each other, and we need to address the fact that many Japanese and Chinese still hold negative views of each other, the favourable movement in this survey is encouraging. I believe that the accumulation of direct exchanges between both countries’ peoples at various levels will eventually help further improve our perceptions of each other.

Now, while Japan regards China’s rise an opportunity and attaches great importance to strengthening our relations with China, it pays close attention to the difficulties that China faces, such as widespread corruption, rising income inequality,

agricultural and environmental issues and energy shortages. In addition, issues regarding intellectual property and safety and the quality of food and products from China are becoming global concerns. We sincerely hope China will respond to and address these many difficult issues as a responsible power of the world. China seems concerned that the views that see China as a threat are spreading. For Japan, however, the real threat will arise if China fails to manage its economy and society well. Japan truly hopes for China's stable long-term development. At the same time, Japan itself has a number of problems to solve, including those associated with an aging society, pensions and medical care, and economic reforms.

It is essential for both sides to make further efforts to deepen exchanges and co-operation at various levels so that we can further encourage the positive momentum that has been built up in our relations since last year. I would like to reiterate that the development of Japan-China ties is important not only for the two countries themselves but also for the entire region and the world.

### 3. Japan-Hong Kong relations

As I mentioned at the beginning, I have a special attachment to Hong Kong, and I'm delighted to be working here as Japanese Consul-General. Hong Kong and Japan enjoy a long history of close interaction. Although we cannot ignore the occupation by the Japanese military during World War Two, under which Hong Kong people suffered a great deal. Hong Kong has consistently been a familiar city for Japanese people, especially as an important base of commerce and trade.

A decade has now passed since the handover and Hong Kong has sustained its sound development and remained a strong and vibrant economy with a free and open society. This is particularly commendable as it has been achieved in the face of some serious challenges, such as the Asian financial crisis and the SARS epidemic in 2003. Hong Kong has always enjoyed a high international rank in terms of its competitiveness.

Relations between Japan and Hong Kong have remained close and mutually beneficial throughout the decade, and I expect our ties will be deepened and strengthened still further in the future.

Japan is Hong Kong's third largest trade partner, just after mainland China and the US. There are currently around 2,100 Japanese companies operating in Hong Kong, and, as the mainland economy grows, I think the business opportunities which connect Japan and Hong Kong will increase in line with that. For example, the Pearl River Delta, a manufacturing centre where Japanese companies started to prosper in the 1990s, now enjoys a world-class scale as a manufacturing base for many products. A great many business dealings are conducted between Japanese and

Hong Kong companies in this environment. Some people argue that a lot of business will bypass Hong Kong and go directly to the mainland in the future, but I expect Hong Kong's reliable legal system, transparency and openness to foreign investment will continue to attract Japanese business.

Another promising area of our relations is tourism. I have been greatly impressed and pleasantly surprised by the fact that so many people I meet in Hong Kong have been to Japan. Many of them go on repeat trips, visiting Japan once a year or more to enjoy shopping, hot springs or *onsen*, skiing, and eating Japanese food of course. Japan is one of the most popular tourist destinations for Hongkongers. It is reported that over 350,000 Hongkongers visited Japan in 2006, which is about an 18% increase over the previous year. So a lot of people in Hong Kong have first-hand knowledge of Japan.

Japanese pop culture, such as manga and anime, TV dramas and pop music, are also very popular among young people in Hong Kong. University students such as yourselves may already be familiar with Japanese pop culture. I hope your interest in Japanese manga and TV dramas will also stimulate your wider interest in Japan.

Hong Kong has many advantages such as the rule of law, free access to information and an openness to different ideas and opinions, things that the mainland still lacks. Hong Kong not only knows the mainland but also knows and understands Japan well, so I believe that Hong Kong can play a constructive role in further enhancing Japan-China relations.

As I mentioned earlier, as Consul-General of Japan in Hong Kong, I am personally committed to working hard to further strengthen Japan-China and Japan-Hong Kong relations. To Japanese people, I try to explain how Hong Kong is important to Japan. And to Hong Kong people, I will continue to provide plenty of accurate information about Japan with the aim of getting more Hong Kong people to know and like Japan better. I may not have as much influence as Keroro Gunso or Nodame Cantabile “gaau1 hoeng2 cing4 jan4 mung6” (交響情人夢), but I am looking forward to contributing as much as I can as Consul-General for that purpose.

Thank you very much.