

# Lingering Territorial Dispute and Taiwan-Japan-US-China Relations

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## Introduction

After World War II, civil war with the Chinese Communists (1945–1949), retreat of the Republic of China (ROC) central government to the island of Taiwan, President Chiang Kai-shek's dream of recovering the Chinese Mainland and maintaining its seat in the United Nations and sufficient number of diplomatic recognitions had always topped priorities in its national security. The ROC territorial disputes with Japan and other Southeast Asian claimants in the Diaoyutai/Senkaku Islands in the East China Sea or Nansha/Spratly Islands in the South China Sea were hardly perceived as a national survival in face of continuous People's Republic of China (PRC) military threat against Taiwan. Through practices and historical documents, one could find that the ROC, not the PRC, is the one that tackled the disputed islands both with Japan and other ASEAN claimants at the first instance while suffering diplomatic entanglement from the PRC in the 1970s.

The ROC government, attempting to solicit support from overseas Chinese to demonstrate that it is the legitimate Chinese representative government, fought a three-front political battle vis-à-vis Japan, the US, and the PRC on the Diaoyutai dispute. The PRC, neither Japan nor the US, was the major source of Taiwan's national security threat. In 1970–1972, following the emergence of the Diaoyutai dispute is President Nixon's détente policy and his historical trip to China known as "the week that changed the world." For a county on brink of being de-recognized by Japan and the US, Taiwan was able to persuade the US to maintain a neutral position regarding the final status of the Diaoyutai Islands, a considerable diplomatic achievement. With the Kuomintang (KMT), the Chinese Nationalist Party, returning to power in May 2008, the possibility of cross-strait cooperation on the dispute to counter Japanese claim looms larger in changing three claimants' posture into a game of two against one.

## I. Historical Background of Diaoyutai, 1943–2008

If Chiang took President Franklin Roosevelt's advice to take over Okinawa after World War II, potentially there might not be a lingering territorial dispute over the Diaoyutai/Senkaku Islands. At the Cairo Conference in November 1943, President Roosevelt asked Generalissimo Chiang Kai-shek the possibility of Chinese administration of the Okinawa Islands. In response, Chiang suggested to Roosevelt the idea of a joint administration of the US and the ROC commissioned by international institution. Chiang believed his proposal could calm US concerns, conform to history (Okinawa belonged to Japan before 1894), and a joint administration of Okinawa could be better than singly managed by the ROC.<sup>1)</sup>

Shortly after the conclusion of WWII, Generalissimo Chiang was occupied with the Chinese civil war which ended with his retreat to island of Taiwan in 1949, and the ROC government was not invited as a participant to the 1951 San Francisco Peace Conference. In April 1952, the United States was designated as "the sole administering authority" and under the San Francisco

Peace Treaty, the United States “will have the right to exercise all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of these islands, including their territorial waters” (Article 3).

On March 19, 1962, President John F. Kennedy issued a statement recognizing “the Ryukyus to be a part of the Japanese homeland” and pledging “eventual restoration of the Ryukyu Islands to Japanese administration.” Kennedy announced that these islands would be restored to full Japanese sovereignty on “the day when the security interests of the Free World will permit” this.<sup>2)</sup> Immediately, Chiang wrote in his diaries that President Kennedy’s statement on Okinawa as a part of Japanese territories was an insult to the ROC, as it was not consulted beforehand.<sup>3)</sup>

In 1968, United Nations Economic Commission for Asia and the Far East (ECAFE) geographic survey team, comprised of scientists from Taiwan, Japan, the US, and South Korea, concluded in the Emery Report “A high probability exists that the continental shelf between Taiwan and Japan may be one of the most prolific oil reservoirs in the world.”<sup>4)</sup> After the 1969 Emery Report, the ROC government, a signatory to the 1958 UNCLOS, was prompt to ratify the 1958 Continental Shelf Convention in August 1970. Chinese Petroleum Corporation (Taiwan) was able to secure four contracts with US oil corporations such as Gulf (1970/7), Oceanic (1970/8), Clinton (1970/9), and Texfel (1972/6) in joint exploration and exploitation surveys north of Taiwan, but Japan immediately protested.<sup>5)</sup> Starting from 1969, the Nixon administration was debating the wisdom of seabed moratorium, and State Department declared in April 1971 a policy of oil exploration moratorium leading to a suspension of the above-mentioned joint contracts under force majeure clause.<sup>6)</sup>

When Prime Minister Eisaku Sato met with President Richard Nixon in November 1969, the US agreed to accomplish the early reversion of Okinawa to Japan, while Sato reiterated that “the maintenance of peace and security in the Taiwan area was also important for peace and security of Japan.”<sup>7)</sup> Before Nixon-Sato joint statement, the ROC foreign minister Wei Tao-ming met with Secretary William Rogers on November 12, 1969, conveying Chiang Kai-shek’s position and views on Okinawan reversion.<sup>8)</sup> On November 14, 1969, ROC Ambassador to the US, Chow Shu-kai met with National Security Advisor Henry Kissinger. Then National Security Council staff John H. Holdridge in a memorandum concluded that the ROC “has long maintained that it should have some say on the basis of the Japanese Peace Treaty regarding the disposition of Okinawa,” and the ROC “wants to stall by calling for a plebiscite to be held to confirm the wishes of the Okinawan people.”<sup>9)</sup> In public, the ROC’s position was that the status of Okinawa should be settled among allied powers of WWII, including the ROC, according to the Cairo Declaration (1943) and the Potsdam Declaration (1945). In a nutshell, the ROC government, realizing that it cannot prevent Okinawan reversion, neither agreed nor opposed the return of Okinawa to Japan.

Regarding the Diaoyutai Islands, the ROC government held a different stance. On September 16, 1970, ROC Ambassador Chow presented a four-page aide-mémoire to Marshall Green, Assistant Secretary of State for East Asia and Pacific Affairs, and again sent a note verbale to State Department, on March 15, 1971, detailing Chinese Nationalist position on the Diaoyutai issue, including the following arguments:

1. As early as the 15th century Chinese historical records considered the Senkakus as the boundary separating Taiwan from the independent kingdom of the Ryukyus.
2. The geological structure of the Senkaku Islets is similar to that of other islets associated with Taiwan. The Senkakus are closer to Taiwan than to the Ryukyus and are separated from the Ryukyus by the Okinawa Trough at the end of the Continental Shelf, which is 2,000 meters in depth.
3. Taiwanese fisherman have traditionally fished in the area of the Senkakus and called at these islets.

4. The Japanese Government did not include the Senkakus in Okinawa Prefecture until after China's cession of Taiwan and the Pescadores to Japan after the first Sino-Japanese war in 1895.
5. For regional security considerations the GRC has hitherto not challenged the U.S. military occupation of the Senkakus under Article 3 of the San Francisco Peace Treaty. However, according to international law temporary military occupation of an area does not affect the ultimate determination of its sovereignty.
6. In view of the expected termination of the U.S. occupation of the Ryukyu Islands in 1972, the U.S. is requested to respect the GRC's sovereign rights over the Senkaku Islets and restore them to the GRC when this termination takes place.<sup>10)</sup>

On April 12, 1971, ROC Ambassador Chow was instructed by Chiang Kai-shek to meet with Kissinger and Nixon before returning to Taiwan to take the new post as foreign minister. Chow pinpointed the repercussion of the "return" of Diaoyutai to Japan on the ROC government standing against the Chinese Communists. A series of protests in Taiwan and the US participating with intellectuals challenged the ROC stand in handling the Diaoyutai issue. Ambassador Chow pressed his argument that "[i]f Taiwan can [not] do that, then intellectuals and overseas Chinese will feel they must go to the other side [the Chinese Communists]," and President Nixon accepted Chow's statement "on the need to consider the political views of overseas Chinese."<sup>11)</sup>

Ten days before the signature of the Okinawa Reversion Agreement, on June 7, 1971, David M. Kennedy, Ambassador-at-Large on textile negotiation with Taiwan and Japan, after meeting Vice Premier Chiang Ching-kuo recommended President Nixon that "preserving the status quo rather than allowing Japan to assume administrative control with the great loss of face this entails for Taiwan."<sup>12)</sup> Bypassing the State Department, President Nixon used the backchannel method and immediately responded that "the President's decision on the [Senkaku] Islands is that the deal has gone too far and too many commitments made to back off now."<sup>13)</sup>

Through Vice Premier Chiang Ching-kuo's efforts to persuade Ambassador David Kennedy and other US visitors, the State Department promised to declare that "the final status of the islands was underdetermined," and urged the Japanese to negotiate the issue with the ROC. The State Department affirmed on June 17, 1971, the day of signing the Okinawa Reversion Agreement, that a return of "administrative rights" to Japan of the Senkaku Islands "can in no way prejudice the underlying claims of the Republic of China."<sup>14)</sup> The State Department cautiously stressed that what was being transferred to Japan were "administrative rights," not sovereignty. National Security Advisor Kissinger regarded State Department's position of "no judgment as to conflicting claims over any portion of them" as "nonsense," because the US "gives islands to Japan," and then "How can we get a more neutral position?"<sup>15)</sup>

After the not totally lost Diaoyutai battle, the ROC shifted its attention to a more serious diplomatic challenge from Japan. Taipei continued to urge the US to pressure the Japanese to delay any improvement in relations with the PRC. In a meeting with ROC Ambassador to the US James C.H. Shen on September 8, 1972, National Security Adviser Henry Kissinger stated that "What the Japanese wanted was for the U.S. to defend Taiwan, which we were happy enough to do, so that they themselves would be left alone with Peking."<sup>16)</sup> Kissinger assured Shen that he informed the Japanese not to move too quickly toward normalization with the PRC and questioned Japanese motives because "What they were doing was immoral. The Chinese would use them, but at the same time despise them."<sup>17)</sup> On the same day, Kissinger also assured PRC UN Representative Huang Hua that the US "will place no obstacle in the way of normalization of relations between Japan and the People's Republic," and he did not ask the Japanese "to delay their visit or the conclusions they want to draw from their visit."<sup>18)</sup>

What concerned the most for the ROC government was the deteriorating support from the

Nixon administration and the détente policy pursued by Kissinger and President Nixon. President Chiang Kai-shek panicked with the July surprise of 1971 when Kissinger made a secret trip to China followed by Nixon's announcement of his plan to go to China. Prime Minister Sato even publicly criticized President Nixon for so abruptly notifying his plans for visiting China. When Kissinger went to Beijing for his second trip, the ROC was expelled from the United Nations in October 1971. In 1971 and 1972, at least 30 countries, most of them shifting their recognition from Taipei to Beijing, recognized the People's Republic of China as the sole legal government representing China (see Table 1).

After sparingly being informed by the US concerning the likelihood of change of its China policy in early 1971, the ROC government urged the US to provide Taiwan with advanced weapons and an explicit commitment of US support, while fighting to keep the Diaoyutai out of Japanese hands. Instead of accepting the "reversion" of Diaoyutai Islands to Japan, Ambassador James Shen proposed to the State Department officials the idea of using the Diaoyutai Islands as US firing range on May 13, 1971.<sup>19)</sup> Again, the ROC government tested the US the possibility of "neutralization" of the islands group. On March 26, 1972, the ROC Minister of Foreign Affairs, Chow Shu-kai told Walter McConaughy, US Ambassador to the ROC, that it was better to use Diaoyutai as US firing range.<sup>20)</sup>

Keeping the Diaoyutai Islands in the hands of the US is better than in the hands of Japan for the Chinese Nationalists. For Chiang Kai-shek, "once Japan had administrative control there is absolutely no possibility of their ever relinquishing that control."<sup>21)</sup> Nevertheless, President Chiang Kai-shek did not want to lose one of the most important diplomatic ties with Japan after the fiasco in the United Nations. On March 26, 1972, Foreign Minister Chow Shu-kai told Japan's last ambassador to the ROC, Atsushi Uyama, that if the ROC and Japan were trapped in a serious rift over the Diaoyutai Islands, the PRC would be the only winner. Chow complained that the PRC had used the episode to defame ROC government's overseas prestige and spoil the friendship between Taiwan and Japan.<sup>22)</sup> Even so, Taiwanese fishermen have been prohibited to operate within the 12-nautical miles of the Diaoyutai Islands since the Okinawa Reversion Agreement took effect from May 1972. On September 29, 1972, Prime Minister Kakuei Tanaka finalized the process of normalization in Beijing and severed diplomatic ties with the ROC through a personal letter of appreciation to President Chiang for his longtime support of Japan and Tokyo's willingness to maintain close people-to-people relationship between the two countries.

On April 12, 1978, more than one hundred Chinese fishing boats were seen in and around the 12-nautical miles to the northeast of the Diaoyutai Islands. The Japanese protested the incident and Chinese ships were withdrawn within four days. On August 12, 1978, the Treaty of Peace and Friendship between Japan and the PRC was reached but did not clear the potential flash-points surrounding the Diaoyutai Islands, which the Chinese leader Deng Xiao-ping proposed "handling of this issue could be left to later generations."<sup>23)</sup> In 1990 and 1996, the right-wing Japan Youth Federation (Nihon Seinen sha) erected lighthouse on the disputed islands leading to protests from Taiwan, Hong Kong, and China. Groups protecting the Diaoyutai Islands in Taiwan and Hong Kong dispatched volunteers to land on the Diaoyutai from time to time. For

Table 1 Countries That Recognized the PRC, 1970–1972

1970	Canada, Equatorial Guinea, Italy, Ethiopia, Chile
1971	Nigeria, Kuwait, Cameroon, Austria, Sierra Leone, Turkey, Iran, Belgium, Peru, Lebanon, Rwanda, Senegal, Iceland, Cyprus
1972	Argentina, Mexico, Malta, Mauritius, Greece, Guyana, Togo, Japan, German Federal Republic, Maldives, Malagasy, Luxembourg, Zaire, Chad, Australia, New Zealand

Source: *China: U.S. Policy since 1945* (Washington, DC: Congressional Quarterly, 1980), p. 202.

example, in October 1990, Wu Tung-yi, then the KMT mayor of Kaohsiung and now ROC Vice President, organized two fishing boats carrying an Olympic torch to the Diaoyutai to demonstrate the ROC's claim to the Diaoyutai.

With the deterioration of cross-Strait relations, coupled with occasional bickering from the Diaoyutai issue, Taiwan's President Lee Teng-hui decided to form an Inter-agency Task Force on Diaoyutai. In September 1996, Taipei declared that no room for collaboration with China in settling the Diaoyutai dispute as long as Taiwan is under the Chinese military threat and that Taiwanese fishermen's rights is the top priority for settling the dispute with Japan. Starting from August 1996 to May 2008, Taiwan and Japan conducted 15 rounds of fisheries talks, 5 in Lee's presidency and 10 in Chen's presidency (see Table 2). The sovereignty issue was briefly addressed at the beginning of each round of fisheries talk but not the main focus. Both President Lee and Chen were more preoccupied with security threat from the PRC. Nevertheless, President Lee promulgated the Law on the Exclusive Economic Zone (EEZ) and the Continental Shelf in January 1998, and the First Set of the Baselines and Outer Limits of the Territorial Sea and the Contiguous Zone of the Republic of China in February 1999. The baselines encompass Taiwan Island proper and its appurtenant islands, in which the Diaoyutai Islands are also incorporated. President Chen further delineated the Provisional Law Enforcement Line of the Exclusive Economic Zone in November 2003. The latter one is aimed at stopping Japan's assertive action to detain Taiwanese fishing boats in overlapping EEZ between the two countries, in particular, in waters surrounding the Diaoyutai Islands.

Table 2 Taiwan-Japan Fisheries Talks

Round of Talks	Time	Venue
Round 1	1996.8.3	Taipei
Round 2	1996.10.4	Tokyo
Round 3	1997.12.17	Taipei
Round 4	1998.11.4	Tokyo
Round 5	1999.4.30	Taipei
Round 6	2000.6.27-28	Tokyo
Round 7	2000.7.21-22	Taipei
Round 8	2000.8.14-15	Tokyo
Round 9	2000.8.24-25	Taipei
Round 10	2000.9.21-22	Tokyo
Round 11	2001.8.28-29	Tokyo
Round 12	2003.3.27-28	Taipei
Round 13	2003.6.26-27	Tokyo
Round 14	2004.9.20-21	Tokyo
Round 15	2005.7.29	Tokyo
Round 16	2009.2.26-27	Taipei

Source: Ting-hui Lin, "Taiwan-Japan Fishery Disputes," *Globality*, October 4, 2009, [http://www.globalobserver.net/www/article2.php?article\\_id=4205&article\\_author=林廷輝&special1=issue\\_diplomacy&sort1=inside\\_opinion&sort2=inside\\_opinion](http://www.globalobserver.net/www/article2.php?article_id=4205&article_author=林廷輝&special1=issue_diplomacy&sort1=inside_opinion&sort2=inside_opinion).

## II. The Ma Government and the Diaoyutai Dispute

With the KMT returning to power in May 2008, the Ma Ying-jeou government has fundamentally modified Taiwan's national security policy. Beijing has applied less pressure on Tokyo to reiterate Japan's stance on the one-China policy. Taipei does not need to constantly remind

Tokyo the importance of the common US-Japan strategic objective to “encourage the peaceful resolution of issues concerning the Taiwan Strait through dialogue.” The Japanese government is ambivalent toward the Ma government because the KMT has adopted a harsher stance than that of the Democratic Progressive Party (DPP) toward Japan. Taiwan, China, Japan, and the US were accustomed to tension in the Taiwan Strait. They, however, are not necessarily prepared in responding to a peace framework across the Taiwan Strait.

Japan has welcomed stabilized relations between China and Taiwan and the disappearance of cross-Strait tensions. In March 2010, Japan’s Prime Minister Yukio Hatoyama told Wang Yi, the head of the Chinese government’s Taiwan Affairs Office, he hoped that China-Taiwan relations will develop stably, allowing his “East Asian Community concept to move forward.”<sup>24)</sup> The DPJ (Democratic Party of Japan) government shunned away from directly commenting on Economic Cooperation Framework Agreement, as Foreign Minister Katsuya Okada responded by saying that “it is not something on which Japan, as a third country, should comment.”<sup>25)</sup> Regarding an FTA between Taiwan and Japan, Okada answered that “this kind of economic relationship is quite exceptional” and since “Taiwan is a member of APEC, it is included as a region and not a country,” therefore “it is not an issue that we can solve simply.”<sup>26)</sup>

President Ma has tried to maintain friendly relations with both China and Japan. However, this grand strategy is sometimes not compatible with President Ma’s tactical maneuvers. In the “Year of Promoting Taiwanese-Japanese Special Partnership,” the Ma government boycotted Japanese Representative Masaki Saito for his remarks in May 2009 on the undetermined legal status of Taiwan, leading to his resignation after less than two years in his Taipei office. In June 2008, a Taiwanese leisure fishing boat, the *Lienho*, collided with Japanese coast guard ship, the *Koshiki*, and then sank into waters within 5–6 nautical miles to the Diaoyutai. The *Lienho* was believed to be operating in waters beyond the temporary enforcement line of Taiwan’s EEZ. Immediately after the incident, Japan coast guard compensated the capital of the boat for his loss. In June 2008 and July 2012 respectively, a Taiwanese fishing boat, the “Happy Family,” twice went into waters within less than 1 nautical mile to the Diaoyutai Islands with escort from Taiwan Coast Guard ships.<sup>27)</sup> The Ma government has often been caught in the middle as Japan and the PRC confronting each other in the Diaoyutai dispute. For example, in the case of Chinese Fujian trawler’s collision with Japanese Coast Guard ships in September 2010 near Diaoyutai, the incident prompted a major diplomatic dispute between the two countries. It is not possible for the KMT government to side with Japan on Chinese fishing disputes with Japan. However, Taipei also has kept quiet in not offering support for China.

President Ma Ying-jeou was the leader of the “Protect the Diaoyutai Movement” in the 1970s and the topic of his dissertation at Harvard University was “Legal Problems of Seabed Boundary Delimitation in the East China Sea” (1980). President Ma has constantly tried to assure the Japanese that Taiwan will not seek cooperation with the PRC in settling the Diaoyutai dispute. Rather, fishing rights are a top priority for Taiwan, and it is imperative to have separate and bilateral negotiations between Taiwan and Japan. For Ma Ying-jeou, it is not the right time to settle the sovereignty dispute of the Diaoyutai.<sup>28)</sup> President Ma has a high remark of Japan-China Principled Consensus on the East China Sea Issue of June 2008 designating a block of

Table 3 ROC National Flag Flying on Diaoyutai

September 2, 1970	Four <i>China Times</i> (Taiwan) reporters landed and installed a national flag on the Diaoyutai Islands
October 7, 1996	Three activists from Taiwan and Hong Kong landed on the Diaoyu Islands and installed ROC and PRC national flags respectively.
August 15, 2012	Seven Hong Kong activists reached the disputed islands and flying ROC and PRC national flags respectively.

Sources: Compiled by the author.

2,600 square km of joint development. To convince Japanese Diet members or experts the necessity of joint cooperation, Ma often cited the deliberations of the International Court of Justice on North Sea Continental Shelf Cases, involving Denmark, Netherlands, and Federal Republic of Germany, leading to joint development and co-production of Brent Crude.<sup>29)</sup>

For Beijing, Taiwan should cooperate or coordinate with China to jointly safeguard the Chinese territories, rather than letting the Chinese mainland to fight the sovereignty issue alone. For instance, officials in the Chinese State Council's Taiwan Affairs Office or Chinese People's Political Consultative Conference have always reminded Taiwan that people from both sides of the Taiwan Strait should overcome their differences, and they have a shared responsibility to safeguard sovereignty over the islands and their surrounding waters.<sup>30)</sup> In the case of the Diaoyutai issue, Beijing complained that "the two sides of the Taiwan Straits have not cooperated closely enough to counter Japan's ambition."<sup>31)</sup>

Beijing not only has rifts with Japan over the Diaoyutai Islands but also has become more assertive in maritime rights in the Nansha (Spratly) Islands. Improved cross-Strait relations might symbolize the disappearance of Taiwan as a buffer between ASEAN and China over the Nansha dispute, or between China and Japan in settling the Diaoyutai dispute. Cross-Strait academia cooperation in conducting annual seminar on the South China Sea could be traced back to the Chen Shui-bian presidency in 2001. Cooperation projects in oil exploration in the northern part of the South China Sea were revived in December 2008 when oil corporations from Taiwan and China signed an MOU to extend exploration surveying into December 2010. For the very first time, delegates from Taiwan and China agreed in the Indonesian South China Sea Workshop in 2009 that Taipei and Beijing could sponsor international marine scientific research training seminars in 2010 and 2011 respectively.

A crisis in the Taiwan Strait could trigger tension in the South China Sea, but not necessarily in the East China Sea. For example, the PRC could launch a long-distance blockade of the sea lanes of communications (SLOCs) southwest of Taiwan to deter elements of Taiwan independence. Beijing might even adopt hit-and-run tactics against the Tungsha (Pratas) or Taiping (Itu Aba) Islands to embarrass Taiwanese and American leaders.<sup>32)</sup> The same reference is not necessarily applied in the East China Sea. Taiwan's perception of its security threat is hardly from its north because US troops stationed on Okinawa has prevented the area from being dominated by the PRC. Chinese increasing naval or fishing activities in waters surrounding the Diaoyutai Islands might create a new destabilizing factor for Taiwan.

The protracted territorial disputes involving Diaoyutai against the backdrop of cross-Strait détente might complicate the settlement of disputes among four countries including Taiwan, China, Japan, and the US, in years ahead. What makes Japan and the US nervous is the possibility of collaboration between Taipei and Beijing on the Diaoyutai dispute. Japan has appreciated the Ma government's discouraging the Protect the Diaoyutai Movement activists from landing on the disputed islands and declining cooperation with Beijing on the settlement of the dispute. Nevertheless, one keen observer stated that President Ma "cannot sooth anti-Japanese sentiments on the island, causing him to occasionally take a hard line stance on Japan," so "Japan is still trying to find a satisfactory answer as to how to adapt to the rapidly changing East Asian order, in which China and Taiwan are drawing closer amid the rapid rise of China."<sup>33)</sup>

Partly because of fluid and uncertain relations between Taiwan and China, and partly because of the Chinese maritime ships' incessant excursion into waters near the Senkaku/Diaoyutai Islands, the Japanese government decided to extend the air defense identification zone (ADIZ) of Yonaguni Island into the air space closer to Taiwan in order to let residents "can live their lives without anxiety."<sup>34)</sup> Yonaguni Island is located 100 km to the east of Taiwan and is regarded as frontline of cross-Strait tension particularly during the Chinese missile testing of March 1996. Tokyo is also considering stationing Self-Defense forces on Yonaguni Island. The 2010

Japan's National Defense Program Guidelines emphasizes the importance of strengthening defense capabilities of the Southwestern part of Japan and responsiveness to attacks on the remote off-shore islands.<sup>35)</sup> This could indicate that Japan is not soundly assured despite the warming of cross-Strait relations.

Tokyo has detected troubled relations with China in absence of the Taiwan issue since May 2008. In responding to nationalization of the Diaoyutai Islands by the DPJ government, President Ma, in August 2012, proposed the East China Sea Peace Initiative urging joint exploration of resources in the East China Sea among Taiwan, Japan, and China, and seeking consensus through dialogue on a code of conduct in the region. Whether this initiative could move Taiwan closer to China on the Diaoyutai issue is worthy to watch closely. In addition, President Ma has been repeating the ROC position on "safeguarding sovereignty, shelving disputes, pursuing peace and reciprocity, and promoting joint exploration and development" in the East China Sea.<sup>36)</sup>

On September 7, 2012, President Ma traveled to the offshore Pengjia Islet to the north of Taiwan, and announced the Implementation Guidelines for his East China Sea Peace Initiative. Ma reiterated that two stages for his proposal to work starting from peaceful dialogue and mutually reciprocal negotiation, and then followed by sharing resources and cooperative development among Taiwan, Japan, and China. In particular, five areas of potential cooperation should be considered, including fishing industry, mining industry, marine science research and maritime environmental protection, maritime security and non-traditional security, and an East China Sea Code of Conduct.<sup>37)</sup>

Although Ma explores the possibility of trilateral negotiations among Taiwan, Japan, and China over the Diaoyutai dispute, the center of his focus is not on either Taiwan-Japan fisheries talks or Japan-China East China Sea joint development talks. Two of them have been undergoing on and off in the past. What makes a subtle and modest adjustment is President Ma calling for an arrangement of three sets of bilateral negotiation. In addition to Japan/China and Taiwan/Japan, Ma, for the first time, revealed that Taiwan and China should also conduct negotiation over the settlement of the Diaoyutai dispute. Ma's proposal has been well received among a few US former government officials, namely, Richard Bush, former AIT managing director, and Douglas H. Paal, former AIT Taipei director.<sup>38)</sup> An editorial in the *Japan Times* even urged the Japanese government to "seek ways to utilize Mr. Ma's proposals to start constructive dialogue with China and Taiwan to prevent future clashes over the Senkakus and to nurture peaceful ties."<sup>39)</sup>

Taiwan might be the most friendly former-Japanese colonies to the current Japan, which consistently sits at the top of Taiwan's most favored foreign countries. In return, 65% of the Japanese had a sense of trust toward Taiwan and 56% feeling affinity towards Taiwan.<sup>40)</sup> The most concerned issue for Taiwan-Japan relations for people in Taiwan is the fishing rights dispute, followed by Japan-China relations and Taiwan-Japan history problems.<sup>41)</sup> Any detaining of Taiwanese fishing boats by Japanese law enforcement ships in the overlapping areas of EEZ always become the headlines of newspapers.<sup>42)</sup> At Round 15 of Taiwan-Japan fisheries talks, Taiwan proposed the creation of Taiwan-Japan fishery task force, which turned into a mechanism for emergency response and communications between Taiwan Provincial Fishermen's Association and Japan Fisheries Association at the conclusion of Round 16 fisheries talks.<sup>43)</sup>

After the tensions raised by the nationalization of the Diaoyutai Islands, Taiwan asked its representative Shen Ssu-tsun to return to Taipei as a gesture of protest, but both Taipei and Tokyo issued statements indicating intentions for early resumption of a new round of fisheries talks.<sup>44)</sup> For former President Lee Teng-hui, the main thrust of dispute for Taiwan and Japan should rest on settling fisheries problem rather than sovereignty, which he believes the Diaoyutai Islands belong to Japan.<sup>45)</sup> Lee's perspectives are not accepted by either the KMT or the DPP.

Table 4 Taiwanese Most Concerned Issue for Taiwan-Japan Relations

	Fishing Rights Problem	Japan-China Relations	Taiwan-Japan History Problem
2008	34%	27%	21%
2009	36%	30%	17%
2011	30%	34%	19%

Source: Interchange Association, Japan, March 2012.

The purchase of the Diaoyutai Islands may not be planned by the DPJ government, but the government ownership is perceived by China and Taiwan as a big step in changing the status quo in the Diaoyutai dispute. Japan has tried to adjust itself to the rise of China or to share political leadership in East Asia, but it hardly can sit idly when watching Chinese naval ships encircling Japan straits and heavy hands in dealing the Senkaku dispute with Japan either in September 2010 or from September 2012. Tokyo Metropolitan Mayor Shintaro Ishihara ran an advertisement pleading for US support for his purchase plan, because “failure to support the Asian nations confronting China would result in the United States losing the entire Pacific Ocean.”<sup>46)</sup> The US State Department has maintained its decades-long policy of not taking “a position on the ultimate sovereignty of the Senkaku Islands,” and it urges calm and restraint on all sides. However, the US government has also declared that the Diaoyutai Islands “would fall within the scope of the Article 5 of the 1960 US-Japan Treaty of Mutual Cooperation and Security, because the islands have been under the administrative control of the Government of Japan since they were returned as part of the reversion of Okinawa in 1972.”<sup>47)</sup> In January 2013, Secretary Hillary Clinton went further to reiterate that the US opposed “any unilateral actions that would seek to undermine Japanese administration” in waters surrounding the Senkaku Islands, but immediately after the remarks, Chinese foreign ministry accused Secretary Clinton’s distortion of the Diaoyu Islands dispute.<sup>48)</sup>

Among the serious rift over the Diaoyutai purchase, Beijing has repeatedly urged the US to be neutral and taking no position regarding the ownership of the islands.<sup>49)</sup> On September 11, 2012, Beijing announced the Baselines of the Territorial Waters of the Diaoyu Islands and Their Affiliated Islets, followed by dispatching Chinese marine surveillance ships and even a plane into waters within the 12 nautical miles of the Diaoyutai Islands to assert China’s territorial claims.<sup>50)</sup> A series of anti-Japanese protests with sporadic violence were held in cities across China right ahead of the 40th anniversary of establishing diplomatic relations between the two countries. On September 25, 2012, China’s first aircraft carrier “Liaoning” was handed over to the navy of the People’s Liberation Army amid rising tensions over disputed waters in the East China Sea. On the same day, several dozens of Taiwan’s fishing boats, with financial support from the *China Times* and escort from Coast Guard Administration patrol vessels, entered waters surrounding the Diaoyutai Islands. Although Taiwanese fishermen were conducting their separate protest actions, Japan and the US might have an impression that Taiwan and China are working in tandem. It might lead to absence of senior US defense and diplomatic officials from the US-Taiwan Defense Industry Conference on October 1, 2012.<sup>51)</sup> In April 2013, Taipei and Tokyo surprisingly reached a fishing agreement in waters surrounding the Diaoyutai Islands at the 17-round of fishery talks. The agreement gives Taiwanese fishermen an additional fishing zone of 1,400 square nautical miles. Prime Minister Shinzo Abe of the Liberal Democratic Party apparently wanted to use the fishing agreement to prevent Taiwan and China from forming a joint front against Japan in the controversial waters.

## Conclusion

Soon after the negotiation of the Okinawa Reversion Agreement, the ROC government raised the issue to the attention of the Nixon administration. The Diaoyutai Islands in hands of the US, instead of Japan, were much safer and a face-saving compromise for the ROC. The US State Department's position of maintaining a neutral stand regarding the final status of the Diaoyutai Islands not only has been appreciated by Taipei but also by Beijing. The PRC was too preoccupied with its domestic order owing to the Cultural Revolution and with the normalization process with more than 30 countries in 1970–1972. For Beijing's leaders, the return of Diaoyutai was not a main concern and subordinated to the major task of breaking diplomatic isolation.

The ROC did not totally lose in the battle of Diaoyutai in 1971 because it obtained a promise that the State Department would proclaim the final status of the Diaoyutai Islands was undetermined. In the early 1970s, the ROC was fighting another battle with the PRC in winning support and loyalties from overseas Chinese on handling the Diaoyutai issue. The PRC was an arch rival for Taiwan, and yet any kinds of tacit cooperation were imaginable. During Lee and Chen presidencies, owing to tensions in the Taiwan Strait, possibility of cooperative measures on the Diaoyutai issue was ruled out.

With the decreasing tensions in the Taiwan Strait, the Ma government has moderated its position of not negotiating with the PRC over the Diaoyutai dispute. This has opened a window of opportunity for future collaboration between Taiwan and China. As long as Tokyo does not respond to Ma's call, initiative may be taken either by Beijing or Taipei in future cross-Strait dialogue regarding how to preserve the status quo in the Diaoyutai Islands from being changed by Japan. The PRC, for the first time ever, is becoming the champion, with its junior partner Taiwan moving closer to Beijing, in the stand of countering Japanese claim on the Diaoyutai issue. As China is becoming more assertive and confrontational, the calm days of the past surrounding the Diaoyutai Islands are unlikely.

## Notes

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  - 12) “Memorandum from the President’s Assistant for International Economic Affairs (Peterson) to President Nixon,” June 7, 1971, *FRUS, 1969–1972*, Volume 17, *China*, p. 343.
  - 13) Backchannel Message from the President’s Assistant for International Economic Affairs (Peterson) to Ambassador Kennedy, in Taipei,” June 8, 1971, *FRUS, 1969–1972*, Volume 17, *China*, p. 343.
  - 14) “Backchannel Message from the President’s Assistant for International Economic Affairs (Peterson) to Ambassador Kennedy, in Taipei,” June 8, 1971, *FRUS, 1969–1972*, Volume 17, *China*, p. 345n.
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