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Japan Invested Record \$6.53 Billion in China in 2005

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TOKYO, April 3 -- Japan's direct investment in China rose 19.8 percent to a record \$6.53 billion last year despite anti-Japanese demonstrations in China last April, a Japanese trade group said Monday.

Direct investment from Japan in 2005 -- excluding banking, securities and insurance sectors -- surpassed the previous record of \$5.45 billion registered in 2004, the Japan External Trade Organization said.

But investment in China from the United States and South Korea declined last year, the government-linked Jetro said in an annual report.

Japanese investment accelerated in the latter half of last year as companies that had remained cautious earlier in the year because of anti-Japan demonstrations regained confidence in China's market, the report said.

Another major factor pushing up Japan's direct investment was a series of large-scale investments by Japanese automakers, along with Japanese auto parts makers that have moved to set up manufacturing bases in China, the report said.

Japanese electronics makers also planned to increase investment in China for production for the Chinese market, it said.

Last April, Chinese protesters attacked Japanese diplomatic offices and businesses in demonstrations over new Japanese schoolbooks that critics say minimize Tokyo's aggression against its Asian neighbors in the 1930s and '40s.

China has also criticized Japanese Prime Minister Junichiro Koizumi for visiting a Tokyo war shrine that honors war dead, including several people executed for war crimes.

While Japan's investment rose, investment in China from the United States fell 22.3 percent and that of South Korea declined 17.3 percent -- partly due to the jump in investment in 2004, Jetro said. Overall direct investment from abroad in China fell 0.5 percent from 2004, to \$60.3 billion, the report said.

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Understanding China's pitch

Sino-Jap ✓

Recent criticisms of Japan by high-ranking Chinese officials indicate the relationship between the two countries is at its lowest point ever, says TAKUJI KAWATA

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ONE year has passed since the anti-Japanese demonstrations in which Chinese people denounced Japan and pelted its embassy in Beijing and other diplomatic establishments with rocks and bottles. Tighter controls imposed by Beijing have ensured no anti-Japan rallies have occurred this year, but an improvement in Japan-China relations is yet to appear on the horizon. Indeed, recent criticisms of Japan by high-ranking Chinese government officials indicate the relationship is at its lowest point ever.

On 7 March, commenting on Prime Minister Junichiro Koizumi's visits to the war-related Yasukuni Shrine in Tokyo, Chinese foreign minister Li Zhaoxing quoted a German government official as saying he could not understand what he termed the Japanese leader's silly act and that it ran counter to morality, pointing out German leaders would never worship former German Chancellor Adolf Hitler or Nazis.

If Li's words were similar to a wildly pitched fastball, Chinese President Hu Jintao's remarks made on 31 March to the leaders of seven Japan-China friendship groups, including former Prime Minister Ryutaro Hashimoto, can be likened to a breaking ball.

Hu said: "I'd be willing to hold summit talks with Japan if Japanese leaders don't visit Yasukuni Shrine."

State councillor Tang Jiaxuan added a supplementary explanation the same day, saying Hu's words were directed at future Japanese leaders, meaning would-be Prime Ministers should not visit the shrine.

Why do high-ranking Chinese government officials make such peremptory remarks about Japan?

Hsu Se-kai, head of the Taipei Economic and Cultural Representative Office and a professor specialising in Japan-China affairs who formerly taught at a Japanese university, said China would never use the same language when speaking to the USA.

"Ethnocentrism could be behind such remarks," he said. "Chinese people believe China is the centre of the world and look down on their neighbours. That's why they talk down to others."

Hiroshi Furuta, a professor at Tsukuba

University's graduate school and an expert on East Asia political thoughts, agreed with Tsu. "The recent visit to Beijing by the Japan-China friendship groups was seen [by many Chinese] as paying tribute to China," he said.

According to Furuta, Chinese ethnocentrism is particularly unforgiving when it comes to perceived rudeness to superiors. "From the Chinese perspective, the current Japanese 'rudeness' to China, as exemplified by prime ministerial visits to Yasukuni Shrine, is a historical problem," he said. "Chinese people who are convinced they are superior like to judge history from their historical perspective, but Japan ignores them. That's why they become increasingly uncompromising."

In January, the head of the Chinese Foreign Ministry's Asia Affairs Department also showed his high-handedness. "Why do Japanese news organisations always report bad news about China? The Chinese government asked Chinese media to report good news, and the Japanese government should do the same," he said.

Under Chinese Communist Party rules, the party controls news reporting, regulating news reports deemed negative to the system. The head of the Asia Affairs Department must have had this mindset when he made his remarks. This appears to have something to do with the difference in political systems rather than Chinese ethnocentrism.

In summer, I went to China on assignment following the anti-Japanese protests. Chinese researchers on Japan held Japanese newspapers accountable for news coverage that spoke ill of China. They were not placated even after I told them Japanese newspapers only reported things as they happen, be they good or bad. If a sense of superiority and the dictatorial system are behind Chinese people's peremptory remarks about Japan, they will continue making such remarks, because their beliefs and their system reinforce each other. Japan should prepare itself for more such remarks for the time being.

■The Yomiuri Shimbun/ANN.

~~China a military threat, says Japan~~

Tokyo: Japan's foreign minister on Sunday called China a military threat, while a top government spokesman rebuffed conciliatory gestures by Beijing over a controversial war shrine, in comments likely to heighten tensions between the two neighbouring nations.

Foreign Minister Taro Aso—who has already angered China in recent months with a series of critical comments—questioned China's rapid military spending increases and its lack of transparency.

"It's not clear what China is using the money for. This creates a sense of threat for surrounding countries," he said on a Fuji TV Network talk show, in an unusually clear expression of Japanese government unease.

China has announced double-digit spending hike for its military nearly every

year since the early 1990s. *same gap*

Japan's defence agency lists China's military expansion as a top security concern in the region, echoing United States concerns about Chinese secrecy surrounding its military spending.

Chinese officials have insisted that their country is open about defence spending and has increased military exchanges with other countries.

Chinese President Hu Jintao also made a rare conciliatory gesture to Japan earlier this week by offering to hold a summit with Prime Minister Junichiro Koizumi if he stops his visits to Yasukuni Shrine, which honours 2.5 million war dead—including convicted war criminals.

But chief cabinet spokesman Shinzo Abe rejected that offer on Sunday on the same talk show. AP

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