



China-Japan Relations

~~(S/NF)~~ Sino-Japanese state-to-state relations will continue to improve despite the existence of irritants. [REDACTED]

(b)(1), 1.4 (d)

Nevertheless, Chinese concern over the trade imbalance, technology transfer, Japanese relations with Taiwan, and sensitivities over Tokyo's treatment of various issues related to World War II will continue to buffet the relationship.

- o ~~(S/NF)~~ The most visible manifestation of the theme of friendly cooperation will be the continuation of high-level visits. Prime Minister Nakasone visited Beijing in November 1986, Chinese Vice Premier Tian Jiyun visited Tokyo in January 1987, and Prime Minister Takeshita will visit China from 25-30 August 1988. A reciprocal visit, possibly by Premier Li Peng or party General Secretary Zhao Ziyang, following Takeshita's upcoming trip can probably be expected later this year or in early 1989.

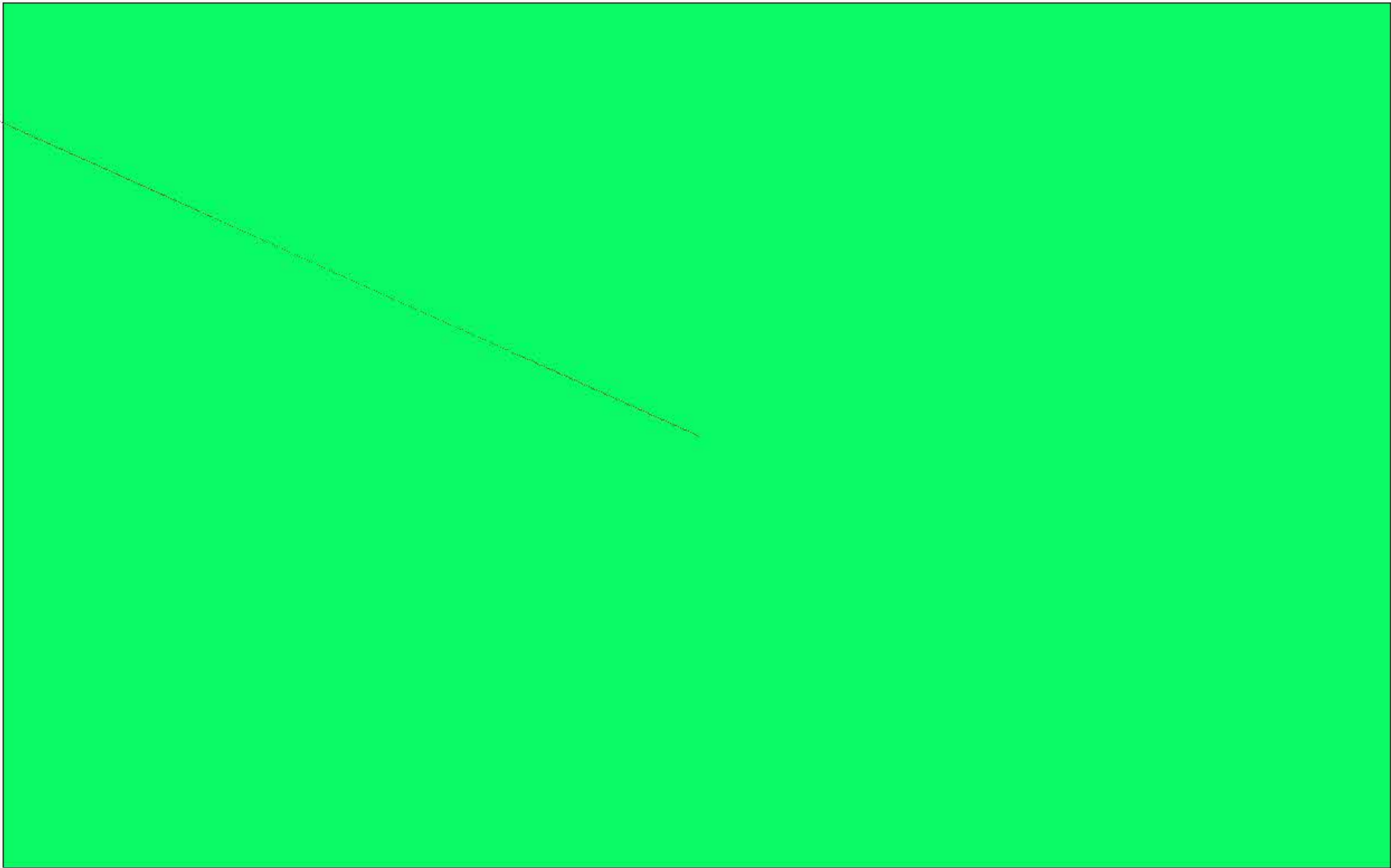
- o ~~(S/NF)~~ Beijing welcomed the leadership transition in Tokyo last November. The Chinese will be more comfortable with Takeshita, described as "an old friend of China," [REDACTED]

(b)(1), 1.4 (d)

Additionally, Chinese leaders apparently feel that a continuing improvement in relations with China is a personal goal of Prime Minister Takeshita. Beijing's leaders have sought to reassure Tokyo that China's policies toward Japan will not be altered by leadership changes.

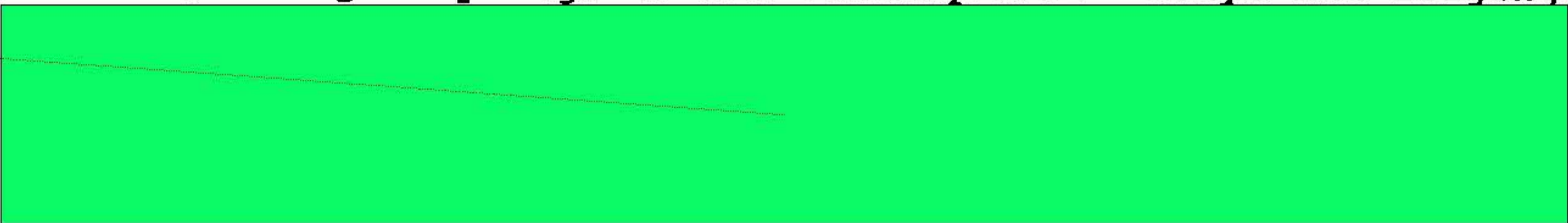
~~(S/NF)~~ Within the current bilateral relationship, economics has been an area of great concern for the Chinese. Although there has been a dramatic improvement in the Chinese trade deficit over the past three years (\$5.9 billion in 1985, \$4.2 billion in 1986, and \$849 million in 1987), other items such as technology transfer and the level of Japanese investment in China will remain sensitive issues.

(b)(1),1.4 (d)



~~(S/NF)~~ Sino-Japanese defense contacts have been increasing in both frequency and importance over the last few years; however, a major upsurge is not anticipated. Tokyo and Beijing

(b)(1),1.4 (d)



(b)(1),1.4 (d)

- o ~~(S/NF)~~ [Redacted]

For the foreseeable future, bilateral visits will remain the primary focus of the program. Additional areas could include defense-related student exchanges and the possibility of intelligence sharing on Soviet forces and intentions in East Asia.

(b)(1),1.4 (d)

- o ~~(S/NF)~~ [Redacted]

While Beijing did not appear overly worried about Japan's crossing the 1-percent defense spending barrier, there is concern about future Japanese rearmament. Because of this, China will remain sensitive to any indications that Japan might want to

acquire strategic weapons, a power projection capability, or military strength which Beijing considers to exceed Japan's legitimate self-defense needs. China and many other Asian nations would be greatly alarmed by any suggestion that Japan assume a broader regional security role in lieu of the United States.