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# THE INDEPENDENT VOICE IN ASIA THE INDEPENDENT VOICE IN ASIA

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**★ FRIDAY**, NOVEMBER 17, 2023

Outlook for bilateral relationship still dim

## Biden, Xi agree on crisis steps. Now what?

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**GABRIEL DOMINGUEZ** AND JESSE JOHNSON STAFF WRITERS

The U.S. and Chinese leaders had a message for one another in their first meeting in just over a year: They're both ready to pick up the phone to prevent the worst.

At their summit, U.S. President Joe Biden and Chinese leader Xi Jinping held four hours of talks just outside San Francisco, where they agreed to reopen high-level military-to-military channels as part of a handful of steps that the two countries hope will prevent their relationship from veering into

However, experts say the agreed measures alone will not be enough to improve what Xi described as the world's "most important bilateral relationship," as neither side appeared willing to tackle their fundamental differences head on.

"We're going to continue to preserve and pursue high-level diplomacy with the PRC (People's Republic of China) in both directions to keep the lines of communication open, including between President Xi and me," Biden told a news conference after the highly anticipated talks.

"He and I agreed that each one of us could pick up the phone and call directly and we'd be heard immediately." Stressing that the world expects both sides to "manage competition responsibly," Biden said he and Xi welcomed the reopening of the high-level military communication lines Beijing severed over a year ago in reaction to then-House Speaker Nancy Pelosi's controversial visit to Taiwan.

With dangerously close encounters at sea and in the air on the rise, there are growing concerns that a conflict between the two superpowers could be triggered by an accident or miscalculation — concerns that are also shared by Biden.

"Miscalculations on either side can cause real, real trouble with a country like China," he said. "I think we're making real progress there." This is why an agreed crisis prevention framework will include telephone conversations between theater commanders, and in addition the U.S.-China Defense Policy Coordination Talks and the U.S.-China Military Maritime Consultative Agreement meetings will be reinstated.

Also included are talks at the ministerial level, with a senior U.S. administration official saying Defense Secretary Lloyd Austin is planning to meet his Chinese counterpart once Beijing appoints a successor to former defense chief Li Shangfu, who was removed from his post earlier this year.

The official said Beijing also agreed to "create mechanisms" to address miscalculations, as well as forums for the two sides "to be able to present concerns to the other." Another important outcome was a deal to launch a working group on counternarcotics, especially on combating the misuse of fentanyl, a leading cause of drug overdoses in the United States. "They're taking a number of steps that are designed to dramatically curtail those supplies," said the U.S. official, adding that the Chinese agreed to go directly after companies that make fentanyl precursors.

The two superpowers also said they would launch government talks on the use of artificial intelligence.

The U.S. and many other countries, including Japan, want to establish international norms to prevent incidents that may arise from the unregulated use of this cutting-edge technology, particularly in the military field.

Overall, Biden called the talks "some of the most constructive and productive discussions we've had," adding that the two leaders had made "some important progress" in improving a relationship that has soured over a broad array of economic, security,

technology and rights concerns. But while the "blunt" discussions marked



Chinese leader Xi Jinping walks with U.S. President Joe Biden on the sidelines of the Asia-Pacific Economic Cooperation summit, in Woodside, California, on Wednesday. The leaders agreed to reopen high-level military-to-military channels amid efforts to prevent conflict. REUTERS

a positive step forward, they also reflected the countries' fundamentally different views on the overall direction of the relationship, as well as their respective roles in the Indo-Pacific region.

While Biden said that Washington "will continue to compete vigorously" with Beijing, including by aligning its efforts with global allies and partners, Xi reiterated that "major-country competition is not the prevailing trend of current times" and cannot solve the problems facing the bilateral relationship or the world at large.

"Planet Earth is big enough for the two countries to succeed, and one country's success is an opportunity for the other," Xi said, calling on Washington to "manage disagreements effectively." Xi also spoke of the need to "appreciate each other's principles and red lines," and "refrain from being provocative," a reference likely made in regard to Taiwan, which Beijing sees as a renegade province.

The Chinese leader sought to reassure Biden about Beijing's intentions toward the democratic island, saying it has no plans for military action against Taiwan in the coming years.

But Xi also called on Washington to honor its commitment to not support Taiwanese

independence, as well as to stop arming Taipei and support "China's peaceful reunification." For his part, Biden said he plans to maintain Washington's support of the "One China" policy, which "acknowledges" Beijing's position that there is only one China, but doesn't say it recognizes Chinese sovereignty over Taiwan.

Given the limited progress made on these fundamental frictions, there are doubts as to whether the summit agreements will be enough to truly halt a further downward spiral in bilateral ties.

"There are a number of events in the coming year that can set back the progress made in this meeting," said Amanda Hsiao, senior China analyst at the Cross Group.

These include escalating territorial disputes in the South China Sea, more economic "de-risking" measures, increased competition over the developing countries in the "Global South," and presidential elections in Taiwan and the United States, the latter of which will almost assuredly be preceded by a campaign season filled with anti-China rhetoric that could damage ties.

"The era of deep bilateral engagement we've seen in past decades is unlikely to return, given the bipartisan consensus in Washington to adopt a tougher stance on

China and the prevailing negative public sentiment," said Cathy Wu, an assistant professor at Virginia-based Old Dominion University. The Biden administration is focused on

preventing a direct clash between the superpowers rather than pursuing substantial engagements, Wu added. Considering this stance, Beijing is unlikely

to initiate engagement, particularly with existing tariffs still in place and the imposition of new sanctions from Washington, she said. Experts also don't rule out that China may suspend military talks again should relations

"The U.S. is more interested in military communications than China," Hsiao said, noting that Beijing is mainly resuming military dialogue to create goodwill with Washington to extract other concessions in areas it is more interested in.

"If bilateral relations sour again, Beijing may well cut off military communications once more," she added.

Robert Sutter, an expert in U.S.-China relations at George Washington University, said it's possible the relationship may deteriorate further, despite the consultation mechanisms, as Washington further hardens its

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### Chinese economic zone embodies harsh reality

DAVID KIRTON SHENZHEN

Tony Xiong is among the latest arrivals to the glitzy office towers in the newest part of Shenzhen, built to showcase China's economic miracle. He won't be spending any personal time in the area though.

Most lunch breaks, he drives 20 to 30 minutes to more-established parts of Shenzhen to slurp beef noodles in familyowned restaurants before racing back to work.

"In Qianhai, it's either a 10-minute walk in the sun to the mall or the terrible cafeteria food," said the 30-year-old, a finance worker in a state-owned property firm. "I don't like

Office workers are not the only ones grumbling about the unattractiveness of Qianhai, a special economic zone where Chinese dreams of global financial might and economic prosperity that once seemed inevitable are now darkened by half-empty skyscrapers and shopping malls, as well as barely used motorways.

This Shenzhen appendix opened for business more than a decade ago after an initial investment of \$45 billion, with state media calling it mainland China's own Hong Kong: a future international tech and finance hub; a testbed for liberalizing markets and information access.

But interviews with 10 executives and investors, as well as real estate experts, diplomats and economists and 10 workers in the area during six visits between September and November paint a picture of a largely deserted district that has given up on its reformist ambitions. At the same time, these people said, Qianhai is struggling to stand out among 2,500 other special zones across China dangling various subsidies at reluctant businesses.

Five economists and three diplomats said that Qianhai's travails reflect the limits of China's old "build it and they will come" growth model — one that worked wonders a generation earlier for wider Shenzhen, among the country's first and most successful special economic zones.

The office vacancy rate was 28.9% in the third quarter, near the highest in three years, Continued on page  $5 \rightarrow$ 



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#### Showing you care

A few small expressions can go a long way in your relationship | BILINGUAL, PAGE 9

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### New Haneda business hub ready for takeoff

KAZUAKI NAGATA AND YUKANA INOUE STAFF WRITERS

A new business hub near Tokyo's Haneda Airport held a grand opening on Thursday, aiming to take advantage of its proximity to one of Japan's major gateways to the world.

Haneda Innovation City, which sits on 5.9 hectares, focuses on mobility, robotics and health care, provides office space, and is also involved in other research and development. Shops and restaurants are also integrated into the facility.

The new complex, which is connected to Tenkubashi Station right next to the station for Haneda Airport's Terminal 3, is also designed to enable firms to test new technologies in real-life settings.

For instance, there have been experiments using food delivery robots and self-driving buses to carry passengers between the facility and Haneda Airport terminal.

The establishment houses Nagoya-based Fujita Health University's medical innovation center, which offers cutting-edge medical technology, including a CT scan that can be used standing up. Fujita Health University



is also running a collaborative lab with Rohto Pharmaceutical where they are advancing the study of regenerative medicine.

"We are doing research in this location from the perspective that we want to deliver our research and remedy to the world, not just within Japan," Hideki Nonaka, an official at Rohto Pharmaceutical and manager of the lab.

**Haneda Innovation** City, a new business hub near Tokyo's Haneda Airport, held its grand  $opening\,on\,Thurs$ day. KAZUAKI NAGATA

While Tokyo has a number of business hub facilities in areas such as Marunouchi and Shibuya, the operator of Haneda Innovation City has said that its proximity to an airport makes it unique.

"Given its location right next to Haneda Airport, there are already many companies who are tactically thinking of having their base here," said Atsushi Kato, a representative from the project.

Haneda Innovation City is managed by Haneda Mirai Kaihatsu, a joint venture of nine firms including Kajima, Daiwa House, Haneda Airport operator Japan Airport Terminal and railway operator Keikyu.

Large-scale research and development labs are often located on the outskirts of central Tokyo or further out in the greater Tokyo region. Visiting such places can be challenging for busy business travelers, but Haneda Innovation City's location makes it easier. Also, since the site is owned by Tokyo's Ota Ward, which is known to be home to thousands of small- and midsize manufacturers, Haneda Innovation City is expected to collaborate with such local firms to create new business opportunities.



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