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Japan braces for protracted struggle as China increases economic pressure

Key takeaways

- Neither Tokyo nor Beijing is backing down in their dispute over Prime Minister Takaichi Sanae's comments on a Taiwan contingency, suggesting the likelihood of prolonged tensions.
- After discouraging travel to Japan, China has introduced additional countermeasures, with further economic coercion possible.
- The Takaichi government will find it difficult to yield to economic coercion and these measures could accelerate long-term structural changes in the bilateral relationship.

On 19 November, the Chinese government announced that it would effectively reimpose an import ban on Japanese fishery products as it escalates pressure on the Japanese government for Prime Minister Takaichi Sanae to retract her comments regarding possible Japanese involvement in a Taiwan contingency. This decision, though Beijing claims it was imposed for technical reasons and not in retaliation, is one of several measures imposed by Beijing in recent days. These measures suggest that the [downturn](#) in the bilateral relationship will be prolonged, reminiscent of the economic pressure campaign China launched against South Korea over its deployment of the Terminal High Altitude Area Defense (THAAD) system in 2017.

Beijing's decision on Japanese fisheries is symbolically important as it abruptly reverses what had been one of the Ishiba government's main achievements in stabilizing the bilateral relationship with China, convincing Beijing to relax the ban it had imposed in 2023 following the discharge of treated wastewater from the Fukushima Dai-ichi nuclear plant. Because that ban had only been recently relaxed, the direct impact on Japan's

economy may be limited. But other measures – Beijing’s efforts to discourage tourists and students from traveling to Japan and the cancelation of a Japanese movie release – could be more directly felt, given that Chinese tourists were more numerous than tourists of any other country save South Korea and spent roughly a fifth of the total spent by tourists in 2024.

After working-level talks between senior diplomats in Beijing on Tuesday showed both sides unwilling to step back, Wednesday’s fisheries decision suggests that other measures, perhaps restricting rare earths exports to Japan (as in 2010), rescinding visas for Japanese nationals engaged in business in China, or “unofficial” boycotts of Japanese brands could be coming next. To be sure, Japan’s economy is on the whole larger, more diversified, and less dependent on China than South Korea’s was in 2017, but China has also refined its economic coercion toolkit over the past decade, rolling out an “unreliable entities” list, refining its export control system, and passing the anti-foreign sanctions law that enables Beijing to freeze assets, restrict business activities with Chinese companies, or deny or revoke visas for targeted individuals. These tools could enable Beijing to apply pressure narrowly and gradually on top of wider-reaching measures like the fisheries ban or the travel warning.

For the moment, the Takaichi government has avoided a direct response, not even acting on calls from lawmakers to declare Xue Jian, China’s consul-general in Osaka persona non grata. While this incident may lend greater urgency to the Takaichi government’s efforts to pass legislation placing restrictions on foreign real estate purchases and countering espionage and foreign influence operations – legislation that was already likely in 2026 – and provide additional justification for its economic security agenda, politically there may be little reason for Takaichi to react. There is little indication that this dispute is harming her domestically yet – though business leaders, opposition lawmakers, and even senior Liberal Democratic Party (LDP) politicians are calling for dialogue – and if China ultimately yields without Takaichi’s withdrawing her comments, her point that a Taiwan conflict could pose a “existential threat” to Japan would stand. For the same reason, however, Beijing may have little choice but to continue ratcheting up pressure on Japan due to Taiwan’s status as perhaps the most central of China’s “core interests.” The risk, of course, is that China eventually imposes coercive measures that critically impact the operations of leading Japanese companies, impacting their bottom line and Japan’s broader economic outlook.

Ultimately, the speed with which the bilateral relationship has worsened under Takaichi suggests that while corporate Japan – and the Japanese government – have generally preferred “de-risking” over decoupling from China, Takaichi’s inclinations on national security may make it increasingly difficult to walk this tightrope. Tokyo may also be finding it more difficult to stabilize relations with Beijing as the Takaichi government has fewer backchannels to Beijing with Kōmeitō, long an important manager of the Japan-China relationship, out of government and senior China hands in the LDP having retired. There may in fact be fewer guardrails in place than in the past, pointing to a prolonged standoff that can have a marked impact on the structure of the bilateral relationship, accelerating the Japanese government’s efforts to reduce economic

dependence on China and diversify to the United States and other markets. At the same time, this raises the stakes for Japan from the ongoing negotiations between the US and China and US President Donald Trump's visit to Beijing in 2026, raising the possibility that Japan could be strategically out of step with the US on China.

Tobias Harris

Founder and Principal
Japan Foresight LLC
tobias@japanforesight.com
+1.847.738.4048

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