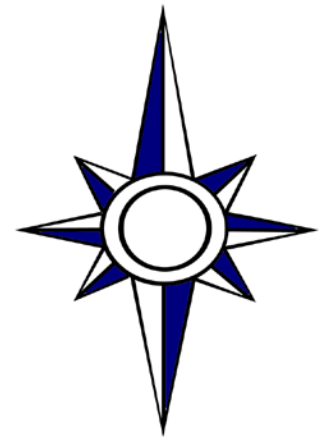




P a c i f i c   F o r u m   C S I S



# Comparative Connections



A Triannual **E-Journal** on  
East Asian Bilateral Relations

*edited by*

Carl Baker  
Brad Glosserman

September – December 2014  
Vol. 16, No.3  
January 2015

<http://csis.org/program/comparative-connections>

## Pacific Forum CSIS

Based in Honolulu, Hawaii, the Pacific Forum CSIS operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, D.C. Founded in 1975, the thrust of the Forum's work is to help develop cooperative policies in the Asia-Pacific region through debate and analyses undertaken with the region's leaders in the academic, government, and corporate arenas. The Forum's programs encompass current and emerging political, security, economic/business, and oceans policy issues. It collaborates with a network of more than 30 research institutes around the Pacific Rim, drawing on Asian perspectives and disseminating its projects' findings and recommendations to opinion leaders, governments, and publics throughout the region.

An international Board of Governors guides the Pacific Forum's work. The Forum is funded by grants from foundations, corporations, individuals, and governments, the latter providing a small percentage of the forum's annual budget. The Forum's studies are objective and nonpartisan and it does not engage in classified or proprietary work.

# **Comparative Connections**

A Triannual E-Journal on East Asian Bilateral Relations

Edited by  
Carl Baker and Brad Glosserman

Volume 16, Number 3  
September – December 2014

Honolulu, Hawaii  
January 2015

# Comparative Connections

A Triannual Electronic Journal on East Asian Bilateral Relations

Bilateral relationships in East Asia have long been important to regional peace and stability, but in the post-Cold War environment, these relationships have taken on a new strategic rationale as countries pursue multiple ties, beyond those with the US, to realize complex political, economic, and security interests. How one set of bilateral interests affects a country's other key relations is becoming more fluid and complex, and at the same time is becoming more central to the region's overall strategic compass. *Comparative Connections*, Pacific Forum's triannual electronic journal on East Asian bilateral relations edited by Carl Baker and Brad Glosserman, with Ralph A. Cossa serving as senior editor, was created in response to this unique environment. *Comparative Connections* provides timely and insightful analyses on key bilateral relationships in the region, including those involving the US.

We regularly cover key bilateral relationships that are critical for the region. While we recognize the importance of other states in the region, our intention is to keep the core of the e-journal to a manageable and readable length. Because our project cannot give full attention to each of the relationships in Asia, coverage of US-Southeast Asia and China-Southeast Asia countries consists of a summary of individual bilateral relationships, and may shift focus from country to country as events warrant. Other bilateral relationships may be tracked periodically (such as various bilateral relationships with Australia, India, and Russia) as events dictate. Our Occasional Analyses also periodically cover functional areas of interest.

Our aim is to inform and interpret the significant issues driving political, economic, and security affairs of the US and East Asian relations by an ongoing analysis of events in each key bilateral relationship. The reports, written by a variety of experts in Asian affairs, focus on political/security developments, but economic issues are also addressed. Each essay is accompanied by a chronology of significant events occurring between the states in question during the four-month period. A regional overview section places bilateral relationships in a broader context of regional relations. By providing value-added interpretative analyses, as well as factual accounts of key events, the e-journal illuminates patterns in Asian bilateral relations that may appear as isolated events and better defines the impact bilateral relationships have upon one another and on regional security.

---

*Comparative Connections: A Triannual Electronic Journal on East Asian Bilateral Relations* (print ISSN 1930-5370, online E-ISSN 1930-5389) is published three times annually (January, May, and September) at 1003 Bishop Street, Suite 1150, Honolulu, HI 96813.

# Table of Contents

## **Regional Overview:.....1**

### **(Almost) Everyone Pivots to the Asia-Pacific**

**by Ralph A. Cossa and Brad Glosserman, Pacific Forum CSIS**

A trifecta of international gatherings – the Asia Pacific Economic Cooperation (APEC) Leaders Meeting in Beijing, the East Asia Summit (EAS) in Nay Pyi Taw, and the G-20 gathering in Brisbane – had heads of state from around the globe, including US President Barack Obama, flocking to the Asia-Pacific as 2014 was winding to a close. North Korea was not included in these confabs but its leaders (although not the paramount one) were taking their charm offensive almost everywhere else in an (unsuccessful) attempt to block a UN General Assembly resolution condemning Pyongyang’s human rights record. More successful was Pyongyang’s (alleged) attempt to undermine and embarrass Sony Studios to block the release of a Hollywood film featuring the assassination of Kim Jong Un.

## **US-Japan Relations:.....17**

### **Heading to the End Zone on TPP and Defense**

**by Michael J. Green, CSIS/Georgetown University, and Nicholas Szechenyi, CSIS**

Weak economic data prompted Prime Minister Abe Shinzo to postpone painful tax increases and call a snap election to extend the window in which to advance his policy agenda. US-Japan negotiations on TPP slowed, but President Obama made his first significant public push in December on TPP. Discussions on revising the bilateral defense guidelines advanced somewhat but were extended into 2015 to better coincide with the legislative debate in Japan on defense policy. Trilateral coordination with Australia and South Korea reflected a shared commitment to network the alliance agenda. Public opinion surveys revealed a foundation of support for the US-Japan relationship across a range of issue areas. All of the bilateral agenda on defense and trade was aimed at a potential Abe visit to Washington in the spring.

**US-China Relations:.....25**

**Summit Provides Renewed Momentum for Better Ties**

**by Bonnie Glaser, CSIS/Pacific Forum and Jacqueline Vitello, CSIS**

The highlight of the final months of 2014 was the summit between Presidents Obama and Xi Jinping, which produced agreements on visa extensions, military confidence-building measures, climate change, and information technology. Alongside progress, tensions persisted over China's activities in the South China Sea and its continued promotion of regional security architecture fashioned by Asian nations, with the US role unclear at best. The 25<sup>th</sup> Joint Commission on Commerce and Trade (JCCT) convened in Chicago in mid-December. The "Umbrella Movement" in Hong Kong introduced a new source of friction in the bilateral relationship as Beijing suspected Washington's instigation behind the scenes.

**US-Korea Relations:.....39**

**Common Cause as DPRK Threats Increase**

**by Stephen Noerper, The Korea Society**

The closing months of 2014 saw new US vulnerabilities as North Korea purportedly leveled a massive cyberattack against Sony Pictures Entertainment. President Obama attributed the attack to the DPRK and promised a "proportional" response. Citing an increase in the broader DPRK threat, the US and ROK affirmed common cause and new resolve, agreeing to delay transfer of wartime operational control (OPCON) over ROK forces. Meanwhile, North Korea's human rights record was condemned as the UN General Assembly voted for a referral to the International Criminal Court. The DPRK responded with a diplomatic "charm" offensive involving senior leader engagements around the globe and the release of three US detainees.

**US-Southeast Asia Relations:.....47**

**Diplomatic Gambits**

**by Sheldon Simon, Arizona State University**

Senior US officials at ASEAN-based meetings touted the Association's centrality for the Obama administration's rebalance to Asia. Nevertheless, a US proposal at the East Asia Summit (EAS) that all South China Sea claimants "freeze" efforts to alter the status quo on the islets they control was not endorsed at the November meeting. In the Philippines, there was some progress on implementing the Enhanced Defense Cooperation Agreement, though opponents have challenged its constitutionality. The US partially lifted its arms embargo with Vietnam, agreed to resume *Cobra Gold* in Thailand in 2015, and expressed approval of Indonesia's ambitious maritime development program. Human rights concerns were noted by US officials in response to ongoing ethnic tensions in Burma and the Najib government's decision to repeal the 1948 Sedition Act in Malaysia.

**China-Southeast Asia Relations:.....57**

**Beijing Sets Positive Agenda, Plays down Disputes**

**by Robert Sutter, George Washington University, and Chin-hao Huang, University of Southern California**

President Xi Jinping and other Chinese leaders were actively engaged in Southeast Asia. They established or reinforced initiatives that employ Chinese wealth and economic connections to attract neighbors to China, including the Asian Infrastructure Investment Bank (AIIB) and the Maritime Silk Road through Southeast Asia. Against this background, attention to China's territorial disputes in the South China Sea declined and efforts to stabilize relations with Vietnam moved forward. The implications of the Chinese initiatives remain hard to determine as China has endeavored before to focus on positive features of mutual development, only to find changing circumstances lead to differences over sovereignty overshadowing common ground.

**China-Taiwan Relations:.....67**

**Cross-Strait Relations on Hold**

**by David G. Brown, The Johns Hopkins School of Advanced International Studies, and Keven Scott, The Brookings Institution**

Campaigning for local elections in Taiwan delayed any progress toward resolving the deadlock in the Legislative Yuan over cross-strait issues. While emphasizing continuity in its peaceful development policy, Beijing is concerned over the Democratic Progressive Party's (DPP) increasing prospects and consequently has laid down markers aimed at the party. Student protests in Hong Kong underlined the fundamental political differences between Taiwan and the mainland and occasioned some sharp exchanges between the Ma administration and the Chinese Communist Party (CCP) leadership. The Kuomintang's (KMT) unexpectedly large defeat in the local elections surprised everyone and creates new challenges for Beijing in the lead-up to Taiwan's presidential and legislative elections in early 2016.

**North Korea-South Korea Relations: .....75**

**Summit in 2015? A Tough Climb**

**by Aidan Foster-Carter, University of Leeds, UK**

As so often in inter-Korean relations, the final four months of 2014 proved a mixed bag. Despite several advance tantrums, North Korea sent a full sports squad to compete in the 17th Asian Games (Asiad) held in Incheon. Better yet, three top DPRK leaders suddenly showed up at the closing ceremony and the two Koreas agreed to hold high-level talks. Then the let-down: Pyongyang added unacceptable conditions so the talks were not held and relations reverted to the usual bickering, sniping, and blame games. In the process, Seoul seemed to pass up several opportunities to engage senior leaders from the North. The turn of the year brought fresh hope as both Koreas unexpectedly raised the possibility of high-level meetings, but the issue of preconditions was percolating below the surface.

## **China-Korea Relations:.....91**

### **Beijing Ties Uneven with Seoul, Stalled with Pyongyang**

**by Scott Snyder, Council on Foreign Relations, and See-won Byun, George Washington University**

Although North Korea's diplomatic activity in 2014 spiked with senior-level outreach to Southeast Asia, Iran, Russia, the Middle East, Africa, and the UN, Beijing has been little more than a stopover for these officials. Security and economic ties remain strained as Pyongyang continues its dual pursuit of nuclear and economic development. In contrast, South Korean politicians and diplomats have been flocking to Beijing for endless consultations. Multilateral engagements were the primary venue for maintaining the momentum in high-level exchanges following the Xi-Park summit in July. The seemingly perennial agenda for discussion was North Korea and discussion of China-South Korea trade, including the announcement that the two countries would meet their end-of-year target to conclude negotiations on a free trade agreement.

## **Japan-China Relations:.....101**

### **A Handshake at the Summit**

**by James J. Przystup, Institute for National Strategic Studies, NDU**

Prime Minister Abe realized his long quest for a summit with President Xi during the APEC meeting in Beijing. The picture of the encounter – Xi's averted gaze at the handshake – spoke volumes, underscoring the politically sensitive issues that trouble the relationship: disputed history, Yasukuni, and the Senkaku/Diaoyu Islands. China commemorated several anniversaries including the victory over Japan, the Mukden Incident, and the Nanjing massacre. In the East China Sea, Chinese Coast Guard ships regularly operated in Japan's contiguous zone, while asserting administrative jurisdiction and frequently entering Japan's territorial waters. Chinese fishing boats engaged in coral poaching within Japan's EEZ. Polls in both countries revealed a continuation of mutually strong negative feelings.

## **Japan-Korea Relations:.....113**

### **How (Juicy) Tabloid News Subsumed Relations**

**by David Kang and Jiun Bang, University of Southern California**

Despite continued political bickering between Japan and its neighbors, tourism to Japan reached record heights in 2014. While the increase in tourism can be partly attributed to the plunging value of the yen, it also emphasizes one fact: the people of Northeast Asia are deeply interconnected in a number of ways. It is ironic that while both Japan and South Korea use the same characters and pronunciation for both “past (過去)” and “future (未來),” there is little to suggest a consensus on either the past or the future. Nevertheless, the process of seeking some accord dominated the relationship in the final months of 2014, as evidenced by occasional meetings and brief encounters on the sidelines of multilateral conferences. To an optimist, there was no single dispute that consumed the bilateral relationship; to a cynic, there was no observable progress resulting from the meetings.



**China-Russia Relations:.....123**

**Russia's Pride and China's Power**

**by Yu Bin, Wittenberg University**

For Russia and China, the last four months of 2014 began with the welding of the first joint of the 4,000-km East Siberian-China gas line near Yakutsk. At yearend, both countries were relieved by the safe return of a Siberian tiger to Russia after two months of roaming in China. In between, top leaders met several times at multilateral events (SCO, APEC and G-20). Most interactions were business as usual as the two countries cooperated, competed, and compromised over a range of issues. Increased Western sanctions against Russia, plus a steep drop of oil price, led to a lively debate in China about how should help Russia. In the end, this public discourse was partly “reset” with Russian Ambassador Sergey Razov telling his Chinese audience that Russia needs China’s diplomatic support, not its economic assistance. Stay tuned for more dynamics resulting from China’s growing power and Russia’s pride in the timeless game of the rise and decline of the great powers.

**India-East Asia/Relations:.....141**

**Acting East under Prime Minister Modi**

**Satu Limaye, East-West Center**

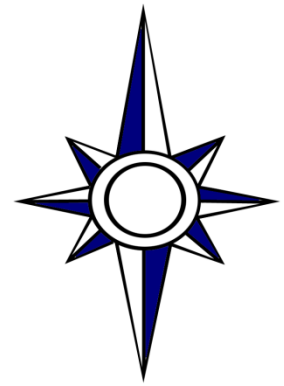
India-East Asia relations since May 2014 are distinctive for two main reasons. First, Narendra Modi was inaugurated as India’s new prime minister on May 26 following a landmark and landslide election. In the months since, the Modi-led government has conducted robust and wide-ranging bilateral meetings with East Asian leaders and attended the East Asia Summit (EAS), the India-ASEAN Summit, and the G-20 Summit. Modi is seeking to create a new narrative for India-East Asia relations, saying at the EAS that “[s]ince entering office six months ago, my government has moved with a great sense of priority and speed to turn our ‘Look East Policy’ into ‘Act East Policy’.” A second distinctive element of the present period of India-East Asia relations is that it marks the third decade of India’s “Look East” policy launched in the early 1990s. This is, then, the third decade of India’s “third incarnation” as an Asian player – the first incarnation covering the millennia of historical, religious, and civilizational connections and the second incarnation covering the immediate post-1947 independence period until the early 1960s.

**About the Contributors.....155**



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## Regional Overview:

### (Almost) Everyone Pivots to the Asia-Pacific

Ralph A. Cossa, Pacific Forum CSIS  
Brad Glosserman, Pacific Forum CSIS

A trifecta of international gatherings – the Asia Pacific Economic Cooperation (APEC) Leaders Meeting in Beijing, the East Asia Summit (EAS) in Nay Pyi Taw, and the G-20 gathering in Brisbane – had heads of state from around the globe, including US President Barack Obama, flocking to the Asia-Pacific as 2014 was winding to a close. North Korea was not included in these confabs but its leaders (although not the paramount one) were taking their charm offensive almost everywhere else in an (unsuccessful) attempt to block a UN General Assembly resolution condemning Pyongyang's human rights record. More successful was Pyongyang's (alleged) attempt to undermine and embarrass Sony Studios to block the release of a Hollywood film featuring the assassination of Kim Jong Un.

### The democratic pageant

*The United States.* The Republican Party walloped the Democratic Party in midterm elections, retaking control of the Senate and is now running both houses of Congress for the first time in eight years. The GOP victory was forecast by most analysts; what the party will do with it is not so clear. Optimists argue that Republicans will try to prove their governing credentials and work with the president and moderate Democrats to move forward on consensus issues such as trade agreements – the chief opposition to the Trans-Pacific Partnership (TPP) Free Trade Agreement has been from Democrats, although GOP support for trade deals cannot be taken for granted – tax reform, and perhaps even immigration legislation. Pessimists counter that hardliners in both parties will focus on principles rather than pragmatism, with Democrats joining GOP rejectionists to bring Congress to a halt. The GOP could also focus on symbolic votes to repeal Obama's legacy health care program or congressional investigations that aim to undermine former Secretary of State Hillary Clinton's presidential prospects in 2016.

The president won't be twiddling his thumbs in the meantime. In the two months since the election, he has taken executive action to push immigration reform, normalize relations with Cuba, and signed a historic climate deal with China. Action is expected on Environmental Protection Agency regulations and perhaps even campaign finance. A nuclear deal with Iran may also be in the works. Forget the notion of a chastened, lame duck president: it appears that Obama will be busy during his last two years in office.

*Indonesia.* In Southeast Asia's largest democracy, the news was not encouraging. In October, the old guard took its revenge on Joko Widodo, who bested retired Gen. Prabowo Subianto in July's presidential elections, by restoring the old practice by which local leaders such as mayors and governors were selected by local parliaments, rather than open voting as was adopted in 2005. In

theory, the change was made to save money; in reality the changes prevent newcomers like the new president from rising to power. Local parliaments are controlled by established parties and ensuring that they select local leaders allows them to control the political landscape. The bill was passed in the final hours of the Parliament's five-year term with a 2 AM vote. Since Prabowo and his allies have a majority in the new Parliament, they can override any procedural challenge to the legislation in the new legislature. Recognizing the danger the vote would do to his legacy, outgoing President Susilo Bambang Yudhoyono subsequently repealed the legislation but the new legislature was scheduled to vote again in early January to reinstate the bill.

*Taiwan.* The ruling Kuomintang (KMT) party took a beating in local elections for positions ranging from village chiefs to mayors. The KMT held 15 of Taiwan's 22 cities and counties before the vote; when the dust cleared, it held just six, and lost control of Taipei, a KMT stronghold for the last 16 years. The Democratic Progressive Party (DPP) controls 13 cities, including four of Taiwan's six special municipalities, the island's largest cities. Three cities went to independents. The results have been heralded as a vote of no-confidence in President Ma Ying-jeou, especially his cross-strait policy that seeks better ties to China. The KMT has challenged that interpretation, insisting that local issues were on the ballot.

Both are true. The vote was a testimony to the unease that young voters feel about their future and a vote of no confidence in the KMT's management of the economy. At the same time, the DPP cannot take the win for granted. Its China policy remains a source of great speculation and finding a middle ground that will satisfy its deep-green supporters, independents, and China will be difficult.

*Hong Kong.* It took 79 days for the the Occupy Central movement to burn out, but it ended with the protest sites shut down, the final demonstrators sent home, and a deep sense of unease. The Hong Kong government (and the Beijing government behind it) was relieved that the protests ended without significant violence, but the ill will and larger questions remain. The ostensible object of the protest – the right of residents of Hong Kong to select their own leader; Beijing insisted that a committee would screen all candidates – was a proxy for a more general grievance about the Special Administrative Region's future. Residents fear that opportunities are shrinking and that connections to the mainland determine success, not hard work or education.

The decisions that animated the Occupy movement also hardened Taiwanese sentiment against reunification. The "one country, two systems" model that was to induce the island to return to the mainland was exposed as rhetoric. While an overwhelming majority of Taiwanese had long rejected the formula, the recent Hong Kong events put yet another nail in that coffin.

*Japan.* Prime Minister Abe Shinzo and his Liberal Democratic Party (LDP) have their election win; a mandate is another matter, however. The election was mostly a reminder to Japanese voters of how few choices they have and the poverty of the opposition. That said, the long-term results are not the obvious. The far right end of the political spectrum was weakened, the left-leaning Komeito party was strengthened in the ruling coalition, and the opposition DPJ might have finally hit bottom and begun its rebound. Prime Minister Abe has pledged to double down on Abenomics, his economic agenda, and said he will press for more changes to national security and defense policy, including constitutional reform, although Komei's strong showing in the

ballot will make that harder. Japan's economic outlook will be the barometer for his political future: the country is again in recession and the numbers – inflation, wages, productivity – are going the wrong way. Abe has bought his party two more years in power; whether he is the prime minister throughout that term is another matter.

*Thailand.* The Thai junta continues to consolidate its grip on power. The country remains under martial law and democracy supporters have been purged. Government criticism is banned, as are demonstrations, along with public gatherings of more than five people. The junta has reportedly forced the cancellation of university seminars on constitutional and political issues. The media is under intense scrutiny and journalists have been told to refrain from asking some questions, such as the wealth of certain government officials.

In late December, the deputy prime minister revealed that there would be no new elections until February 2016 at the earliest. Previously Prime Minister Prayuth Chan-Ocha had said the ballot would be held around October 2015. In the meantime, a new constitution will be written, in theory by September 2015. It must then be approved by the king, and laws written. The king's health remains a question. For all the junta's efforts at repression, there are mounting concerns about its ability to contain the situation in Thailand.

### **APEC Leaders Meeting: Xi's shindig**

The November 2014 Asia Pacific Economic Cooperation (APEC) Leaders Meeting marked APEC's 25<sup>th</sup> anniversary and the 22<sup>nd</sup> economic leaders get-together. The meeting was a triumph for China and President Xi Jinping — the choreography of the entire gathering underscored Chinese power, the agenda reflected Beijing's concerns, and Xi emerged as a regional leader perhaps without peer. As always, APEC remains divided, torn between competing visions – one grand, one technocratic – and different needs of member economies.

The meeting produced agreement to study the Free Trade Area of the Asia Pacific (FTAAP), originally a US initiative that Beijing championed to demonstrate its commitment to Asia-Pacific trade and (it is theorized) to slow progress toward the Trans-Pacific Partnership (TPP) trade deal. China originally sought to gain agreement to pursue the FTAAP, but the US objected and the compromise was the feasibility study. The group approved initiatives on global value chains, supply chains, and capacity building. It also adopted a blueprint to promote regional connectivity by 2025 and agreed to a transnational effort that would strengthen cooperation in the fight against corruption, a high priority for China. Among the usual side meetings and bilateral deals, three in particular stand out: the meeting of Xi and Japanese Prime Minister Abe, the summit between Presidents Obama and Xi, and a Xi-Park Guen-hye sit-down that produced a substantive agreement on the China-ROK free trade agreement.

*A handshake and a grimace.* One of the benefits of international meetings is the opportunity for side meetings, including ones that might otherwise be politically difficult to arrange (see Obama's trilateral meeting with Prime Minister Abe and President Park Guen-hye along the sidelines of the Nuclear Security Summit in our May 2014 report). The main photo op from this year's APEC gathering was the strained handshake between Abe and President Xi. While their foreign ministries laid the groundwork for the historic first meeting between the two with parallel

statements that seemed to acknowledge that a dispute did indeed exist between the two over the contested Senkaku/Diaoyu Islands (a Chinese precondition for the meeting), the expressions on both their faces told the real story. Backsliding since the meeting by both sides leaves the island dispute unresolved and sure to complicate future relations between the world's number two and three economies. Jim Przystup's chapter provides the details.

*Another "shirtsleeve" summit.* The APEC gathering also provided Presidents Obama and Xi an opportunity to meet one-on-one for another round of informal summitry, with this meeting appearing less consequential than their Sunnylands meeting 17 months ago. Nonetheless, as explained in greater detail in our US-China chapter, the two leaders did try to regain some of the momentum lost since their first shirtsleeve summit, although Obama this time avoided talking about the "new type of major country relations," a favorite Chinese term that has become politically sensitive in Washington.

### **East Asia Summit: Myanmar comes of age?**

The most significant aspect of the Nov. 12-13 East Asia Summit (EAS) was its venue; the summit was the culmination of Myanmar's successful first year as ASEAN chair and the first major international gathering in its (relatively) new capital, Nay Pyi Taw (NPD). It also brought President Obama to Myanmar for the second time in the past two years. He was careful to stress that much more needed to be done as the country slowly and cautiously proceeds along the path toward greater democracy, even while praising the steps taken thus far to open up this closed society. Obama also met Aung San Suu Kyi (ASSK) in Yangon.

*Democratic process incomplete.* During his press conference on Suu Kyi's back porch, Obama stressed that Myanmar's reforms were "by no means complete or irreversible"; he called for "free, fair and inclusive elections" and a constitutional amendment process that reflected "inclusion rather than exclusion." He also said the US was "paying attention to how religious minorities are treated in this country" while warning that "journalists can't be jailed simply because they were critical of the government."

For her part, ASSK called for a "healthy balance between optimism and pessimism," while calling for "a culture of democratic compromise." She described Myanmar's constitution as "unfair, unjust and undemocratic," arguing that "the majority of our people understand that this constitution cannot stand as it is if we want to make a true transition to democracy." That said, few believe that the constitution will be amended to allow her to run for president prior to the 2015 nationwide elections. Hopefully Washington (and ASSK) can look beyond this single issue in assessing how much progress Myanmar has made.

*EAS "business as usual."* The Chairman's Statement for the ninth annual EAS "reaffirmed the importance of the EAS as a Leaders-led Forum for strategic dialogue and cooperation on political, security, economic and social issues of common regional concern and a range of complex challenges facing the region." It contained something for everyone; reiterating the aim to complete Regional Comprehensive Economic Partnership (RCEP) negotiations by the end of 2015 while also welcoming continued negotiations for the Trans-Pacific Partnership (TPP) and

supporting Free Trade Agreements with EAS participating countries, noting that all such activities “contribute to further increasing regional economic integration.”

Turning a blind eye toward myriad activities that are frantically changing the status quo in the South China Sea (not the least of which being Beijing’s efforts to create new islands presumably capable of supporting airstrips), the Statement welcomed the progress on full and effective implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC), and consultation on a code of conduct to govern activity in the South China Sea (COC).

The statement also reaffirmed a “commitment for achieving peace and security and a world free of nuclear weapons and all weapons of mass destruction.” It also “reiterated the importance of fully implementing and complying with obligations under the relevant UNSC resolutions and commitments under the 19 September 2005 Joint Statement of the Six-Party Talks,” while calling for “the creation of necessary conditions for the resumption of Six-Party Talks, based on commitments previously made in these Talks, which would pave the way for the denuclearisation of the Korean Peninsula in a peaceful manner.”

On one issue there was no equivocation: “We condemned the brutal violence, hatred and intolerance of the terrorist organisation operating under the name of the Islamic State of Iraq and the Levant (ISIL) in Iraq and Syria and denounced all acts of terrorism. ISIL negates basic Islamic and human values and poses a deadly threat to the people of Iraq and Syria, the broader Middle East and beyond, including our own societies.”

Member states also reaffirmed their pledge to enhance disaster management cooperation through regional mechanisms, including the EAS, ASEAN Defense Ministers Meeting-Plus and ASEAN Regional Forum. To this end, they adopted the EAS Statement on Rapid Disaster Response.

## **G-20: more of the same**

November was a busy month. Australian Prime Minister Tony Abbott hosted many of the APEC grandees days later in Brisbane for a G-20 Summit. The group’s final communique identified the raising of living standards and creation of jobs through growth as top priorities. Reportedly, Australia was not eager to use the word “inequality” but the rest of the group differed: the final communique mentioned inequality twice. Summit attendees agreed on a plan outlined by their finance ministers earlier in the year, a proposal that has 800 measures that would, if implemented across all members, increase growth by 2.1 percentage points above current forecasts by 2018. In addition, a coordinating body will be set up in Sydney to facilitate infrastructure investment. Other priorities include: more jobs for women with the goal of adding 100 million women to the work force by 2025; urging strong and effective action on climate change; and increasing transparency on corporate reporting of taxes and profits.

As at the APEC meetings, many believe the real work of the G-20 is done in the bilateral meetings on the sidelines. The US and India agreed on ways to move forward the World Trade Organization trade facilitation package agreed in Bali last year. Turkey is now in the rotating chair of the G-20 and China will assume that role in 2016, besting Japan for that opportunity.

*“Shirt-fronting” Putin.* If his Chinese hosts made Russian President Vladimir Putin feel welcome in Beijing, this was clearly not the case when he ventured to Brisbane. (Russia was represented at the EAS by Prime Minister Dmitri Medvedev.) Just hours before his arrival, Prime Minister Abbott launched a blistering attack against the Kremlin’s leader, accusing him of behaving like a Soviet-era dictator seeking to regain old glories while his nation’s economy faltered. A month earlier, Abbott had said he planned to shirt-front Putin – a term used in Australian rules football, referring to an aggressive, front-on physical challenge – over the downing of Malaysian Airlines Flight 17, which resulted in the death of 38 Australians (and 298 innocent souls overall): “Look, I’m going to shirt-front Mr. Putin ... you bet I am. I am going to be saying to Mr Putin, Australians were murdered. They were murdered by Russian-backed rebels using Russian-supplied equipment.” Much was made of the fact that Putin was the first major leader to leave after the meeting concluded, before the final communique was released, although Putin personally praised the “constructive atmosphere” in Brisbane, despite the pressure put on him by Western leaders over the Ukraine crisis. He acknowledged that “some of our views do not coincide, but the discussions were complete, constructive and very helpful”; he described Abbott as a “very business-like person.”

President Putin’s actions were high on the agenda of a trilateral meeting among Prime Minister Abbott, Prime Minister Abe, and President Obama, who issued a statement condemning Russia over its actions in Ukraine. The G-20 Final Communique contained no references to Russia, Ukraine, or Malaysian Airlines Flight 17, however.

### **DPRK: charm and not-so-charming offensives**

The North Koreans were also busy on the diplomatic front during the last four months of 2014, even though Pyongyang was not included in the APEC, EAS, or G-20 events. North Korea sent its diplomats far and wide seeking to defeat a United Nations General Assembly (UNGA) resolution condemning Pyongyang’s human rights abuses. This included DPRK Foreign Minister Ri Su Yong attending the UN General Assembly meeting in September for the first time since 1999, a high-profile visit to Moscow by special envoy Choe Ryong Hae, and an even higher profile seemingly spur-of-the-moment visit by three of Pyongyang’s senior-most officials – Hwang Pyong So, director of the North Korean Army’s General Political Bureau and vice chairman of the National Defense Commission; Choe Ryong Hae, a secretary of the Central Committee of the Korean Workers’ Party (WPK), who had been widely regarded as North Korea’s number two leader until Hwang reportedly replaced him as second among equals; and Kim Yang Gon, director of the United Front Department of the WPK – to Incheon for the closing ceremonies of the 2014 Asian Games on Oct. 4.

*Incheon: hopes raised and dashed.* The three North Korean luminaries were apparently hoping to meet ROK President Park at Incheon but she sent her prime minister to the closing ceremonies and the trio reportedly elected not to travel to Seoul to meet her, meeting instead in Incheon with Prime Minister Chung Hong-won, Unification Minister Ryoo Kihl-jae, and National Security Adviser Kim Kwan-jin. Amid applause for a potential “breakthrough,” the two sides agreed to a resumption of high-level dialogue later in the month. Alas, but to no great surprise, the North Koreans reneged. The North’s on-again, off-again charm offensive toward Seoul seemed once again to be off as 2014 drew to a close.



*“Crimes against humanity.”* Meanwhile, Pyongyang’s diplomatic efforts and protests notwithstanding, the UNGA on Dec. 18, 2014 adopted a resolution referring North Korea to the International Criminal Court (ICC) for human right abuses and for charges of crimes against humanity. In February, the *Report of the United Nations Commission of Inquiry on Human Rights in the Democratic People’s Republic of Korea* had detailed wide-ranging abuses in North Korea, which prompted the UN Human Rights Committee to vote in favor of referring North Korea to ICC for its human rights abuses in November, thus setting the stage for December’s action by the UNGA. The UNGA resolution also called for targeted sanctions against the Pyongyang leadership for the repression of civilians in North Korea. China and Russia voted against the resolution and are expected to block any attempt to take the issue to the ICC by exercising their veto rights in the UN Security Council. The North rejected the UN Commission’s report and condemned the actions of the Human Rights Committee and UNGA, calling the actions a “war declaration” and an “insult to the dignity” of its leader. Most ominously, in denouncing the Human Rights Committee statement on Nov. 20, the DPRK Foreign Ministry issued a statement that opening the door to a resumption of nuclear testing by Pyongyang: “Now that the U.S. hostile policy toward the DPRK compels the latter not to exercise restraint any longer in conducting a new nuclear test, its war deterrence will grow stronger unlimitedly to cope with the armed intervention of the US.” Not surprisingly, Pyongyang branded Washington as the “principal architect” behind the UN actions and warned that the US and its “servants” would be held “wholly responsible for all the consequences to be entailed by [the resolution’s] adoption.”

### **Americans released, but no breakthrough anticipated**

US-DPRK relations also ran hot and (mostly) cold over the past four months. When not lambasting Washington for its hostile policy, hypocrisy, nuclear threats, and “stifling strategy,” Pyongyang was welcoming presidential envoy and Director of Central Intelligence James Clapper to North Korea for an early Christmas present; the release of the two remaining US prisoners, Kenneth Bae and Matthew Todd Miller. The third prisoner, Jeffrey Edward Fowle, had been released with considerably less fanfare a few weeks earlier, as an apparent goodwill gesture, which may have set the stage for the subsequent visit and release of the other two.

Clapper’s visit was also seen by some as yet another sign of a “breakthrough” but he reportedly made no promises and wasn’t even sure he would be coming home with the prisoners until the end of his visit. On CBS’s *Face The Nation*, Clapper asserted that North Korean officials were “disappointed” that all he had to offer was a letter from President Obama: “I think the major message from them was their disappointment that there wasn’t some offer or some big – again, the term they used was ‘breakthrough,’” Clapper said, adding “We weren’t sure how this was going to play out.”

### **Sony attack: who’d believe this movie?**

In addition to denying all allegations of human rights abuses, Pyongyang has been equally convincing in denying culpability for the cyberattack on Sony by “Guardians of Peace” (GOP) even while applauding the phantom group’s efforts to protect and defend Kim Jong Un’s dignity.

The drama began with an intrusion into Sony's computers in late November that virtually shut down the studio. Personal details and email of employees were stolen (and released online) along with scripts and even some films. GOP subsequently demanded that the slacker comedy "*The Interview*," in which James Franco and writer, actor Seth Rogen are persuaded by the CIA to kill North Korean leader Kim Jong Un, be withheld from release. The US government blamed North Korea for being behind the attack, although private security firms were much less certain about Pyongyang's role or involvement. Initially Sony agree to pull the film, but after being chastised by President Obama in a press conference – "We cannot have a society in which some dictator someplace can start imposing censorship here in the United States" – and criticism by other actors, the film was made available in a limited release on Christmas Day.

President Obama said that the US "will respond proportionally" to North Korea's cyberattacks and terroristic threatening, "in a place and time and manner that we choose." As *The New York Times* noted, "if he makes good on it, it would be the first time the United States has been known to retaliate for a destructive cyberattack on American soil or to have explicitly accused the leaders of a foreign nation of deliberately damaging American targets, rather than just stealing intellectual property." At least three times since the press conference, North Korean connections to the internet have been cut. The cause of those glitches is unknown.

*Kim's first trip?* As 2014 was drawing to a close, Moscow revealed that President Putin had invited Kim Jong Un to Moscow next year to mark the 70<sup>th</sup> anniversary of the Soviet defeat of Nazi Germany in World War II. It will be interesting to see if he comes. Some are speculating that he might travel abroad before then. As North Korea marked the third anniversary of Kim Jong Il's death, Liu Yunshan, fifth in China's ruling Communist Party Standing Committee's hierarchy, paid his respects during a memorial at the DPRK Embassy in Beijing, despite China not being invited to the major ceremony in Pyongyang. Chinese Foreign Ministry spokesman Qin Gang told reporters, "We remember him on this day and we never forget the contributions he made in improving bilateral ties," adding that "China will work with the DPRK side to develop our traditional friendship and to jointly safeguard the peace and stability of the Korean Peninsula," prompting speculation that this could bring about a "breakthrough" in Sino-DPRK relations. The race to be Kim Jong Un's first foreign host appears to be on!

### **TPP: the end in sight?**

The language from the Trans-Pacific Partnership (TPP) Leaders Statement released Nov. 10 hits all the right notes, but measured against the trade pact's original objectives they ring a bit hollow. They "welcome the significant progress in recent months," and "are encouraged that Ministers and negotiators have narrowed the remaining gaps on the legal text of the agreement..." Conclusion of the deal is "a top priority" and the leaders believe that the work so far "sets the stage to bring these landmark Trans-Pacific Partnership (TPP) negotiations to conclusion." Except the deal was supposed to have been done last year. Many observers blame the failure of the US and Japan to reach agreement on their bilateral negotiations for the holdup, but that is overly simplistic. We see the US failure to approve Trade Promotion Authority – "fast track" – as the big problem: why should US trade partners put a final offer on the table when they don't know if Washington can or will accept it?

Still, there is progress, and the best indication of that is the newfound willingness of South Korea to start talks on joining. The ROK Finance Ministry said that it was exploring the possibility of joining TPP. Officials cautioned that this was no commitment to actually join the group but that announcement in combination with the progress toward the bilateral FTA with China and the trade ministry's readiness to talk up the TPP is a good sign. US officials welcomed the statement but warned that new members would only be considered after the original deal is struck among the current 12 negotiating partners.

### **Asian Infrastructure Investment Bank: China's play**

China made another big play to transform the region's economic architecture with a proposal to establish the Asian Infrastructure Investment Bank to fund, well, Asian infrastructure. The bank will operate out of Beijing, with China providing about half of its \$100 billion capital; the other 21 members will provide the rest. The bank is an attempt to satiate East Asia's \$8 trillion appetite for infrastructure investment (that is until 2020) and that demand suggests that existing institutions – the World Bank and the Asian Development Bank – are not doing the job.

Chinese officials (and others) insist that there is a need for new institutions, not only to meet demand, but to have an architecture that better reflects 21st century economic realities. In other words, China, along with other funders, wants its voice better represented in financial governance decisions. That objective is hard to fault, especially when the US Congress continues to delay reforms in the International Monetary Fund and the World Bank that would make those institutions more representative. But there is also a fear that institutions like the AIIB and the New Development Bank launched by the BRICS earlier this year seek to undermine the norms that govern international lending, norms that give rise to conditions that promote transparency and help ensure labor and environmental protection. Recipients claim they smack of financial imperialism and intrude on their sovereignty. China likes to advertise how its loans come with no strings attached. Beijing insists that the new institutions will complement not undermine those older bodies.

This concern prompted the US and like-minded governments to keep their distance from the AIIB, and reportedly Washington made real efforts to oppose its launch. US objections make some sense – and US officials concede that they had questions, not active opposition – but the story *looks* bad: the US is actively opposing an effort to respond to a powerful regional need, and protecting an institutional order that is outdated. In fact, the AIIB and the BRICS bank are too small to do great damage to those other institutions. The US should embrace reform and embrace the new banks; if it is concerned about their impact, Washington will have more leverage inside them than as an observer.

### **2015: new trajectories?**

The year ahead looks as though it will upend some of the conventional wisdom in the Asia-Pacific region. One of the primary lubricants of change is the plummeting price of oil, which has dropped below \$50 a barrel in early January. Cheap oil has profound, and deeply unsettling, impacts on the global economy and geopolitics. First, it transforms the US economy. With gas

prices dropping below \$2 a barrel in some places in the US, consumer spending and confidence are up. That may help explain the blistering 5 percent growth recorded in the third quarter of 2014, a strong expansion that is expected to continue through 2015. US shale production plays a role in falling prices – along with weakening demand worldwide – and has helped shift US trade balances, as well as strengthened its hand internationally. This new outlook, coupled with Obama’s newfound readiness to take executive action, could well transform international perceptions of US strength.

Cheaper oil also helps governments like that of Indonesia push for long-needed reforms such as eliminating fuel subsidies. Shedding those price supports eliminates huge inefficiencies in those economies, and allows governments to better allocate scarce revenues and resources. Japan faces a new calculus as it considers the restart of nuclear reactors stopped after the March 11, 2011 triple catastrophe. Nuclear energy remains very unpopular in Japan and a different cost curve could alter the Tokyo government’s thinking, reducing a real source of friction with the public. China too will be recalculating energy decisions, in particular the agreement it reached with Russia for the long-term supply of energy. While Beijing drove a hard bargain and is generally believed to have “won” the negotiations when the final deal struck, it may yet rue the prices it agreed when the price of oil has fallen by one half since July 2014.

Conversely, this situation is devastating for Russia. That economy – and government revenue – is reliant on oil and natural gas exports, and the downward spiral, in combination with economic sanctions imposed in the aftermath of the annexation of Crimea and the subsequent aggression against Ukraine along with rampant corruption and inefficiency, has left Moscow weakened and exposed. It is not yet clear how Putin will respond to this reversal of his geopolitical position, but it would be dangerous to assume that he will meekly surrender the initiative. Dealing with these new balances of power will be some of the most pressing challenges in the year to come.

### **Regional Chronology**

#### **September – December 2014**

**Sept. 1-5, 2014:** Fifth round of negotiations on a China-Japan-Korea Free Trade Agreement (FTA) are held in Beijing.

**Sept. 1-10, 2014:** Negotiators from the 12 countries in the Trans-Pacific Partnership (TPP) trade agreement meet in Hanoi. The focus of discussion is issues such as intellectual property right protection and preferential treatment of state-owned enterprises.

**Sept. 3, 2014:** Chinese President Xi Jinping and all six other members of the Politburo Standing Committee publicly commemorate Japan’s surrender at the end of World War II.

**Sept. 6, 2014:** North Korea launches three short-range missiles off its east coast. The missiles reportedly flew 210 km before landing in the Sea of Japan (East Sea).

**Sept. 7-9, 2014:** US National Security Advisor Susan Rice travels to Beijing to meet senior Chinese officials, including State Councilor Yang Jiechi, to consult on a “range of bilateral, regional, and global issues.”

**Sept. 8, 2014:** International Atomic Energy Agency (IAEA) confirms in its annual report that North Korea has restarted the 5MWe reactor at its Yongbyon facility.

**Sept. 8, 2014:** US Chief of Naval Operations Adm. Jonathan Greenert speaking in Washington states that Malaysia has invited the US to fly *P-8 Poseidon* surveillance flights from east Malaysia over the South China Sea. The supposed offer is subsequently denied by Malaysian Defense Minister Hishammuddin Hussein.

**Sept. 8-9, 2014:** South Korea's Special Representative for Korean Peninsula Peace and Security Affairs Hwang Joon-kook visits Washington to meet US counterpart Glyn Davies to discuss ways to resume the long-stalled Six-Party Talks.

**Sept. 11, 2014:** South Korean Deputy Foreign Minister for Political Affairs Lee Kyung-soo, Japanese Deputy Foreign Minister Sugiyama Shinsuke, and Chinese Vice Foreign Minister Liu Zhenmin meet in Seoul to discuss the state of trilateral relationship.

**Sept. 11-12, 2014:** The 14<sup>th</sup> Shanghai Cooperation Organization (SCO) Summit is held in Dushanbe, Tajikistan. Leaders of the six member countries issue the Dushanbe Declaration, approve documents on SCO expansion, and pass a resolution on the 70<sup>th</sup> anniversary of the end of World War II.

**Sept. 12, 2014:** North Korean Coast Guard seizes a Chinese fishing boat and detains the crew of six, demanding a fine of 250,000 yuan (\$40,700) for releasing the boat and its crew.

**Sept. 13-18, 2014:** President Xi Jinping makes a four-nation Asia visit to Tajikistan, the Maldives, Sri Lanka, and India.

**Sept. 14, 2014:** North Korea sentences Matthew Miller, a US citizen who ripped up his visa upon arrival in Pyongyang, to six years with labor on charges of entering the country illegally and trying to commit an act of espionage.

**Sept. 15-23, 2014:** US conducts *Valiant Shield* joint military exercise in Guam. The biennial maneuvers include about 18,000 Army, Navy, Air Force, and Marine Corps personnel and features the Air-Sea Battle concept, which aims to overcome an enemy force's attempt to deny access and maneuverability within sea lanes and air space.

**Sept. 17, 2014:** Crew of the Chinese fishing boat detained by North Korea on Sept. 12 is returned to Dalian after the captain is forced to admit to poaching in North Korea territorial waters. The captain denies any wrongdoing after his release.

**Sept. 17-18, 2014:** Northeast Asia Cooperation Dialogue (NEACD) is held in San Diego. Participants include government officials and academics from the US, China, North Korea, South Korea, Japan, and Russia.

**Sept. 22, 2014:** A group of 70 business leaders from Hong Kong visit Beijing and meets President Xi, who reiterates the need to uphold the “one country, two systems” policy and warns that Beijing will not tolerate political liberalization in Hong Kong.

**Sept. 23, 2014:** At a meeting on the sidelines of the UN General Assembly in New York, Secretary of State John Kerry denounces human rights abuses in North Korea and states that the international community can no longer ignore the situation in the North given the [findings of the United Nations Commission of Inquiry on Human Rights in North Korea](#) (COI)

**Sept. 24, 2014:** Japan and China agree to resume talks on launching a bilateral “maritime communication mechanism” designed to avoid accidental military confrontation.

**Sept. 24, 2014:** South Korean First Vice Foreign Minister Cho Tae-yong meets Japanese counterpart Saiki Akitaka in Tokyo for a strategic dialogue for the first time in nearly two years.

**Sept. 25, 2014:** South Korean Foreign Minister Yun Byung-se and Japanese Foreign Minister Kishida Fumio meet on the sidelines of the UN General Assembly in New York.

**Sept. 25, 2014:** North Korea Supreme People’s Assembly (SPA) meets in Pyongyang for the second time in the year. Hwang Pyong So, the top political officer of the Korean People’s Army, is elected as vice chairman of the National Defense Committee replacing Choe Ryong Hae who had taken the position in the SPA session in April.

**Sept. 26, 2014:** In a [speech at the UN General Assembly](#), North Korean Foreign Minister Ri Su Yong states that the DPRK’s nuclear weapons are not a “bargaining chip” and that the Korean nuclear issue will be resolved with termination of the US hostile policy.

**Sept. 26, 2014:** US-ASEAN Ministerial Meeting is held on the sidelines of the UN General Assembly in New York.

**Sept. 28-Oct 1, 2014:** Demonstrations in Hong Kong protest China’s refusal to grant full democracy. The number of protesters increases after the police attempt to disperse by using tear gas. Taiwan’s President Ma Ying-jeou voices support for the protesters’ call for free elections.

**Sept. 28-Oct. 3, 2014:** US delegation led by Special Representative for North Korea Policy Glyn Davies travels to China, South Korea, and Japan to meet senior officials in each country to discuss North Korea policy.

**Sept. 29, 2014:** Japan and North Korea hold talks in Shenyang on the abduction of Japanese nationals during the Cold War.

**Sept. 29-Oct. 10, 2014:** US and Philippines conduct annual *Philippine Amphibious Landing Exercise (PHIBLEX)*, which involves nearly 4,000 troops and includes live-fire exercises on the island of Luzon and a mechanized assault exercise on the island of Mindanao.

**Sept. 30, 2014:** Prime Minister Narendra Modi meets President Barack Obama at the White House to discuss economic growth and cooperation on security, clean energy, climate change, and other issues.

**Oct. 2, 2014:** During a visit by Vietnam's Foreign Minister Pham Binh Minh to Washington, the US announces a partial lifting of a ban on the sale of military equipment to Vietnam. Secretary of State Kerry says the policy was "to allow the transfer of defense equipment, including lethal defense equipment, for maritime security purposes only."

**Oct. 4, 2014:** North Korea's Hwang Pyong So and two others visit South Korea to attend the closing ceremonies of the 17<sup>th</sup> Asian Games. They also meet South Korean Unification Minister Ryoo Kihl-jae and National Security Director Kim Kwan-jin, agreeing to resume high-level North-South dialogue.

**Oct. 4-11, 2014:** Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel travels to Seoul, Tokyo, and Nay Pyi Taw to meet counterparts and, in Nay Pyi Taw, lead the US delegation to the East Asia Summit (EAS) Senior Officials Meeting.

**Oct. 7, 2014:** Warships from the two Koreas exchange warning shots after a North Korean ship briefly violates the disputed Northern Limit Line in the West (Yellow) Sea.

**Oct. 7, 2014:** Myanmar announces that it will release over 3,000 prisoners, including former military intelligence officers.

**Oct. 7, 2014:** Japan-ASEAN Defense Vice-Ministerial Forum is held in Yokohama. Representatives agree to increased cooperation in information sharing, humanitarian assistance and disaster relief, defense exercises, and anti-piracy efforts.

**Oct. 8, 2014:** US and Japan release the interim report on the revision of the [Guidelines for Japan-US Defense Cooperation](#).

**Oct. 9, 2014:** Thailand's Prime Minister Prayuth Chan-ocha makes his first official trip abroad to visit Myanmar.

**Oct. 10, 2014:** Thousands of protesters return to the street in Hong Kong following the collapse of talks between protest leaders and the government.

**Oct. 10, 2014:** South Korean Coast Guard officers shoot and kill the captain of a Chinese fishing boat in a confrontation in the Yellow (West) Sea, triggering a protest from Beijing.

**Oct. 15, 2014:** North and South Korea hold their first high-level military talks in seven years following a series of incidents on their land and maritime borders.

**Oct. 16, 2014:** Japanese government calls for revisions to the 1996 UN report condemning the comfort women/sex slaves issues in light of the recent retraction by *Asahi Shimbun* that relied on questionable wartime accounts by Yoshida Seiji.

**Oct. 16-18, 2014:** Vietnamese Defense Minister Gen. Phung Quang Thanh leads a delegation of 12 senior military officers on a visit to Beijing at the invitation of Chinese Defense Minister Gen. Chang Wanquan “to strengthen friendly relations and comprehensive cooperation between the two armed forces and discuss measures to promote bilateral defense relations....”

**Oct. 17-18, 2014:** Secretary of State Kerry hosts State Councilor Yang Jiechi in Boston for private meetings to exchange views on US-China relations and global issues of common interest.

**Oct. 20, 2014:** Joko Widodo is inaugurated as president of Indonesia.

**Oct. 21, 2014:** North Korea releases Jeffrey Fowle, a US citizen who was arrested in May for leaving a Bible at a sailor’s club in the city of Chongjin, where he was traveling as a tourist.

**Oct. 23, 2014:** US and ROK hold their annual Security Consultative Meeting in Washington. It is followed by a 2+2 meeting with Foreign Minister Yun Byung-se and Defense Minister Han Min-koo and Secretary of State Kerry and Secretary of Defense Chuck Hagel.

**Oct. 24, 2014:** China and 20 other Asian countries sign a Memorandum of Understanding (MoU) establishing the Asian Infrastructure Investment Bank (AIIB) in Beijing.

**Oct. 25-27, 2014:** Australia hosts a meeting of ministers of the 12 Trans-Pacific Partnership (TPP) negotiating countries in Sydney.

**Oct. 27, 2014:** China’s State Councilor Yang Jiechi visits Vietnam in an effort to repair relations strained by the territorial dispute in the South China Sea.

**Oct. 27-29, 2014:** Japanese government officials led by Foreign Ministry Director General for Asian and Oceanic Affairs Ihara Junichi visit Pyongyang to discuss the investigation into Japanese citizens kidnapped by North Korea in the 1970s and 80s.

**Oct. 27-Nov. 4, 2014:** US Special Envoy for Six-Party Talks Sydney Seiler travels to South Korea, China, and Japan to meet senior officials in each country to discuss North Korea policy. While in Seoul he also represents the US at the first meeting of the Northeast Asia Peace and Cooperation Initiative.

**Oct. 28-30, 2014:** Inaugural meeting of the Northeast Asia Peace and Cooperation Initiative (NAPCI) is held in Seoul.

**Oct. 29, 2014:** Delegation headed by Ihara Junichi, director general of the Japanese Foreign Ministry’s Asian and Oceanian Affairs Bureau, travels to Pyongyang to receive an update about progress on the abduction issue.

**Oct. 29-31, 2014:** Third Seoul Security Summit is held with participation by vice-defense ministers and security experts from 26 different countries.



**Nov. 9, 2014:** North Korea announces the release of two US citizens, Kenneth Bae and Matthew Miller, to Director of National Intelligence James Clapper, who travels to Pyongyang to meet senior North Korean officials and escort the detainees back to the US.

**Nov. 9-16, 2014:** President Obama visits Asia with stops in Beijing for APEC Leaders Meeting, Nay Pyi Taw for the East Asia Summit, and Brisbane for the G-20 Summit.

**Nov. 10, 2014:** Presidents Park Geun-hye and Xi Jinping announce that South Korea and China have concluded years of negotiations on a free trade agreement.

**Nov. 10-11, 2014:** The 22<sup>nd</sup> APEC Economic Leaders Meeting is held in Beijing.

**Nov. 12-13, 2014:** The 25<sup>th</sup> ASEAN Summit is held in Nay Pyi Taw.

**Nov. 13-14, 2014:** The ninth East Asia Summit is held in Nay Pyi Taw.

**Nov. 14-23, 2014:** In conjunction with his participation at the G-20 Summit, President Xi Jinping makes state visits to Australia, New Zealand, and Fiji and meets leaders of Pacific Island countries that have established diplomatic relationship with China.

**Nov. 15-16, 2014:** G-20 Summit is held in Brisbane.

**Nov. 16, 2014:** Meeting on the sidelines of the G-20 Summit, President Obama, Prime Minister Abe and Australian Prime Minister Tony Abbot meet and agree to deepen their countries' military cooperation and work to strengthening maritime security in the Asia-Pacific region.

**Nov. 17, 2014:** Australia and China sign a bilateral declaration of intent to conclude a wide-ranging trade agreement.

**Nov. 17-24, 2014:** Choe Ryong Hae, a member of the Politburo Presidium and Secretariat of the KWP, leads a DPRK delegation on a visit to Russia with stops in Moscow, Khabarovsk, and Vladivostok. The group meets President Vladimir Putin and Foreign Minister Sergey Lavrov.

**Nov. 18, 2014:** Russian Defense Minister Sergei Shoigu visits China and meets Defense Minister Chang Wanquan in Beijing to discuss practical bilateral military cooperation in the areas of high-level visits, joint exercises, and professional communication.

**Nov. 20, 2014:** China and New Zealand announce that the two countries have upgraded their bilateral relationship to a "comprehensive strategic partnership," a decision made during talks between visiting Chinese President Xi Jinping and Prime Minister John Key.

**Nov. 20-22, 2014:** The Xiangshan Forum with a theme of "cooperation and win-win, build Asian community of destiny" is held in Beijing. Several defense chiefs from the region participate in the forum for the first this year.

**Nov. 21, 2014:** Japanese Prime Minister Abe dissolves the Lower House of the Diet.

**Nov. 24, 2014:** Sixth round of China, Japan, and South Korea FTA talks are held in Tokyo.

**Nov. 24-26, 2014:** Two Vietnamese frigates make the first-ever port call by Vietnam's Navy in the Philippines as part of goodwill visit.

**Dec. 1, 2014:** Japanese-built facility in Harbaling, China begins destroying some 300,000 chemical weapons abandoned after World War II.

**Dec. 9, 2014:** US Senate Intelligence Committee releases a [report](#) on the Central Intelligence Agency's detention and interrogation program following 9/11.

**Dec. 11, 2014:** Russian President Vladimir Putin visits India and meets Prime Minister Narendra Modi. They sign 20 agreements on a range of issues, including ones on defense cooperation and energy exploration.

**Dec. 12, 2014:** South Korea-ASEAN special summit is held in Busan.

**Dec. 14, 2014:** LDP-Komeito coalition wins election victory in Japan; *Xinhua* warns against "right-wing" trend in Japanese politics.

**Dec. 15, 2014:** The 13<sup>th</sup> annual Shanghai Cooperation Organization Prime Ministers Meeting is held in Astana.

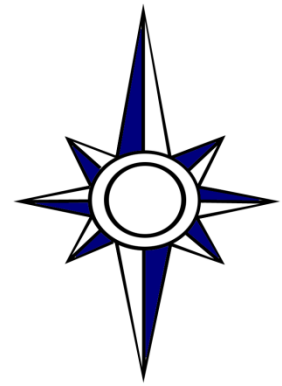
**Dec. 16-18, 2014:** The 25<sup>th</sup> session of the US-China Joint Commission on Commerce and Trade (JCCT) is held in Chicago.

**Dec. 22-26, 2014:** Malaysian Armed Forces and China's People's Liberation Army (PLA) conduct their first-ever bilateral military exercise "to develop a common framework for humanitarian and disaster relief operations."

**Dec. 23, 2014:** Japanese Diet formally elects Abe Shinzo as prime minister.

**Dec. 28, 2014:** AirAsia Flight QZ8501 crashes in the Java Sea while enroute from Surabaya to Singapore. Countries from around the region including US, China, South Korea and several Southeast Asian countries provide assistance in the search and recover operation.

**Dec. 29, 2014:** United States, Japan, and South Korea sign a trilateral agreement on intelligence sharing about North Korea's nuclear and missile programs.



**US-Japan Relations:  
Heading to the End Zone on TPP and Defense**

**Michael J. Green, CSIS/Georgetown University  
Nicholas Szechenyi, CSIS**

Weak economic data prompted Prime Minister Abe Shinzo to postpone painful tax increases and call a snap election to extend the window in which to advance his policy agenda. US-Japan negotiations on TPP slowed, but President Obama made his first significant public push in December on TPP. Discussions on revising the bilateral defense guidelines advanced somewhat but were extended into 2015 to better coincide with the legislative debate in Japan on defense policy. Trilateral coordination with Australia and South Korea reflected a shared commitment to network the alliance agenda. Public opinion surveys revealed a foundation of support for the US-Japan relationship across a range of issue areas. All of the bilateral agenda on defense and trade was aimed at a potential Abe visit to Washington in the spring.

**Economic headwinds and a snap election**

Prime Minister Abe Shinzo reshuffled his Cabinet on Sept. 3 to reestablish momentum for his policy agenda. He appointed Liberal Democratic Party (LDP) Secretary General Ishiba Shigeru, widely considered his main rival within the party, to a new post focused on regional economic revitalization. Ishiba had been expected to assume another new position dedicated to steering security legislation through the Diet, but he reportedly refused due to differences over how the government approached the issue of collective self-defense. Abe then asked his new defense minister, Eto Akinori, to serve in that post concurrently in anticipation of a heated parliamentary debate on defense policy scheduled for spring 2015. Abe also appointed five women to the Cabinet in line with his government's focus on increasing female labor force participation, but suffered a blow in October when Minister for Economy, Trade and Industry Obuchi Yuko (a rising star in the LDP deemed by some analysts as a future candidate for prime minister) and Justice Minister Matsushima Midori resigned due to misuse of political funds and alleged violations of election law, respectively. The sudden resignations rekindled memories of Abe's first term as prime minister in 2006-2007 when multiple Cabinet ministers were forced to resign over scandals, raising questions then about Abe's capacity to govern effectively. But this time around, discouraging economic data that questioned the credibility of "Abenomics" was a greater source of political pressure and prompted a series of actions to turn the tide and secure his political footing.

In September, the Cabinet Office reported that Gross Domestic Product (GDP) decreased at an annualized rate of 7.1 percent in the second quarter of 2014, worse than a previous estimate of 6.8 percent issued in August. This was widely attributed to an increase in the consumption tax from 5 to 8 percent back in April mandated by legislation passed in 2012 (but which included a provision that the increase was subject to a review of economic conditions). The tax increase

clearly offset momentum established by a combination of monetary easing and fiscal stimulus, two of the three “arrows” of Abenomics that featured prominently up to that point amid a policy debate in the government and among politicians over the right balance between short-term stimulus and debt consolidation. And though Abe issued a comprehensive agenda for structural reform back in June, this third “arrow” of Abenomics deemed critical for sustainable growth was expected to take root incrementally. Just as doubts about the prospects for growth drove the headlines, the Bank of Japan shocked the markets on Oct. 31 by announcing a package of additional monetary stimulus spending including an acceleration of government bond purchases. News in mid-November that third-quarter GDP had declined 1.6 percent on an annualized basis prompted Abe to postpone for 18 months a second stage of the consumption tax increase scheduled for October 2015. The economic policy pendulum had shifted back in favor of stimulus but public concern was evident in some surveys, revealing a decline in his approval rating below 50 percent. Though not constitutionally mandated to call an election for another two years, Abe then dissolved the Lower House for a snap election under the rationale that a solid victory would afford him more time to implement his policy agenda.

Public opinion polls leading up to the Dec. 14 election indicated a solid foundation of support for Abe’s ruling Liberal Democratic Party (LDP), though predictions for seat totals varied. The LDP ended up losing a few seats but together with its coalition partner the Komeito was able to retain a two-thirds majority in the Lower House, which will smooth the passage of legislation. But the results were mixed in that the opposition Democratic Party of Japan (DPJ) and the Communist Party each fared well (though DPJ president Kaieda Banri was felled at the polls) and voter turnout was at a record low, which some analysts attributed to tepid support for Abe’s agenda. A public opinion survey by *Yomiuri Shimbun* shortly after the election found that when asked to choose among possible reasons for the ruling coalition’s victory, only 7 percent of respondents chose Abe’s economic policies. Luckily for Abe the political calendar works in his favor. Assuming he leads the LDP through nationwide local elections in April 2015 and is reelected LDP president the following September, Abe need not face election pressure until the next Upper House election in summer 2016 and could conceivably remain in office until the next Lower House poll in 2018. Realizing that scenario would depend in large part on his ability to deliver economic growth, but the extent to which Abe would expend political capital on structural reforms after the election remained unclear.

Abe wasted little time in attempting to restore public confidence in his economic agenda. In late December the government approved a \$29 billion stimulus package to support local economies as well as a 2.51 percent decrease in the corporate tax rate to 32.1 percent beginning in April 2015, part of a pledge to reduce the rate below 30 percent over the next few years. He retained all of his Cabinet ministers from the September reshuffle with the exception of Defense Minister Eto, who stepped down amid criticism from opposition parties that he had misreported political funds. Eto was replaced by Nakatani Gen, a security policy specialist also charged with steering security legislation through the Diet next year. Debate about Abe’s post-election political standing notwithstanding, he ended the year well positioned to pursue defense and economic policy reforms that are fundamentally in US interests.

## Working the alliance agenda

The US and Japanese governments coordinated closely on bilateral initiatives undergirding the economic and security pillars of the alliance; they also continued efforts to coordinate with like-minded countries in the Asia Pacific region. On the economic front, bilateral negotiations linked to the Trans-Pacific Partnership (TPP) trade negotiations continued in Tokyo and Washington but officials failed to resolve sensitive market access issues in areas such as agriculture and automobiles. Two meetings of the TPP parties including a gathering of leaders on the margins of the Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting in Beijing served to reaffirm a shared commitment to high standards for regional trade liberalization, but concrete progress would remain elusive absent a US-Japan agreement. Bilateral negotiations were put on hold during the US midterm elections in November and the subsequent snap election in Japan. After the midterms, Republican leaders in Congress expressed a willingness to work with President Obama on trade legislation in the next session and the president signaled a more aggressive approach on trade when he discussed the importance of TPP and criticized opponents of trade liberalization in a speech in early December (Obama and his economic team also began promising to pass necessary Trade Promotion Authority, or TPA, for the first time – a new sign of seriousness). Meanwhile, new public opinion polls in the US showed broadening support for free trade. Evidence of support for TPP and broader TPA legislation (which would prevent legislators from carving up trade bills) in Congress could help advance the negotiations, as could signals from the Abe government of a willingness to confront the politics of trade head-on. Greater urgency on TPP negotiations was added by plans for a possible Abe-Obama summit in Washington in late April or early May. In general, political analysts in Washington warn that a US-Japan agreement has to be completed in the spring to complete multilateral negotiations and pass TPA and TPP before the next US election cycle destroys consensus.

Bilateral talks aimed at reviewing the guidelines for bilateral defense cooperation were also propelled forward by the prospect of an Abe visit to Washington in the spring. On Oct. 8, after a meeting of the bilateral US-Japan Subcommittee for Defense Cooperation (SDC), the two governments issued an [interim report outlining priorities for defense cooperation](#) in a bilateral, regional, and global context and establishing a framework for a formal revision of the guidelines. Areas of emphasis include maritime security, air and missile defense, training and exercises, and intelligence, surveillance, and reconnaissance (ISR). The interim report notes the revised guidelines will address bilateral cooperation in situations involving an armed attack against Japan but also in case of an armed attack against a country that is in a close relationship with Japan, a reference to the Abe government's decision last July to exercise the right of collective self-defense. Trilateral and multilateral defense cooperation with allies and partners in the region also garnered significant attention as well as enhancing cooperation on space and cyber security. The interim report also included a section on bilateral enterprise, including defense equipment and technology cooperation in light of Japan's decision last April to relax restrictions on arms exports. The two governments issued another joint statement in December announcing an extension of the guideline review discussions into 2015, presumably to address in the final document the implications of Japan's parliamentary debate on collective self-defense.

The United States and Japan also engaged in trilateral coordination this period. Prime Minister Tony Abbott of Australia hosted President Obama and Prime Minister Abe for a trilateral summit

in November on the margins of the G-20 meeting in Brisbane and the three leaders issued a joint statement reaffirming shared values and highlighting a commitment to cooperate on regional and global security challenges, strengthen trilateral security cooperation, promote regional economic growth, and support multilateral institutions in Asia. At the end of the year the US, Japan, and South Korea signed an intelligence-sharing agreement regarding North Korean nuclear and ballistic missile programs. Though limited in nature and requiring Seoul and Tokyo to share information via the Pentagon, this agreement signaled incremental progress in enhancing trilateral security cooperation that is vital to regional stability. In October, President Obama and Indian Prime Minister Narendra Modi issued a joint statement after their summit in Washington stressing the importance of trilateral dialogue with Japan. These three developments reflected the prominence of coordination with like-minded states in the US “rebalance” to Asia as well as the Abe government’s national security strategy. Rounding out another season of active diplomacy, US and Japanese officials also conferred on a range of issues including North Korea policy, developments in Syria, and efforts to combat the Ebola outbreak in West Africa.

### **Public opinion**

Public opinion surveys published during this period offered insights into perceptions of US-Japan relations in both countries. The Chicago Council on Global Affairs survey on US foreign policy attitudes revealed that 80 percent of Americans consider the United States and Japan mostly partners rather than mostly rivals, indicating trust in Japan as an ally. Sixty percent of respondents said they support the US rebalance to Asia and 59 percent think the US should strengthen relations with traditional allies like Japan and South Korea even if that might adversely affects relations with China. The survey also found support for forward US military presence in Asia with 62 percent stating that US forward presence is a stabilizer and 55 percent supporting the long-term presence of US military bases in Japan. With respect to trade, 63 percent of Americans support TPP and 62 percent think Japan is one of the top 10 trading partners of the US.

A Ministry of Foreign Affairs (MOFA) survey on the US image of Japan published in November produced similar results with 73 percent of the American public and 90 percent of opinion leaders considering Japan a dependable partner. US opinion leaders also suggested that the best way to improve US-Japan ties is to strengthen economic and trade relations, specifically through technological cooperation (91 percent) followed by cooperation on TPP (88 percent). The MOFA survey also found that the American public and opinion leaders considered Japan the most important ally for the US in Asia; over 80 percent in both categories thought Japan should play a more proactive role to support peace and security in the Asia-Pacific region.

A survey published jointly by *Yomiuri Shimbun* and *Gallup* at the end of December showed 49 percent of Japanese and 45 percent of Americans consider US-Japan relations to be good or very good. Only 45 percent of Japanese respondents said they trusted the US somewhat or a great deal compared to 61 percent of Americans who felt that way about Japan. Japanese respondents were also less sanguine about the future with just 11 percent suggesting the relationship will improve either somewhat or considerably compared to 33 percent of Americans. (The most popular response in Japan and the United States was that the relationship won’t change, 76 and 43 percent respectively.) But a majority in both countries felt the US military presence in Japan

should either be maintained or strengthened, and 53 percent of Americans and 47 percent of Japanese support Japan's decision to exercise the right of collective self-defense. The military was the most trusted institution in both countries.

### **Looking ahead to 2015**

Prime Minister Abe will present a budget for the next fiscal year and attempt to shape public debates on economic and defense policy. Similar debates should also heat up inside the Washington Beltway, particularly on TPA and TPP. Bilateral discussions on TPP and defense guidelines are also expected to continue. The most important question in the relationship is whether an Abe-Obama summit in the spring will force the conclusion of the trade and security discussions and pave the way for the next battle – ratification in the Congress and Diet.

### **Chronology of US-Japan relations September – December 2014**

**Sept. 3, 2014:** Prime Minister Abe Shinzo reshuffles his Cabinet, appointing a record-tying five women to Cabinet posts.

**Sept. 4, 2014:** Japanese newspapers publish public opinion surveys on the Abe Cabinet with *Yomiuri Shimbun* posting a 64 percent approval rating, *Nikkei* 60 percent, *Kyodo News* 55 percent and *Mainichi Shimbun* 47 percent.

**Sept. 8, 2014:** Japan's Cabinet Office reports GDP fell at an annualized rate of 7.1 percent in the period April-June 2014 compared to a previous estimate of 6.8 percent.

**Sept. 10-14, 2014:** US Ambassador-at-Large for Global Women's Issues Catherine Russell visits Tokyo to attend the World Assembly for Women Symposium and meet Japanese government officials and private sector leaders.

**Sept. 12, 2014:** A *Jiji Press* survey finds only 20 percent of the Japanese public supports a planned increase in the consumption tax from 8 to 10 percent in October 2015.

**Sept. 15, 2014:** Japan's Ministry of Internal Affairs and Communications publishes data indicating that 26 percent of the Japanese population is 65 or older, a record high.

**Sept. 16-17, 2014:** The US and Japan hold the sixth director general-level meeting of the US-Japan Policy Cooperation Dialogue on the Internet Economy in Washington.

**Sept. 24, 2014:** United States Trade Representative (USTR) Ambassador Michael Froman and Japanese Minister for Economic and Fiscal Policy Amari Akira meet in Washington to discuss bilateral trade negotiations linked to the Trans-Pacific Partnership (TPP).

**Sept. 24, 2014:** Japan imposes additional sanctions on Russia over the conflict in Ukraine.

**Sept. 24, 2014:** Secretary of State John Kerry and Foreign Minister Kishida Fumio meet in New York on the margins of a G-7 foreign ministers' meeting to discuss US-led airstrikes in Syria and other issues.

**Sept. 25, 2014:** Prime Minister Abe addresses the UN General Assembly in New York.

**Sept. 30, 2014:** President Obama and Indian Prime Minister Narendra Modi meet in Washington and issue a joint statement referencing the importance of US-Japan-India ties.

**Oct. 1, 2014:** US Special Representative for North Korea Policy Glyn Davies visits Tokyo to meet senior Japanese government officials.

**Oct. 8, 2014:** Following a meeting of the US-Japan Subcommittee for Defense Cooperation (SDC) in Tokyo, the two governments issue an interim report on the revision of the bilateral guidelines for defense cooperation.

**Oct. 10, 2014:** Acting Deputy USTR Wendy Cutler meets Japanese counterparts in Tokyo to discuss bilateral trade negotiations linked to TPP.

**Oct. 15, 2014:** President Obama and Prime Minister Abe discuss the importance of bilateral and international cooperation on Ebola in a telephone call.

**Oct. 19-21, 2014:** US Secretary of Commerce Penny Pritzker leads 20 US firms on a trade and business development mission to Japan.

**Oct. 20, 2014:** Minister of Economy, Trade and Industry Obuchi Yuko and Justice Minister Matsushima Midori resign from the Abe Cabinet due to alleged misuse of political funds and violation of the election law, respectively.

**Oct. 20, 2014:** US and Japanese governments issue a joint statement announcing progress toward an Agreement on Cooperation in the Field of Environmental Stewardship Relating to the United States Armed Forces in Japan.

**Oct. 22, 2014:** Officials from the US, Australia and Japan participate in the trilateral US-Australia-Japan Security and Defense Cooperation Forum (SDCF), which promotes cooperation in areas such as humanitarian assistance and disaster relief, peacekeeping support, and maritime capacity building.

**Oct. 25-27, 2014:** Ministers and heads of delegation for the TPP countries meet in Sydney, Australia to take stock of the multilateral trade negotiations.

**Oct. 31, 2014:** Bank of Japan unexpectedly announces a package of monetary stimulus spending including an acceleration of government bond purchases at an annual pace of ¥80 trillion and a tripling of exchange-traded fund (ETF) and real estate investment trust (REIT) purchases.



**Nov. 1, 2014:** US Special Envoy for the Six-Party Talks Sydney Seiler visits Tokyo to meet Japanese officials to discuss North Korea policy.

**Nov. 4, 2014:** Republican Party wins a majority in the Senate and retains control of the House of Representatives in the US midterm elections.

**Nov. 7, 2014:** Japanese government provides up to \$100 million of additional support to counter the Ebola outbreak in West Africa, supplementing a previous pledge of \$40 million made at the UN General Assembly in September.

**Nov. 7, 2014:** Ministry of Foreign Affairs releases poll on the image of Japan in the US indicating Japan is considered the most important partner for the US in Asia. Seventy-three percent of US public and 90 percent of opinion leaders perceive Japan as a dependable partner.

**Nov. 10, 2014:** Leaders of the parties to TPP meet on the margins of the Asia Pacific Economic Cooperation (APEC) meeting in Beijing to assess progress in the multilateral trade negotiations.

**Nov. 10, 2014:** Robert King, US special envoy for North Korean human rights issues, meets Japanese officials in Tokyo to discuss a range of human rights and humanitarian issues.

**Nov. 10, 2014:** *NHK* poll shows 44 percent approval rating for the Abe Cabinet.

**Nov. 16, 2014:** President Obama, Prime Minister Abe, and Australian Prime Minister Tony Abbott conduct a trilateral leaders' meeting on the margins of the G-20 Summit in Brisbane.

**Nov. 16, 2014:** Onaga Takeshi, an opponent of the plan to relocate Marine Corps Air Station Futenma within Okinawa Prefecture, defeats incumbent Nakaima Hirokazu in the Okinawa gubernatorial election.

**Nov. 17, 2014:** Cabinet Office of Japan announces that GDP decreased at an annualized rate of 1.6 percent in the third quarter.

**Nov. 18, 2014:** Prime Minister Abe calls for a snap election and announces a plan to dissolve the Lower House of the Diet on Nov. 21. Abe also postpones a planned increase in the consumption tax from October 2015 to April 2017 due to weak economic numbers.

**Nov. 24, 2014:** *Nikkei Shimbun* poll posts a 44 percent approval rating for the Abe Cabinet; 51 percent support Abe's decision to postpone the consumption tax increase, but 51 percent do not support economic policies known as "Abenomics." When asked which party they would support in the upcoming Lower House election, the ruling LDP garners 35 percent support, followed by the opposition Democratic Party of Japan (DPJ) with 9 percent, and 45 percent undecided. Surveys by *Yomiuri*, *Asahi*, and *Sankei* indicate similar levels of support for the LDP.

**Dec. 3, 2014:** President Obama discusses TPP and Trade Promotion Authority (TPA) in an address to the Business Roundtable in Washington.

**Dec. 8, 2014:** Japanese government revises its estimate for third quarter real GDP growth downward from -1.6 to -1.9 percent on an annualized basis.

**Dec. 8-9, 2014:** Sung Kim, US special representative for North Korea policy and deputy assistant secretary of state for Japan and Korea, meets senior officials in Tokyo to discuss North Korea and U.S.-Japan alliance issues.

**Dec. 14, 2014:** The ruling LDP and Komeito prevail in the Lower House election, securing a two-thirds majority in the chamber.

**Dec. 14, 2014:** The White House issues a statement congratulating Prime Minister Abe on the LDP's success in the Lower House election.

**Dec. 16, 2014:** President Obama calls Prime Minister Abe to congratulate him on the LDP's election victory.

**Dec. 16, 2014:** When asked to choose among possible reasons for the LDP's convincing victory in the Lower House election, 7 percent of respondents to a *Yomiuri Shimbun* survey choose support for Abe's economic policies. Most popular, at 65 percent, is the relative attractiveness of the LDP compared to other parties.

**Dec. 18, 2014:** US-Japan Security Consultative Committee (SCC) issues a joint statement announcing an extension of discussions on revising guidelines for bilateral defense cooperation with the aim of revising the guidelines in the first half of 2015.

**Dec. 22, 2014:** President Obama signs the 2015 National Defense Authorization Act including partial funding for the transfer of US Marines from Okinawa to Guam.

**Dec. 23, 2014:** A joint survey by *Yomiuri Shimbun* and Gallup finds 49 percent of Japanese and 45 percent of Americans consider US-Japan relations in good condition.

**Dec. 25, 2014:** Prime Minister Abe's third Cabinet is officially inaugurated with only one new appointment, that of Nakatani Gen as minister of defense.

**Dec. 25, 2014:** Public approval rating of the Abe Cabinet stands at 53 percent according to a public opinion poll by *Kyodo News*.

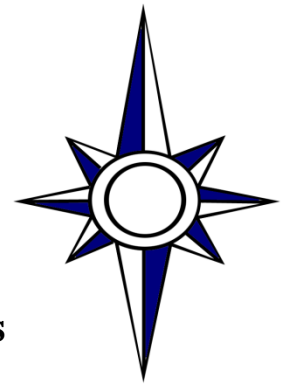
**Dec. 27, 2014:** The Abe government unveils an economic stimulus package ¥3.5 trillion (\$29 billion) stimulus package to support local economies.

**Dec. 29, 2014:** The United States, Japan, and the Republic of Korea sign an intelligence sharing agreement regarding North Korean nuclear and ballistic missile programs.

**Dec. 30, 2014:** Japan's ruling coalition approves a 2.51 percent decrease in corporate tax rate to 32.1 percent beginning in JFY 2015, and an additional 0.8 percent decrease the following year.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## US-China Relations:

### Summit Provides Renewed Momentum for Better Ties

Bonnie Glaser, CSIS/Pacific Forum CSIS  
Jacqueline Vitello, CSIS

The highlight of the final months of 2014 was the summit between Presidents Obama and Xi Jinping, which produced agreements on visa extensions, military confidence-building measures, climate change, and information technology. Alongside progress, tensions persisted over China's activities in the South China Sea and its continued promotion of regional security architecture fashioned by Asian nations, with the US role unclear at best. The 25<sup>th</sup> Joint Commission on Commerce and Trade (JCCT) convened in Chicago in mid-December. The "Umbrella Movement" in Hong Kong introduced a new source of friction in the bilateral relationship as Beijing suspected Washington's instigation behind the scenes.

#### Preparing for the bilateral summit

In the last four months of 2014, the most noteworthy event in US-China bilateral relations was the summit between Presidents Barack Obama and Xi Jinping, which took place immediately following the APEC Economic Leaders Meeting in Beijing. In the run-up to the summit, officials from both nations invested significant time and energy to make the talks a success. In early September, Susan Rice made her first visit to China as national security advisor. Although well known among Chinese diplomats, Rice is not a familiar face in China, so perhaps few noticed when China's network CCTV broadcast images of George W. Bush's NSA and Secretary of State Condoleezza Rice by mistake.

In her meetings with Xi Jinping and other Chinese officials, Rice discussed global problems that Beijing and Washington might address together. Fighting the spread of the Ebola virus in Africa, combating Islamic State insurgents in Syria and Iraq, and punishing Russia for its incursions in Ukraine were on Rice's agenda. She also raised US concerns about universal suffrage in Hong Kong and human rights issues on the Mainland, as well as the importance of safety between militaries operating in close proximity in the air and at sea to avoid accidents. Chinese official media quoted Xi as emphasizing the need for joint efforts to build the new model of US-China "major country" relations, which he noted includes respecting each other's core interests and major concerns as well as properly dealing with differences.

Two weeks later, Chinese Foreign Minister Wang Yi attended and delivered a speech to the 69<sup>th</sup> session of the United Nations General Assembly (UNGA). On the margins of the session, he had breakfast with US Secretary of State John Kerry. Their discussion focused on a multitude of issues, including Syria, Iran, North Korea, South China Sea, human rights, and visas for US journalists. The two met again in Washington a few days later. Speaking to the media before their private talks, Wang spoke positively about US-China cooperation, saying that "there is an

increasing list of areas of cooperation between us, and I believe the list can go on.” Kerry told the media that he was encouraged by China’s commitment at the UNGA to deal with climate change and to combat Ebola in Africa.

At the White House, Wang discussed preparations for President Obama’s upcoming visit to Beijing and sought to promote cooperation on various regional and global issues, including Afghanistan, global health security, the Middle East, and North Korea’s nuclear program. According to an official readout of the meeting issued by the White House, Obama joined the meeting “to underscore his commitment to building a stable and constructive US-China relationship, including by strengthening cooperation on shared challenges, such as climate change, the Ebola epidemic, and countering the threat posed by terrorists, particularly ISIL.” The readout also noted that the president and NSA Rice raised concerns about the protests in Hong Kong opposing proposed reforms to the Hong Kong electoral system reached by the Standing Committee of China’s National People’s Congress in late August which only allows candidates for the territory’s Chief Executive in 2017 who were selected by a 1,200-member nominating committee. Obama and Rice “expressed their hope that differences between Hong Kong authorities and protestors will be addressed peacefully” and underscored US support for “the open system that is essential to Hong Kong’s stability and prosperity, universal suffrage, and the aspirations of the Hong Kong people.”

Presidential Senior Adviser John Podesta was actively engaged in discussions with the Chinese on climate change in advance of the Obama-Xi summit. Following preliminary talks about a possible deal at the July Strategic and Economic Dialogue, President Obama wrote a two-page letter to Xi Jinping in September addressing possible deliverables for his November visit that reportedly emphasized an agreement on climate change. Vice Premier Zhang Gaoli then conveyed a message from Xi to Obama at the UN Climate Change Summit in New York that a deal was possible. In the last week of October, Obama dispatched Podesta to Beijing to nail down an agreement. The Chinese tabled the outlines of a deal, the details of which were hammered out just days prior to the November summit.

Less than a week prior to President Obama’s departure for China, Secretary of State Kerry attempted to set the tone for the summit in a speech on US-China relations at the School of Advanced International Studies, Johns Hopkins University, in Washington. Kerry stressed that strengthening US-China relations is a key part of the US rebalance to Asia. He outlined areas of disagreement – cyber, maritime security in the South and East China Sea, and human rights – as well as numerous opportunities for cooperation where US and Chinese interests are aligned. The overall objective, Kerry stated, is “to demonstrate how a major power and an emerging power can cooperate to serve the interests of both, and in doing so, improve the prospects for stability, prosperity, and peace around the equator, from pole to pole, throughout this world we live in.”

Briefing the press a few days later, Senior Director for Asia and Special Adviser to the President Evan Medeiros also articulated his view of the goals of the upcoming Obama-Xi summit:

We see this trip as an important opportunity to define a forward-looking agenda for the U.S.-China relationship over the next two years, and to ensure that the U.S.-China relationship is defined for the most part by more and better and higher-quality cooperation on regional and global challenges, while also carefully managing the disagreements between the two countries.

Disagreements, areas of competition, are normal and natural, but we want to build a relationship that is not defined by them.

### **Obama-Xi summit delivers**

On the evening of Nov. 11, after the close of the APEC meeting, President Xi welcomed President Obama at the Zhongnanhai leadership compound. Xi greeted Obama in front of Yingtai, an imperial palace that was the former residence of several Qing Dynasty emperors. One of the reasons Xi chose Yingtai was to underscore that understanding China's history is imperative for understanding the aspirations of the Chinese people, including the Chinese Dream of national rejuvenation. Chinese sources say that Xi dominated the conversation, explaining China's past and its culture. He expounded on the country's history of invasion by foreign powers, which, he maintained, is the reason that sovereignty is a top priority for the Chinese people. He told Obama that China would follow its own style of democracy, which would not necessarily copy the Western-style democracy of "one man, one vote."

According to Chinese media, Obama characterized the discussion as "the most comprehensive, in-depth understanding of the history of the Chinese Communist Party and its idea of governance, which gave him "a better understanding of why Chinese people cherish national unity and stability." Including tea, walking around the grounds, and a dinner that included top advisors, the two leaders spent approximately 4½ hours in relatively informal conversation.

The official state visit took place the next day. It began with an opening ceremony, a smaller meeting with President Obama, Xi Jinping, and a few senior advisors, followed by an expanded meeting that included more officials from both nations along with the two presidents. Then Obama had a separate meeting with Premier Li Keqiang, which was followed by a joint press conference and a State lunch.

The Chinese side agreed only a few hours before the joint press conference that Xi Jinping would take a question from reporters. This was especially important to the US side because Obama had been criticized during his 2009 visit to China for caving in to Chinese demands that no questions be posed to the two presidents by the press. Xi displayed a dogmatic defense of Chinese policies, condemning the pro-democracy protests in Hong Kong as an "illegal movement," and insisting that the foreign press should "obey China's laws" and be introspective in order to understand why some journalists have been denied visas.

A White House fact sheet identified five global and regional challenges on which the two leaders agreed to expand cooperation: 1) fighting Ebola, 2) combatting terrorism, 3) battling proliferation threats, 4) promoting stability in Afghanistan, including through the establishment of a US-China-Afghanistan trilateral dialogue, and 5) stopping trade in illegal wildlife products. In addition, the fact sheet outlined three initiatives to strengthen bilateral relations: 1) reciprocal visa extension from one to 10 years for business and tourist visas, 2) military-to-military confidence-building measures (see below), and 3) expansion of law enforcement cooperation.

Two additional accords were reached on pressing matters of global consequence. The first, to expand the World Trade Organization's 1997 Information Technology Agreement (ITA), paves the way for increased trade liberalization. If adopted by the World Trade Organization, the

updated ITA will cut global tariffs on over 200 high-tech goods, including medical devices, video game consoles, and semiconductors. According to the White House, this could create as many as 60,000 jobs in the US and increase global annual GDP by \$190 billion. Analysts and policymakers in both China and the US are praising the new ITA as a win-win in the bilateral relationship. As US Trade Representative Michael Froman put it, “This is encouraging news not just for the US-China trade relationship. It shows that the US and China can work together to both advance our bilateral economic agenda but also to support the multilateral trading system.”

The second agreement signified a breakthrough in the fight against global warming. The plan calls for the US to cut its carbon emissions by 26-28 percent from 2005 levels before 2025, and requires China to peak its carbon emissions by 2030 and obtain 20 percent of its energy from zero-carbon emission sources that same year. The climate change deal was hailed by many policymakers in both countries as a great step forward in the US-China relationship, and notably marks the first time China has agreed to peak its carbon emissions. Like the ITA agreement, the climate change accord was widely viewed as evidence that despite friction on numerous issues, the US and China can work together where their interests overlap.

The climate change agreement was not without its critics, however. US Senate Majority Leader Mitch McConnell panned the deal stating, “This unrealistic plan that the president would dump on his successor would ensure higher utility rates and far fewer jobs.” Despite the internal debate in the US over the deal, most remain optimistic that the agreement will both provide a boost for the US-China bilateral agreement and put pressure on other nations to make their own commitments to reduce carbon emissions in advance of the United Nations Climate Change Conference in Paris in April 2015.

China’s authoritative central media provided unusually positive treatment of Obama’s visit. For example, an article published in the party’s flagship newspaper, the *People’s Daily*, signed by the penname “Zhong Sheng” or “voice of China,” which is widely believed to represent the views of the Chinese Communist Party (CCP) Central Committee, stated that while the two countries have “differences,” their “fields of cooperation are extensive and the potential huge.” The article forecast that as “mutual trust” increases, common interests will “continually expand,” and differences will “shrink.” The agreement to extend multiple entry visas from one to 10 years for citizens of both nations was especially applauded. The *People’s Daily* called the accord the “most historically meaningful step the two countries have taken since person-to-person exchanges began in 1972.” According to Chinese experts, many Chinese citizens viewed the deal as a sign of US respect for their nation’s emergence as a great power.

Disgruntlement about Obama’s sharp criticisms of China in his speech delivered at the University of Queensland, Australia a few days after the summit was voiced privately, but was not covered in the official Chinese press. In that speech, Obama touted the notion of universal human rights, which he said is a vision that the US and its allies and friends are working toward in the Asia-Pacific, and expressed support for free and fair elections around the world. He also backed freedom of assembly, freedom of speech, freedom of the press, and a free and open Internet. He explicitly encouraged China to abide by international rules in trade and on the seas.

## **Differences over regional security architecture**

Ever since Xi Jinping delivered his speech at the Conference on Interaction and Confidence-Building Measures in Asia (CICA) in May, the Obama administration has raised concerns with Chinese officials about Beijing's apparent attempt to create new security architecture. At that meeting in Shanghai, Xi criticized efforts to strengthen military alliances as "not conducive to maintaining common security." He also stated: "In the final analysis, it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia." To Washington's ear, this suggested that China seeks to exclude the US from Asian security affairs. Chinese officials denied this was the case, noting that Xi also said that "Asia is open to the world," and that it welcomes "all parties to play a positive and constructive role in promoting Asia's security and cooperation and work together to achieve win-win outcomes for all."

US concerns persisted, however, and President Obama pressed the issue when he met with Xi Jinping in Beijing. At the press conference following their talks, Xi related that he had told Obama that he proposed the Asian security concept at CICA "in order to encourage Asian countries to view common security in an inclusive and cooperative spirit." He then added: "At the same time, I also said that the Pacific Ocean is broad enough to accommodate the development of both China and the United States, and our two countries to work together to contribute to security in Asia." In their private conversation, Xi went even further, reassuring Obama that China does not intend to push the US out of Asia or to create a new Asian security architecture that excludes the United States.

Yet, nine days later, at China's Xiangshan Forum – a meeting organized by the PLA, which was upgraded for the first time to include defense officials from the Asia-Pacific region – Deputy Foreign Minister Liu Zhenmin delivered a speech that revived the "Asia for Asians" message. "Asian countries bear primary responsibility for the security of their region," he maintained. Like Xi, Liu said that China believes in Asia "being open," but the bulk of his speech focused on Xi's proposed Asian security concept, created by Asian nations based on common, comprehensive, cooperative, and sustainable security. In early December, when Liu traveled to Washington for the Asia-Pacific consultations, US officials highlighted the incongruity between Xi Jinping's assurances to President Obama and Liu's public speech.

A week prior to Liu's Washington visit, the National Security Council's Senior Director for Asian Affairs Evan Medeiros rebutted Xi's call for the establishment of a new security architecture by Asians. Speaking at the Washington office of the National Bureau of Asian Research at an event marking the rollout of the publication *Strategic Asia 2014-15: US Alliances and Partnerships at the Center of Global Power*, Medeiros characterized US Asian alliances as the "defining element of the regional architecture" and the centerpiece of the Obama administration's rebalancing policy. Moreover, he debunked the charges that alliances are Cold War institutions that are irrelevant to security today and inconsistent with multipolarity.

## **South China Sea tensions simmer**

China's activities in the South China Sea continued to be a source of friction in US-China relations. Obama administration attention focused on China's efforts to transform submerged

reefs into artificial islands and potentially use them for military purposes. In mid-November, *IHS Jane's Defense Weekly* released satellite images of reclamation work at Fiery Cross (Chinese: Yongshu). China's dredging has created a land feature larger than Itu Aba (Chinese: Taiping), the biggest natural island in the Spratly Island chain, occupied by Taiwan. According to *Jane's*, the newly created Fiery Cross is 3,000 meters long and more than 200 meters wide. It has a harbor big enough for large naval craft and can accommodate a long airstrip.

US military spokesman Lt. Col. Jeffrey Pool urged China "to stop its land reclamation program and engage in diplomatic initiatives to encourage all sides to restrain themselves in these sorts of activities." State Department spokesman Jeff Rathke told the media that "large-scale construction or major steps to militarize or expand law enforcement operations at outposts would complicate or escalate the situation." He called on China and other countries in the region to "avoid certain actions" during negotiations over disputes. China rebuffed the US call to halt its land reclamation activities. Foreign Ministry spokeswoman Hua Chunying stated that no country had "a right to make irresponsible remarks" about China's activities in the South China Sea. *Global Times* published remarks by Maj. Gen. Luo Yuan saying that China's construction was "completely legitimate and justifiable," and condemning the US for singling out China for criticism while ignoring military facilities constructed by the Philippines, Malaysia, and Vietnam in the Spratlys. In early December, the State Department issued an analysis of the legality of China's South China Sea claims through its Limits in the Sea series. While reiterating the US position of neutrality on the territorial dispute, the paper refutes the nine-dash line as a valid maritime claim, stating that it lacks "geographical consistency and precision." Two days later, China's Ministry of Foreign Affairs released a position paper laying out China's legal objections to the arbitration case brought by the Philippines under the UN Convention on the Law of the Sea's (UNCLOS) compulsory dispute mechanism.

Representatives from a significant number of nations attending the East Asia Summit in Nay Pyi Taw, Myanmar raised concerns about the situation in the South China Sea. In his intervention, Chinese Premier Li Keqiang stated that the South China Sea is on the whole stable, and the freedom and safety of navigation is ensured. He insisted that China and the ASEAN countries are engaged in close and effective dialogue on the implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) and are engaged in consultations about reaching a code of conduct at an early date. Li also reiterated China's "dual track approach" for dealing with the South China Sea, which calls for sovereignty disputes to be addressed through negotiations by countries directly concerned, and peace and stability in the region to be jointly upheld by China and ASEAN nations working together.

### **Forward strides in military ties**

Significant gains were scored in advancing US-China military-to-military ties. During the Obama-Xi summit, the US and China inked two memoranda of understanding (MOU) aimed at reducing strategic misjudgment and lowering the risk of unintended military accidents. The two MOUs are the first-ever US-China agreements on maritime confidence-building measures (CBMs), although discussions about such steps have been underway since 1998 when the bilateral Military Maritime Consultative Agreement was established.



The first accord pertains to rules of behavior for safe military encounters at sea and in the air. It includes an annex on surface-to-surface encounters between ships at sea that sets out guidelines for operators based on internationally recognized rules of navigation, including the Code for Unplanned Encounters at Sea (CUES) and the 1972 Convention on the International Regulations for Preventing Collisions at Sea (COLREGS). Significantly, the operational procedures for safe encounters apply wherever an encounter occurs, including inside China's 200nm Exclusive Economic Zone, despite Beijing's continued objections to US conduct of surveillance and reconnaissance activities near China's coast. To further their shared goal of enhancing safety, the US and China pledged to complete an annex on air-to-air encounters in 2015.

The second CBM agreement provides for the mutual notification of major military activities, including official publications and speeches related to defense policy and strategy, on a voluntary basis. To foster mutual understanding and transparency, the two sides agreed to engage in reciprocal observation of military exercises and activities. Both initiatives were proposed by President Xi Jinping in June 2013 when he met with President Obama in Sunnylands, California at their first "no-necktie" summit. Xi instructed the PLA to finalize the two MOUs in advance of Obama's November 2014 visit to China as part of a broader effort to build "a new type of military-to-military relationship" with the US.

The risk of accident between US and Chinese military forces was highlighted again this past August, when a Chinese *Su-27* fighter conducted dangerous maneuvers while intercepting a US *P-8* maritime patrol aircraft about 145 miles east of Hainan Island. During NSA Rice's visit to China in September she raised this incident with Central Military Commission Vice Chairman Fan Changlong and was told that PLAAF pilots had since been instructed to conduct intercepts safely in the future.

US-China military exchanges were active during the last four months of 2014. Pacific Air Forces Commander Gen. Hawk Carlisle hosted a delegation headed by Nanjing Military Region Air Force Commander Lt. Gen. Huang Guoxian in late September. Huang also visited Elmendorf Air Force Base, in Anchorage, Alaska, where he viewed an *F-22* fighter aircraft. In mid-October Under Secretary of Defense for Policy Christine Wormuth hosted Deputy Chief of General Staff Gen. Wang Guanzhong at the Pentagon for the 15<sup>th</sup> Defense Consultative Talks (DCT). Wang also met separately with Deputy Secretary of Defense Robert Work and Vice Chairman of the Joint Chiefs of Staff Adm. James Winnefeld. The same week, the US and China held the first Joint Staff Strategy Talks (JSST), co-chaired by Brig. Gen. David Stilwell (USAF), deputy director for Asia of the Joint Staff (J5), and Maj. Gen. Wang Weiguo, deputy director of the Strategic Planning Department of the PLA's General Staff Department.

In another breakthrough, US, Chinese, and Australian soldiers held the first-ever trilateral military exercise in October. The survival drill, called *Exercise Kowari 2014*, took place in the Australian outback. In mid-December, the US and Chinese navies held their third joint maritime antipiracy drill in Gulf of Aden. The guided-missile frigate *Yuncheng* and supply ship *Chaohu* of the PLA Navy's 18<sup>th</sup> escort flotilla participated in the drill with the *USS Sterett* missile destroyer. According to Chinese media accounts, the two-day exercise included practicing operational safety procedures under CUES, helicopter landings on each other's ship, taskforce movement,

artillery firing at sea, joint onboard inspection and seizure, and rescuing a hijacked merchant ship by force.

## **Joint Commission on Commerce and Trade**

The 25<sup>th</sup> Joint Commission on Commerce and Trade (JCCT) convened in Chicago, Dec. 16-18, co-chaired by Commerce Secretary Penny Pritzker, US Trade Representative Michael Froman, and Chinese Vice Premier Wang Yang. The US delegation included Secretary of Agriculture Tom Vilsack, Ambassador to China Max Baucus, and Trade and Development Agency Director Leocadia Zak. Senior Chinese officials from 19 ministries and agencies also attended the meeting. This year marked the first time the JCCT hosted a full-day private sector engagement with trade officials from both governments, which both sides lauded as a significant step forward in JCCT negotiations.

Both sides were enthusiastic about the long list of outcomes from this year's JCCT, with Secretary Pritzker calling the talks "very productive." Key outcomes were made in the areas of agricultural market access, intellectual property rights (IPR) protection, innovation policies, and competition law enforcement. A number of the accomplishments were based on agreements reached by Presidents Xi and Obama at their November summit, including an agreement by China to study and accelerate approval processes for US medical devices and pharmaceuticals. Pritzker said China's promises in this area "should lead to (an) increase in US exports and U.S. jobs in these two important sectors."

China's anti-monopoly law and IPR protection, both key US concerns, were once again prominent items on the JCCT agenda. In an important step forward, China promised to apply its anti-monopoly law equally to Chinese and foreign companies. It also committed to take specific steps to protect companies' trade secrets and to work on a new law to enhance protections. According to the State Department, these commitments "should benefit US businesses in a wide variety of industries ... as well as US holders of patents, trademarks and copyrights."

China continued to press the US to ease its restrictions on high-tech exports. According to Zhang Xiangchen, China's assistant minister of commerce, the US has agreed to look into lifting restrictions on oil and gas exploration equipment, and consider licensing for some items. The Chinese side was also pleased with a gain in railroad market access and law firms owned by Chinese nationals.

As part of the annual JCCT, the Paulson Institute co-hosted a roundtable discussion with 24 business leaders from the US and China. The main focus of the meeting was on the opportunities and challenges of bilateral investment between the two nations, including greater market access for US goods and services, protection of intellectual property, ways to promote an efficient and level playing field in both countries, and how to secure best practices in regulatory enforcement. As part of their negotiations on a Bilateral Investment Treaty (BIT), the US and China will begin negotiations in early 2015 on the "negative list," which denotes sectors and items barred to investment by the other side. From the US perspective, this list will be a key indication of how prepared China is to open up its markets and embrace economic reform. Former US Treasury Secretary Hank Paulson stated at the roundtable, "I can't overemphasize the importance of the

BIT.” Emphasizing the need for “stakeholders” who are actively promoting the bilateral relationship, Paulson said that a BIT “will give business something to rally around and be *for*.”

### **Hong Kong’s “Umbrella Movement”**

On Sept. 29, mass protests began in Hong Kong in response to the Chinese Communist Party’s decision to rule out fully democratic elections for the Special Administrative Region (SAR) in 2017. The movement was termed “Occupy Central with Love and Peace,” or “Occupy Central” for short, and later was dubbed the “Umbrella Movement,” after the umbrellas protestors used to protect themselves from tear gas and pepper spray.

Under Beijing’s “One Country, Two Systems” policy and the Basic Law, which serves as Hong Kong’s constitution, China promised universal suffrage as the “ultimate aim” for the selection of Hong Kong’s chief executive as well as for members of the Legislative Council. On Aug. 31, the Standing Committee of China’s National People’s Congress announced its decision regarding the upcoming elections in 2017, which would allow all citizens of voting age to cast a ballot, but would vest power to nominate the candidates for the chief executive position in a committee that is under Beijing’s influence. This arrangement effectively ensures that the position will be filled by a pro-China candidate. Protestors objected to the decision on the basis that it does not constitute true democracy. At the height of the protests, hundreds of thousands of students, activists, and ordinary citizens took to the streets in what was widely recognized as one of the most peaceful mass demonstrations in decades. The government in Hong Kong and on the Mainland treated the movement as illegal under Chinese law, and the local police initially reacted with pepper spray and tear gas in an attempt to disperse protestors, which encouraged larger numbers of people to take to the streets.

As the movement wore on, the Chinese government, including the authorities on Hong Kong, remained relatively restrained, with Beijing only labeling the movement “illegal” and “disruptive” and calling for its quick end. Chinese state-run media outlets repeatedly accused the US of financially backing the Umbrella Movement in an attempt to promote a “color revolution,” aimed at destabilizing China, which the US repeatedly denied.

Washington’s reaction to the protests in Hong Kong was measured but persistent, with the executive and legislative branches of government expressing their expectations that China will continue to respect the tradition of democracy as well as human rights in Hong Kong. Both chambers of the US Congress introduced resolutions in support of democracy and human rights for Hong Kong. The White House issued a statement on Sept. 30 in support of the Umbrella Movement, saying that “the United States supports universal suffrage in Hong Kong in accordance with the Basic Law.” On Nov. 20, the US Congressional-Executive Commission on China held hearings on “The Future of Democracy in Hong Kong.” US officials including Secretary of State Kerry and President Obama discussed their concerns regarding the protests with Chinese counterparts Foreign Minister Wang Yi and President Xi.

At the press conference after the November summit, President Obama indicated that he had explained to Xi Jinping that the protests in Hong Kong are entirely homegrown and that the US has no influence over them. He also maintained that the US would not shy away from airing its

views, saying that his nation would “consistently speak out on the right of people to express themselves, and encourage that the elections that take place in Hong Kong are transparent and fair and reflective of the opinions of people there.” In his remarks, Xi reaffirmed the belief that “Occupy Central is an illegal movement . . . Hong Kong affairs are exclusively China’s internal affairs, and foreign countries should not interfere in those affairs in any form or fashion.”

Testifying before the Senate Foreign Relations Committee on Dec. 3, US Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel made the strongest US statement thus far about developments in Hong Kong. “The legitimacy of Hong Kong’s Chief Executive will be greatly enhanced if the promise of universal suffrage is fulfilled... (in) an election that provides the people of Hong Kong a meaningful choice of candidates representative of the voters’ will,” Russel said. “This means allowing for a competitive election in which a range of candidates with differing policy approaches are given an opportunity to seek the support of eligible Hong Kong voters.”

Sporadic groups of protestors continued to demonstrate in Hong Kong well into December, but arrests became more frequent as the patience of authorities with the “illegal” movement waned. Police dismantled the remains of the protest camp in the Admiralty district on Dec. 11. Beijing’s calculation that the movement would gradually peter out was likely correct.

## **Looking Forward**

The US-China relationship ended the year on a relatively positive note, though friction persists on many issues and strategic competition is increasing as China’s power grows. Importantly, bilateral communication channels are being employed effectively to manage differences and leaders of both nations recognize the risks of conflict and confrontation, and have pledged to avoid such outcomes. Cooperation, which is essential to address regional and global problems as well as to ease strategic mistrust and offset competition, is beginning to expand in key areas such as climate change, terrorism, Ebola, and Afghanistan. Concerted efforts will be needed by both sides in 2015 to sustain this trend and build on the accomplishments of 2014. On the bilateral front, further progress in military-to-military ties is anticipated in 2015, including conclusion of an agreement on ensuring operational safety during air encounters. Another significant goal on the agenda is the signing of a BIT. Another leaders’ summit is also under consideration, which both sides view as helpful in managing disputes and sustaining forward momentum.

## **Chronology of US-China Relations\*** **September – December 2014**

**Sept. 2-3, 2014:** Taiwan Affairs Office Minister Zhang Zhijun visits Washington DC and meets Deputy Secretary of State William Burns to discuss Taiwan.

**Sept. 4-6, 2014:** US Assistant Secretary of State for Economic and Business Affairs Charles Rivkin visits China and meets Chinese CEOs.

---

\* Chronology compiled by CSIS intern Lin Kim

**Sept. 9, 2014:** Susan Rice makes her first visit to Beijing since becoming national security advisor (NSA). She meets President Xi Jinping, State Councilor Yang Jiechi, and Chinese Military Commission Vice Chairman Fan Changlong.

**Sept. 16, 2014:** US Commerce Department announces it initiated anti-dumping duty and countervailing duty investigations against imports of boltless steel shelving from China.

**Sept. 17, 2014:** House Committee on Foreign Affairs Subcommittee on Asia and the Pacific holds hearings on US-China relations.

**Sept. 18, 2014:** Senate Armed Services Committee announces Chinese hackers associated with the government intruded on US military contractors. China denies this claim.

**Sept. 23, 2014:** In a meeting on the margins of the UN Climate Summit, President Barack Obama and Vice Premier Zhang Gaoli agree to promote bilateral cooperation on climate change.

**Sept. 23, 2014:** Secretary of State John Kerry says Washington is “deeply disturbed” by the life imprisonment sentence given Uighur scholar Ilham Tohti, and calls for his immediate release.

**Sept. 23-26, 2014:** Lt. Gen. Huang Guoxian, commander of Nanjing Military Regional Air Force Command, heads a delegation of People’s Liberation Army Air Force officers to Pacific Air Force Headquarters in Hawaii and Elmendorf Airbase in Alaska.

**Sept. 26, 2014:** Secretary of State Kerry meets Foreign Minister Wang Yi on the margins of the UN General Assembly meeting.

**Sept. 26-29, 2014:** Working Groups on Major Military Activities and Rules of Behavior meet in Beijing.

**Sept. 28, 2014:** Newly appointed Special Representative for North Korea Glyn Davies arrives in Beijing, the first stop of a three-nation tour to discuss policy toward North Korea.

**Sept. 30, 2014:** Military Maritime Consultative Agreement meeting is held in Beijing.

**Sept. 30, 2014:** White House issues a statement of support for “the aspirations of the Hong Kong people” as protests continue in Hong Kong calling for greater democracy.

**Oct. 1, 2014:** Foreign Minister Wang Yi visits Washington DC and meets Secretary of State Kerry and NSA Rice. President Obama drops by the meeting.

**Oct. 7-25, 2014:** US, Chinese, and Australian militaries participate in *Exercise Kowari 2014* in the Australian outback.

**Oct. 8, 2014:** Speaking at the Peterson Institute of International Economics in Washington, Chinese Vice Finance Minister Zhu Guangyao calls for Congress to move quickly to approve

reforms that give China and other emerging economies a greater say in the International Monetary Fund.

**Oct. 9, 2014:** Sen. Sherrod Brown (D-OH) and Congressman Chris Smith (R-NJ), co-chairmen of the Congressional-Executive Commission on China, release the commission's 2014 Annual Report, which says that China's human rights record has worsened as China tightens restrictions on civil society, religious organization, and free speech.

**Oct. 9, 2014:** Bipartisan group of nearly two dozen lawmakers urge President Obama to publicly support pro-democracy protesters in Hong Kong.

**Oct. 12, 2014:** Foreign Minister Wang and Secretary John Kerry talk by phone.

**Oct. 15, 2014:** FBI issues a warning to US industry that skilled Chinese hackers are trying to steal valuable data from US government agencies and companies.

**Oct. 16, 2014:** Deputy Chief of the General Staff of the PLA Wang Guanzhong and Under Secretary of Defense for Policy Christine Wormuth co-chair the 15<sup>th</sup> annual Defense Consultative Talks in the Pentagon.

**Oct. 17, 2014:** Brig. Gen. David Stilwell (USAF), deputy director for Asia of the Joint Staff (J5), and Maj. Gen. Wang Weiguo, deputy director of the Strategic Planning Department of the General Staff, hold the first Joint Staff Strategy Talks (JSST) in Washington.

**Oct. 17-18, 2014:** Secretary of State Kerry meets State Councilor Yang Jiechi in Boston, including hosting Yang for dinner at his home.

**Oct. 20, 2014:** State Councilor Yang meets National Security Advisor (NSA) Susan Rice and Defense Secretary Chuck Hagel in Washington.

**Oct. 20, 2014:** United States and China begin a co-organized two-week training session for young Afghan diplomats to develop their diplomatic and communication skills.

**Oct. 20-23, 2014:** China holds the fourth plenary session of the 18<sup>th</sup> Central Committee.

**Oct. 24, 2014:** Vice Premier Wang Yang meets Deputy NSA for International Economics Caroline Atkinson in Beijing to discuss China-US economic relations.

**Oct. 28, 2014:** Vice Premier Wang Yang meets US Trade Representative Michael Froman in Beijing to exchange views on US-China economic and trade ties.

**Oct. 30, 2014:** Special Envoy for Six-Party Talks Sydney Seiler visits Beijing to discuss North Korea policy.

**Oct. 30-31, 2014:** John Podesta, counselor to President Obama, leads a US delegation to the "Heart of Asia" conference in Beijing. He meets Foreign Minister Wang.

**Nov. 1, 2014:** First joint working group meeting on the nonproliferation of weapons of mass destruction (WMD) is held in Beijing, co-chaired by Li Yang, deputy director general for the MFA Department of Arms Control, and Vann Van Diepen, principal deputy assistant secretary for international security and nonproliferation for Department of State.

**Nov. 4, 2014:** Secretary of State Kerry delivers a speech on US-China relations at the Johns Hopkins School of Advanced International Studies in Washington.

**Nov. 7, 2014:** Foreign Minister Wang and Secretary of State Kerry meet on the sidelines of the Asia-Pacific Economic Cooperation Ministerial Meeting.

**Nov. 7, 2014:** Vice Premier Wang Yang and Treasury Secretary Jacob Lew hold a phone conversation to exchange view on China-US economic relations.

**Nov. 10-12, 2014:** President Obama visits Beijing to attend the Asia Pacific Economic Cooperation (APEC) Economic Leaders Meeting and hold a summit with Xi Jinping.

**Nov. 20, 2014:** US-China Economic and Security Review Commission publishes its annual report to Congress on US-China relations.

**Nov. 20, 2014:** Congressional-Executive Commission on China holds a hearing on the future of democracy in Hong Kong.

**Nov. 24, 2014:** Foreign Minister Wang meets Secretary of State Kerry in Vienna.

**Dec. 2, 2014:** House of Representatives Foreign Affairs Subcommittee on the Asia-Pacific holds hearings on “Hong Kong: A Broken Promise?”

**Dec. 3, 2014:** Senate Foreign Relations Committee holds a hearing on the impact of the “Umbrella Movement.” Assistant Secretary of State for East Asia Affairs Daniel Russel testifies.

**Dec. 3, 2014:** House of Representatives passes HR 174, stressing the need for peaceful resolution of maritime territorial disputes in the South and East China Seas.

**Dec. 3, 2014:** President Obama tells a group of US chief executives that President Xi has consolidated power faster than any Chinese leader in decades, worrying China’s neighbors.

**Dec. 4-5, 2014:** US and China hold annual talks on law-enforcement cooperation in Beijing. The agenda includes anti-corruption, asset forfeiture, cybercrime, and intellectual property rights.

**Dec. 4, 2014:** Senate unanimously passes a bill authorizing the sale of four decommissioned *Perry*-class frigates to Taiwan.

**Dec. 5, 2014:** Department of State issues a report on China’s maritime claims in the South China Sea that challenges the legality of China’s nine-dash line claim in the South China Sea.

**Dec. 8, 2014:** Vice Foreign Minister Liu Zhenmin holds a round of Asia-Pacific consultations with Assistant Secretary of State Russel. He separately meets Acting Deputy Secretary Wendy Sherman and Senior Director for Asian Affairs at the NSC Medeiros.

**Dec. 3-5, 2014:** The 12<sup>th</sup> meeting of the US-China Joint Liaison Group on Law Enforcement Cooperation in Beijing.

**Dec. 10, 2014:** Special Representative for North Korea Policy Sung Kim visits China and meets Special Representative for Korean Peninsula Affairs Wu Dawei

**Dec. 11-12, 2014:** US and Chinese navies hold third joint antipiracy drill in Gulf of Aden.

**Dec. 13, 2014:** China conducts a flight test of the *DF-21* ICBM with simulated multiple, independently-targetable reentry vehicles (MIRVs).

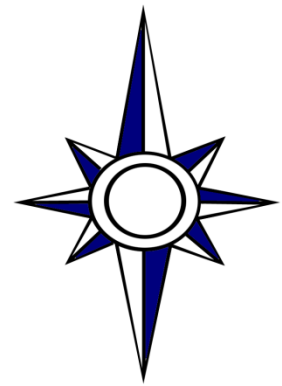
**Dec. 16-18, 2014:** Vice Premier Wang Yang leads a delegation to participate in the 25<sup>th</sup> Joint Commission on Commerce and Trade held in Chicago. Secretary of Commerce Penny Pritzker and US Trade Representative Michael Froman chair on the US side.

**Dec. 18, 2104:** President Obama signs legislation that authorizes the sale of up to four *Perry*-class frigates to Taiwan.

**Dec. 21, 2014:** Foreign Minister Wang and Secretary of State Kerry hold a phone conversation. to discuss cyberattack on Sony Pictures.

**Dec. 24, 2014:** In a statement released by Department of State, Secretary Kerry calls for China to release Liu Xiaobo and remove all restrictions on his wife, Liu Xia. He also urges the release of all individuals detained for peacefully expressing their views.





**US-Korea Relations:**

**Common Cause as DPRK Threats Increase**

**Stephen Noerper, The Korea Society**

The closing months of 2014 saw new US vulnerabilities akin to those in South Korea as North Korea purportedly leveled a massive cyberattack against Sony Pictures Entertainment. President Obama attributed the attack to the DPRK on Dec. 19 and promised a “proportional” response. The US and ROK earlier cited an increase in the broader DPRK threat and affirmed common cause and new resolve in the course of annual mid-autumn Security Consultative Meetings and “2+2” (foreign and defense ministers) sessions. Aside from statements in support of the US-ROK alliance, the pushback of wartime operational control (OPCON), perhaps into the mid-2020s, was the main takeaway.

In September, there was heightened concern over the 40-day absence of North Korea’s Kim Jong Un, with ROK and US analysts weighing suggestions of everything from health issues to a military coup. Speculation dissipated when Kim reemerged mid-October. Aside from leadership concerns, condemnation of North Korea’s human rights record increased, marked by a dramatic late-November UN General Assembly resolution calling for Security Council referral to the International Criminal Court, in an overwhelming 111-19 vote. The UNGA action flew in the face of the DPRK’s reported “charm” offensive, with senior leaders visiting the close of the Incheon Asian Games and North Korea releasing US detainees Jeffery Fowle in October and Matthew Todd Miller and Kenneth Bae in November. US National Intelligence Office Director James Clapper flew to Pyongyang and returned with Miller and Bae. Late November saw the cyberattack on California-based Sony Pictures Entertainment, after the DPRK vociferously objected to the planned release of the *The Interview*, a comedy involving the assassination of Kim Jong Un.

**The case of the missing leader**

ROK and US analysts and media were stymied by the disappearance of Kim Jong Un after Sept. 3, when he attended a concert in Pyongyang. Speculation ranged from various ailments to questions of regime stability and even a military coup. Kim was seen limping at a July 8 memorial service marking the 20<sup>th</sup> anniversary of Kim Il Sung’s passing, and DPRK state media reported Kim’s experiencing “discomfort” on Sept. 26. Speculation intensified after Kim failed to visit the Kumsusan Mausoleum to mark the Oct. 10 anniversary of the founding of the Workers’ Party of Korea (WPK). South Korean reports of visits to Kim by French and German doctors intensified the focus on maladies – ankle and leg problems, renal failure, gout, and diabetes were all suggested. Meanwhile, South Korean media coverage of defector accounts led to speculation that Kim might have been ousted by disenchanted generals or leaders in the WPK Organization and Guidance Department. There appeared little evidence of a coup, however, with ROK Chairman of the Joint Chiefs of Staff Adm. Choi Yun-hee advising the National Assembly

that Kim “did not have major problems in ruling,” a view seconded by the Ministry of Unification. Purportedly Vice Marshall Hwang Pyong So visited Kim, who was recovering from ankle and foot surgery, at a villa outside Pyongyang.

### **US-ROK security dialogues**

September opened with three days of meetings in Washington between special representative Hwang Joon-kook of the ROK and US counterpart Glyn Davies. On Sept. 15, ROK National Security Advisor Kim Kwan-jin met National Security Advisor Susan Rice and key officials to discuss Mideast terrorism and humanitarian cooperation, ROK implementation of missile defense, and wartime operational control (OPCON). Mid-September also saw the US and ROK engage in a sixth round of Korea-US Integrated Defense Dialogue (KIDD), addressing wartime OPON transfer. On Sept. 21, they held the 11<sup>th</sup> round of negotiations on the 123 Civil Nuclear Energy Cooperation Agreement on the sidelines of an IAEA plenary in Vienna.

Though not a security dialogue per se, the civilian nuclear cooperation agreement – named after Section 123 of the 1954 US Atomic Energy Act outlining conditions for partner countries to facilitate nuclear deals (such as technology and fuel transfer) – is seen by the US in a security context. Given its proliferation concerns, the US wants to retain the provisions in the current agreement that prohibit the ROK from reprocessing spent fuel; the ROK sees reprocessing as beneficial for domestic use and something that would help it sell reactors overseas. The new agreement may fall short of ROK demands that could fuel backlash and difficulty in bilateral relations as Seoul expressed concerns over sovereignty, lack of recognition for its record in safety and security, and inequality with other partners, especially Japan, which has consent to reprocess spent fuel.

Underscoring Korea’s leadership in environmental security, ROK President Park Geun-hye visited New York on Sept. 23-24 to lend support to the UN Climate Summit and address the opening of the 69<sup>th</sup> General Assembly. The president met afterward with senior leaders from The Korea Society, Council on Foreign Relations, Asia Society, National Committee for American Foreign Policy, and Foreign Policy Association.

On the bilateral security front, in late October the ROK and US held their 46<sup>th</sup> annual Security Consultative Meeting (SCM) in Washington. Defense Secretary Chuck Hagel and ROK Minister of Defense Han Min-koo agreed on a delay in the transfer of wartime operational control (OPCON) to the ROK. Transfer had been slated for December 2015, and was delayed to an unspecified date when ROK forces felt capable of effectively responding to an increase in DPRK provocations – perhaps as long as a decade on. Hagel suggested that “while this agreement will delay the scheduled transfer of operational control, it will ensure that when the transfer does occur, Korean forces have the necessary defensive capabilities to address an intensifying North Korean threat.” Defense Minister Han described the security situation on the Peninsula as “more precarious than ever,” given expanding nuclear capabilities and aerial drone provocations. The ROK and US also agreed to maintain Combined Forces Command and Eighth US Army headquarters in Seoul’s Yongsan area until the time of the transfer.

The postponement of OPCON transfer triggered opposition in Korean civil society. Two thousand residents of Dongducheon north of Seoul protested in early November outside Camp Casey, home to the US Second Infantry Division. Mayor Oh Se-chong decried the results of the SCM in Washington, stating that “63 years ago, the government forcibly expropriated our land and handed it over to the US military. Today it didn’t even bother to consult Dongducheon residents before unilaterally deciding to keep US forces here.” Residents called for the relocation of US bases to Pyeongtaek by 2016, as had been planned.

Following the Washington SCM, the defense chiefs joined Secretary of State John Kerry and Foreign Minister Yun Byung-se for a third “2+2” ministerial meeting in Washington to reaffirm the bilateral relationship and Mutual Defense Treaty. Kerry described the US-ROK alliance as “stronger than ever.” A joint statement also underscored the “global partnership” in actively addressing emerging challenges to peace and security, including Ebola and the Islamic State. Kerry noted “a terrific working relationship. We’re particularly grateful to our friends from the Republic of Korea for their support on issues ranging from Ebola to Iraq to the nuclear negotiations with Iran to our efforts to calm things in the South China Sea.”

Throughout the final months of the year, concern about a fourth DPRK nuclear test persisted. Following the mid-November passage of the UNGA statement condemning North Korea’s human rights record, the DPRK threatened with nuclear test countermeasures. In late October, David Sanger of *The New York Times* described US Forces Korea Commander Gen. Curtis Scaparrotti’s concern that the DPRK had completed its years-long quest to miniaturize a nuclear warhead. Scaparrotti cautioned at a Pentagon news conference that for a weapon “that complex without it being tested the probability of it being effective is pretty darn low,” but that “they have the capability to have miniaturized the device at this point.”

### **DPRK human rights**

A remarkable increase in pressure on North Korea took place at the United Nations, following the [UN Commission of Inquiry](#) (COI) report released earlier in the year and condemning North Korea for Nazi-like atrocities. In mid-September, North Korea released its own “official report” presenting a 75-page defense of its human rights record, decrying the UN COI and its findings. On Sept. 23, Secretary of State Kerry, world leaders, and civil society leaders met to call attention to the DPRK’s human rights abuses. Early October saw an [EU- and Japan-led resolution](#) go before the UNGA’s Third Committee for deliberation. On Oct. 20, North Korea’s Permanent Representative to the UN, Ambassador Jang Il Hun, attempted to defend the DPRK’s human rights record at the Council on Foreign Relations; his presentation met tough questioning from those attending. In late October, UN Special Rapporteur for North Korean Human Rights Marzuki Darusman presented a report recommending ICC referral and submission of the COI report to the United Nations Security Council (UNSC). The recommendation followed an Oct. 27 offer by the DPRK on the sidelines of the UNGA meeting offering Darusman a trip to the DPRK.

The crescendo of efforts came to a head on Nov. 18 with the United Nations General Assembly Third Committee voting on a resolution condemning “the long-standing and ongoing systematic, widespread and gross violations of human rights in the DPRK.” The measure expressed serious

concern over torture and other cruel, inhumane, and degrading treatment and punishment, and the extensive system of political prison camps in the DPRK. In a resounding 111-19 vote, with 55 abstentions, the EU/Japan-authored (and 62 nations co-sponsored) resolution called for submission of the Commission of Inquiry report to the Security Council, referral of the situation in the DPRK to the International Criminal Court, and targeted sanctions against those most responsible “for acts that the commission has said may constitute crimes against humanity.” It also promised continued examination at the UNGA’s 70<sup>th</sup> session with a comprehensive report from the secretary general and continued findings from the special rapporteur. The DPRK decried the vote and threatened a nuclear test to counter UN “aggression.” *The New York Times* Rick Gladstone described the UNGA vote as “groundbreaking.”

## **US detainees**

In part to soften the growing condemnation on human rights, North Korea released 56-year-old Jeffrey Fowle on Oct. 21; Fowle was arrested in May for leaving a Bible at a club. DPRK state media described the release as coming after repeated appeals by President Obama and at the personal direction of Kim Jong Un. On Nov. 8, North Korea released 46-year-old Kenneth Bae, held for two years and sentenced to 15-years hard labor for using a Christian organization to preach against the DPRK and foment a “religious coup,” and 25-year-old Matthew Todd Miller, who tore up his visa on entering the DPRK, ostensibly to report from inside a prison camp, and was sentenced to six years. North Korea had pressed for the US to send a senior emissary in the guise of former Presidents Carter or Clinton, who had won earlier releases. In the end, Director of National Intelligence James Clapper flew to the country on an unannounced mission and left with the two aboard.

## **Sony attack**

Concerns about DPRK cyber warfare capability leaped with the late November attack on Sony’s California operations. Some 11 terabytes of data, including several films, were stolen. *Reuters* cited an unnamed national security expert as saying the DPRK was the principal suspect. Cyber security researchers at Kaspersky Lab identified technical evidence linking the breach to earlier attacks in the Middle East and South Korea (the latter included 30,000 PCs at ROK banks and broadcasters last year) and concluded that North Korea was responsible. *Business Insider* warned that DPRK involvement would make the incident “a potential turning point in cyber warfare.”

The DPRK had threatened “merciless retaliation” over the release of *The Interview*, a comedy in which the CIA asks two Americans to assassinate North Korea’s leader. *Bloomberg* cited concurrence by Symantec and other cyber security professionals that the likely culprit was North Korea, possibly using agents outside the country and with DarkSeoul or Cholima group characteristics (responsible for the South Korean attacks earlier). While denying the attack, North Korea hailed it as a “righteous” act by individuals who sympathized with its cause. It also suggested a joint investigation with the US, swiftly rejected by Washington. On Dec. 19, President Obama credited North Korea with the attacks and promised a “proportional” response. By year’s end, the United States had levied new sanctions against 13 senior DPRK officials and entities, including the main intelligence body. The US also may have engaged in counter-attacks, as the DPRK encountered some system failure with its thousand-plus Internet accounts, though

experts cautioned that apparent shutdowns also might have been a deterioration of the DPRK system or self-imposed closure. Some technology experts questioned whether a Sony insider had masterminded the attack on the company using the DPRK as a dupe, though those in doubt also acknowledged the private sector's lack of actionable intelligence and greater US government resources that would enable it to identify the real culprits.

## **US public opinion on Korea**

The period also saw release of an important assessment on public sentiments regarding US-Korea relations. The Chicago Council on Global Affairs issued a [September 2014 survey, \*Foreign Policy in the Age of Retrenchment\*](#), with results on Asian issues by Dina Smeltz and Craig Kafura. In his *Asia Unbound* blog, Council on Foreign Relations Senior Fellow Scott Snyder reviewed the results on Korea, noting a growing gap in US favorability toward the ROK (55 out of 100) vs. the DPRK (23 out of 100, a poll low). Despite slow-going in US diplomacy, 85 percent of Americans responding favor diplomacy over military options with the DPRK, with two-thirds supporting interdiction over the trafficking of nuclear materials. Forty-seven percent of Americans responding support US troops defending the ROK in the event of conflict, a record high since 1974.

## **Chronology of US-Korea Relations September-December 2014**

**Sept. 3, 2014:** North Korean leader Kim Jong Un appears at a Pyongyang concert and is not seen again until mid-October.

**Sept. 3, 2014:** UN Security Council Resolution 1718 DPRK Sanctions Committee meets to consider the mid-term report of its Panel of Experts, with a recommendation that the DPRK's strategic rocket fire command and its head be subject to sanctions.

**Sept. 3, 2014:** US officials vow to "leave no stone unturned" to free three US citizens held by North Korea.

**Sept. 6, 2014:** DPRK fires three short-range missiles off its east coast.

**Sept. 9, 2014:** ROK Special Representative for Korean Peninsula Peace and Security Affairs Hwang Joon-kook arrives in Washington for three days of meetings with US Special Representative of the Secretary of State for North Korea Policy Glyn Davies.

**Sept. 14, 2014:** DPRK Supreme Court convicts Californian Matthew Todd Miller of "acts hostile to the DPRK while entering the territory of the DPRK under the guise of a tourist" and sentenced him to six years hard labor.

**Sept. 15, 2014:** DPRK submits its own report on its human rights situation, decrying “hostile forces” as behind the “false nature” of the UN Commission of Inquiry (COI) findings.

**Sept. 15, 2014:** ROK National Security Advisor Kim Kwan-Jin visits Washington and meets counterpart Susan Rice to discuss the Islamic State, missile defense, and OPCON transfer.

**Sept. 17-18, 2014:** ROK Chief of Office Planning and Coordination Ryu Je-Seung and Deputy Assistant Secretary of Defense for East Asia David Helvey lead the sixth round of the Korea-US Integrated Defense Dialogue (KIDD) to address OPCON transfer.

**Sept. 21, 2014:** ROK and US representatives meet in Vienna to discuss the 123 Civil Nuclear Energy Cooperation Agreement.

**Sept. 23, 2014:** Secretary of State John Kerry participates in a senior-level discussion with heads of state, UN officials, and NGO leaders calling attention to the ongoing, widespread and systematic human rights violations in the DPRK.

**Sept. 23-24:** ROK President Park Geun-Hye visits New York for the UN Climate Summit, UNGA Opening, and sideline discussion with NY-based NGO leaders. DPRK Foreign Minister Ri Su Yong attends the UNGA opening, the first such gesture in 15 years.

**Sept. 26, 2014:** In a [speech at the UN General Assembly](#), DPRK Foreign Minister Ri Su Yong states that the DPRK’s nuclear weapons are not a “bargaining chip” and that the Korean nuclear issue will be resolved with termination of the US hostile policy.

**Sept. 28-Oct. 3, 2014:** US Special Envoy for Six-Party Talks Sydney Seiler and US Special Representative for North Korea Policy Glyn Davies travel to Seoul, Beijing, and Tokyo.

**Oct. 4, 2014:** North Korea’s Hwang Pyong So and two other officials visit South Korea to attend the closing ceremonies of the 17<sup>th</sup> Asian Games in Incheon. They also meet South Korean Unification Minister Ryoo Kihl-jae and National Security Director Kim Kwan-jin, agreeing to resume high-level North-South dialogue.

**Oct. 6, 2014:** Assistant Secretary of State Daniel Russel and Assistant Secretary of Defense David Shear meet ROK Foreign Minister Yun Byung-se and Deputy Minister for Political Affairs Lee Kyung-soo in Seoul to discuss bilateral affairs and regional issues.

**Oct. 7, 2014:** Warships from the two Koreas exchange warning shots after a North Korean ship briefly violates the disputed Northern Limit Line in the West (Yellow) Sea.

**Oct. 8, 2014:** UN opens dialogue on an EU/Japan-led draft resolution on DPRK human rights violations, calling for referral of Kim Jong Un to the International Criminal Court (ICC).

**Oct. 8, 2014:** The Korea Society hosts a forum on *New Dynamics on Korea-China-U.S. Relations* in Seoul, featuring former Assistant Secretary of State James Kelly and senior Korean, Chinese, and US analysts.

**Oct. 13, 2014:** North Korean leader Kim Jong Un reappears in public after a 40-day absence and with cane in hand visits a new residential district for scientists and the State Academy of Sciences Natural Energy Institute.

**Oct. 16, 2014:** US-ROK Defense Industry Consultative Committee (DICC) conducts its 23<sup>rd</sup> meeting aimed at developing US-ROK industry dialogue in Arlington, VA.

**Oct. 20-24, 2014:** US and ROK navies conduct their annual *Clear Horizon* exercise designed to increase interoperability in mine countermeasures operations. *Clear Horizon* is one of 20 annual bilateral training exercises aimed at strengthening the alliance.

**Oct. 20, 2014:** DPRK Ambassador to the United Nations Jang Il Hun offers a defense of human rights in North Korea at the Council on Foreign Relations.

**Oct. 21, 2014:** North Korea frees US detainee Jeffrey Fowle.

**Oct. 23, 2014:** Defense Secretary Chuck Hagel and Defense Minister Han Min-koo lead the 46<sup>th</sup> annual US-ROK Security Consultative Meeting (SCM) in Washington, DC.

**Oct. 23, 2014:** George W. Bush Presidential Center in Dallas hosts a discussion with North Korean refugees and private sector and public service leaders on ways to improve the human rights situation in the DPRK.

**Oct. 24, 2014:** Defense Secretary Hagel, Defense Minister Han, Secretary of State Kerry and Foreign Minister Yun affirm the US-ROK bilateral relationship and Mutual Defense Treaty in a third ‘2+2’ ministerial meeting.

**Oct. 24, 2014:** Mark Lippert sworn in as the new US ambassador to Korea by Secretary Kerry. Lippert departs for Seoul on Oct. 28.

**Oct. 24, 2014:** The ROK joins the US in not attending China’s newly launched Asia Infrastructure Investment Bank (AIIB) launch. The ROK joining as a founding member was a matter of contention.

**Oct. 27, 2014:** DPRK offers UN Special Rapporteur Marzuki Darusman the possibility of traveling to North Korea on the sidelines of a UNGA discussion.

**Oct. 27, 2014:** US Special Envoy for the Six-Party Talks Sydney Seiler arrives in Seoul to participate in the first high-level meeting of the Northeast Asia Peace and Cooperation Initiative (NAPCI). Seiler meets ROK Director General for DPRK Nuclear Affairs Shin Chae-hyun.

**Oct. 29, 2014:** Carnegie Middle East Center and Duyeon Kim release [\*Beyond the Politics of the US-South Korea 123 Agreement\*](#).

**Nov. 6, 2014:** Sung Kim is named US special representative for North Korea policy and deputy assistant secretary of state for Korea and Japan.

**Nov. 8, 2014:** North Korea releases US detainees Kenneth Bae and Matthew Todd Miller to Director of National Intelligence James Clapper at the conclusion of a two-day visit.

**Nov. 18, 2014:** UNGA Third Committee votes 111-19 for passage of a resolution submitting the COI report to the UNSC and urging UNSC referral of DPRK leadership to the International Criminal Court. DPRK threatens to retaliate with a fourth nuclear test.

**Nov. 24, 2014:** Sony Pictures Entertainment in California fall victim to a cyberattack claiming 11 terabytes of data (including several films), with immediate suspicion of North Korea as the provocateur.

**Dec. 3, 2014:** ROK Presidential Committee for Unification Preparation delegation led by Vice Chair Chung Chong-wook visits the US.

**Dec. 8, 2014:** ROK Unification Minister Ryoo Kihl-jae visits New York and Washington, DC.

**Dec. 9, 2014:** DPRK media condemns US “mulling” UNSC referral of its leadership to the ICC.

**Dec. 15, 2014:** US Trade Representative Michael Froman and South Korean Trade Minister Yoon Sang-jick convene the third meeting of the KORUS Joint Committee.

**Dec. 19, 2014:** President Obama blames the DPRK for the cyberattacks on Sony Pictures Entertainment and vows “proportional responses.”

**Dec. 22, 2014:** Following the overwhelming UNGA vote, UN undersecretary general for political affairs and assistant secretary general for human rights briefs UNSC members on “The Situation in the DPRK” at Australia’s initiation.

**Dec. 27, 2014:** DPRK media condemns ROK for support of the UNGA resolution condemning DPRK human rights abuses and promising a “high price.”

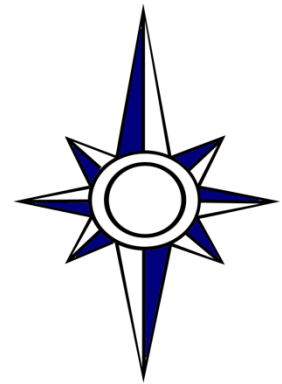
**Dec. 31, 2014:** ROK President Park Geun-hye vows an “actual and detailed” foundation for unification to end the 70-year division of the Peninsula in her New Year’s message.

**Jan. 1, 2015:** DPRK leader Kim Jong Un suggests resumption of “highest-level” inter-Korean dialogue in his New Year’s address, receiving a positive, though cautious, response in the ROK.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



Sheldon Simon  
Arizona State University

## US-Southeast Asia Relations: Diplomatic Gambits

Senior US officials at multilateral ASEAN-based meetings in Southeast Asia have touted the Association's centrality for the Obama administration's rebalance to Asia. Both President Obama and Secretary of State Kerry have emphasized that ASEAN ensures that all states "big and small" can work together for Asia's security and prosperity. However, a US proposal at the East Asia Summit (EAS) that all South China Sea claimants "freeze" efforts to alter the status quo on the islets they control was not endorsed at the November meeting. In the Philippines, some progress was achieved by Washington and Manila in determining which military bases would become available for future visiting US forces to implement the Enhanced Defense Cooperation Agreement (EDCA), though opponents have challenged its constitutionality in the Philippine Supreme Court. Indonesia's newly elected President Joko Widodo unveiled an ambitious maritime development program that has been praised by the US. Forging closer relations with Vietnam, the US partially lifted its arms embargo, promising support for the country's coastal maritime defense, including boats and surveillance aircraft. While relations with Burma continued to expand, US officials are concerned about the persistence of ethnic conflicts, particularly the persecution of Rohingya Muslims in Rakhine State. US officials also expressed dismay over a Malaysian decision to retain the 1948 Sedition Act after the Najib government had promised to repeal it. And, despite US concern about the continued crackdown on dissent by the military government in Thailand, the annual *Cobra Gold* multinational military exercise will be held next year.

### Rebalance update and ASEAN centrality

Southeast Asia remains central to the Obama administration's rebalance – a combination of enhanced cooperative security, economic growth, and multilateral diplomacy. In Southeast Asia, these efforts include strengthened alliance ties with the Philippines and Australia and growing partnerships with Vietnam, Singapore, Indonesia, and Malaysia. For Washington, these activities center on maritime security, freedom of navigation, and the peaceful settlement of disputes in the South China Sea. Over the past four months, both Secretary of State John Kerry and President Barack Obama focused on ASEAN's centrality for these endeavors. At the 30<sup>th</sup> anniversary of the US-ASEAN Business Council in Washington on Oct. 2, Kerry averred: "ASEAN really is front and center in the region's multilateral architecture, and we want it to remain there. ASEAN is central to upholding the rules-based system throughout the Asia-Pacific and the best way to ensure that countries big and small are going to have a voice as we work together...." Obama echoed these sentiments at the US-ASEAN Business Summit in Burma (Myanmar) on Nov. 13.

The leaders of the ASEAN states have hailed the continued US role in the region. Malaysian Prime Minister Najib Razak in a September speech at Georgetown University endorsed the US presence in the Pacific; Vietnam's deputy prime minister in a September address to The Asia Society in New York praised the US rebalance to Asia. Media commentary in the Philippines and Singapore seemed more skeptical, labeling the US response to China's provocations in the South China Sea as halfhearted.

Nevertheless, at the EAS in Nay Pyi Taw on Nov. 13, the United States, backed by Japan, reiterated Deputy Assistant Secretary of State Michael Fuch's July proposal that the South China Sea claimants agree to freeze all escalatory activities in disputed areas – a veiled reference to China's landfill extension efforts on selected Spratly Islands' reefs and shoals – and stop oil and gas exploration. The Philippines enthusiastically endorsed the proposal, while China rejected it. Although the EAS was once again the location for discussions of politically sensitive issues, the fact that the meeting of great and small states lasts for only three hours meant that it did not provide an opportunity for genuine negotiations but rather served as a venue for predetermined position statements. Nor, apparently, did this EAS gathering lead to any breakthrough in informal sideline discussions. Multilateral meetings remain in large part "talk shops."

### **Philippines: gearing up EDCA despite critics**

The Philippines is the closest US ally in Southeast Asia. The defense treaty dates back to the 1950s. Although the relationship has experienced setbacks brought on by domestic Philippine politics that led to withdrawal of US forces in the 1990s, over the past two decades small numbers of US service personnel have returned to the archipelago country, primarily as trainers in Mindanao to assist the Philippine Armed Forces in counterinsurgency operations against the radical Islamist group Abu Sayyaf. By 2014, joint activities between the two countries' armed forces totaled 426 separate events for the year. Prominent was the annual *Philippines-US Amphibious Landing Exercise (PHIBLEX)* for two weeks in late September-early October involving 2,000 US and 700 Philippine military personnel, covering amphibious operations, tactical warfare simulation, and maritime security planning across several locales adjacent to the South China Sea (Philippines: West Philippine Sea).

These frequent bilateral security activities form a context for implementing the EDCA reached last April during President Obama's visit to the country. EDCA opens the door for US forces to operate from Philippine military bases on a rotational basis. Though no bases have yet been formally chosen, two are frequently discussed in Philippine media: the former US Navy facility at Subic Bay and Oyster Bay, which is located on the island of Palawan and about 160 km from the disputed Spratly Islands. EDCA provides opportunities for the construction of new facilities on Philippine bases that would be used by visiting US forces, but would be owned by the Philippines. According to Col. Ramon Zagala, the chief public affairs officer of the Philippine Armed Forces, the Oyster Bay location would enhance Philippine "defense capabilities westward to the West Philippine Sea." In other words, joint Philippine-US operations, from Oyster Bay could buttress the country's capabilities in the South China Sea. Environmentalists oppose the Oyster Bay expansion, however, arguing that military developments in the area would despoil mangroves and disturb fish spawning areas, thus damaging local livelihoods.

Soon after EDCA was negotiated last April, objections from nationalists and anti-Americans in the Philippine Congress were voiced. Petitions were filed in the Philippine Supreme Court to nullify the agreement, which was vigorously defended by the Aquino government. In an October filing by the solicitor general of the Philippines, EDCA was seen as necessary “to achieve a minimum credible defense to the manifold security concerns in the West Philippine Sea. [It] enhances the existing contractual security apparatus between the Philippines and the US set up through the Mutual Defense Treaty and the Visiting Forces Agreement.” Refuting the opposition claim that the EDCA required Philippine Senate ratification because it was a treaty, the solicitor general insisted the agreement was “only an implementation of existing treaties.” Several Supreme Court justices in mid-November during oral arguments on the petition to reject EDCA stated that the petitioners should argue their concerns before the Senate rather than the Supreme Court as the Court was not the proper venue.

Additional arguments against the EDCA are that it permits the US to establish bases in violation of the Philippine Constitution. Defenders point out that any new construction authorized by EDCA would take place on Philippine bases and, therefore, would belong to the Philippines. Perhaps the core complaint about EDCA is that it does not guarantee US involvement in the event of a direct military confrontation over disputed waters and land forms in the South China Sea. After all, the United States has often said that it does not take sides in the South China Sea territorial disputes. Nevertheless, in his April visit to Manila, President Obama assured the Philippines that the US commitment to the Mutual Defense Treaty was “iron clad.” Moreover, enhanced US-Philippine military exercises and more frequent US Navy port calls presumably would provide Manila with diplomatic leverage in its disputes with China and reinforce deterrence. Opponents doubt the deterrent value of the EDCA and point to the difference between the US commitment to defend Japan’s administration of the Senkaku Islands and the less definitive interpretation of what Washington would do in the event of, say, a Chinese attack on Scarborough Shoal or Philippine personnel patrolling the region.

In addition to revived US-Philippine military ties under EDCA, it is worth noting increased Japanese aid to the Philippines. Tokyo is providing 10 multi-role coast guard vessels. Manila is also impressed by Japan’s growing naval and air capabilities and sees its regional security interests going beyond Northeast Asia. In an early November visit to the Japanese capital, President Benigno Aquino thanked Prime Minister Abe Shinzo for the assistance and said that he viewed Japan as the Philippines’ closet ally after the US and hoped that “somewhere down the line we will have exercises with Japan.... [T]he only two strategic partners that the Philippines have are America and Japan.” However, it is unclear if Tokyo sees the bilateral relationship to be this close. Manila has also purchased 12 *FA-50* combat jets from South Korea, and in a December visit to Seoul, Aquino and President Park Geun-hye agreed to a comprehensive strategic partnership. As the Philippine president noted, the two countries are “sister democracies” that “face the same threats and challenges in an evolving region.”

### **Indonesia: Jokowi’s maritime doctrine and the United States**

Indonesia’s new democratically elected President Joko Widodo (known more familiarly as Jokowi) has articulated an innovative approach to his country’s foreign and domestic challenges. With over 17,000 islands, an underfunded navy, inadequate port infrastructure,

while being plagued by piracy, illegal fishing, and smuggling, Jokowi has decided to place maritime affairs at the top of his agenda. In his address to the November EAS, he stated that his country would become a “global maritime nexus” linking the South China Sea and the Indian Ocean. To achieve this goal, he would allocate new funds to improve Indonesia’s ports and shipping industry by increasing government appropriations and by seeking private investors. The Navy would be augmented to enhance maritime sovereignty and security. Finally, maritime diplomacy will be emphasized to work with partners to resolve conflicts involving territorial disputes, breaches of sovereignty, and environmental concerns such as marine pollution. Jokowi estimates that \$6 billion is needed just to improve Indonesia’s port infrastructure.

Indonesia’s Foreign Minister Retno Marsudi will press for the completion of a Code of Conduct (COC) for the South China Sea, which has been on the ASEAN-China agenda for years. The United States backs ASEAN efforts to conclude the interminable negotiations over the COC and will undoubtedly welcome these Indonesian initiatives, especially if they include a freeze on any activities that alter the status quo such as land fill extensions to accommodate new airstrips. The new Coordinating Minister for Politics, Law, and Security Tedjo Edy Purujanto has stated that he plans to unify various maritime agencies to create a coast guard. Underlying these maritime buildups is concern that China’s nine-dash line overlaps gas-rich waters to the east of Indonesia’s Natuna Islands. In March 2014, Indonesia’s armed forces commander cited this concern in noting that Jakarta was sending more *F-16* fighter jets to Natuna.

Jokowi has talked about increasing Indonesia’s defense budget from 0.8 to 1.5 percent of GDP within five years, concentrating on the Navy. If achieved, that would raise the country’s defense spending from about \$8 billion today to nearly \$20 billion by 2020. Currently, the Army receives the bulk of defense spending. The Navy, which currently deploys six frigates (with two more under construction) and assorted other vessels, hopes to acquire submarines from Japan and South Korea. The Air Force has 55 aircraft of various types. By contrast tiny Singapore possesses 143 aircraft, including advanced versions of US-supplied *F-15*s and *F-16*s.

US officials have expressed interest in improving maritime cooperation with Indonesia. Secretary Kerry, in a prelude to attending President Jokowi’s October inauguration, emphasized Indonesia’s importance as a major regional power: the world’s third largest democracy with the largest Muslim population. He also acknowledged Indonesia’s prominence in Asian international organizations. US Secretary of the Navy Ray Mabus has applauded Jokowi’s commitment to strengthen Indonesia’s maritime sector, and in Medan, Sumatra, in late October, offered to exchange naval officers and develop a disaster mitigation program. In fact, the US and Indonesian navies have exercised together for many years through the annual *Cooperation Afloat, Readiness, and Training (CARAT)*, the *Komodo Multilateral Exercise*, the biannual *Rim of the Pacific (RIMPAC)* and various exercises undertaken through the ASEAN Defense Ministers Meeting Plus (ADMM+).

### **US eases arms embargo for Vietnam**

Over the past few years, political relations between the United States and Vietnam have significantly improved. High-level visits have been exchanged, US Navy ships have docked in Vietnamese ports, and trade and investment have grown. However, two difficult issues remain

on the agenda that prevent more progress. For the US, it is Vietnam's human rights performance, particularly the incarceration of dissidents. For Vietnam, it has been the US arms embargo, especially on weapons that would increase Hanoi's coastal defense capabilities. Hanoi was gratified, therefore, when in early October the US partially lifted its prohibition on the sale of lethal weapons to Vietnam. The new more liberal policy would apply only to naval systems, according to the State Department and came about because Vietnam had ostensibly improved its human rights record. This rationale was immediately rejected, however, by Human Rights Watch, whose Asia director, John Sifton, declared: "Vietnam's record on political prisoners is bad and getting worse." Nevertheless, Washington hopes to strengthen Vietnam's Coast Guard, and last September the country's Navy Commander-in-Chief Adm. Nguyen Van Hien visited the US and talked with Navy Secretary Mabus about joint naval exercises. A few days before the partial lifting of the embargo was announced, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel stated that Vietnam's strategic location was a good reason to work more closely with the country. The specific weapons to be provided will be decided on a "case-by-case" basis and could include both boats and aircraft. (Washington approved the sale of non-lethal military equipment to Vietnam in 2006.)

Spokespersons in the State Department assured other states in the region (read: China) that the sale would not destabilize the arms balance and that the weapons systems purveyed would be strictly defensive and heavily focused on Vietnam's Coast Guard. However, given Hanoi's allegations that Chinese ships and aircraft regularly violate Vietnam's South China Sea claims, any buildup of Hanoi's maritime defensive capacity might be seen differently from Beijing. Among the first systems to be sold to Vietnam will probably be *P-3* maritime surveillance planes. The US Navy is replacing this model with the more capable *P-8*. Nevertheless, the older *P-3*s are able to loiter in anti-submarine warfare (ASW) mode for up to half a day. Western analyst Zachary Abuza stated, however, that the US sales would be mostly "symbolic" since Vietnam's arms are predominantly of Russian origin – the exception being ASW capabilities. In late 2013, Secretary Kerry authorized the sale of five unarmed fast patrol craft. Weapons for these may now be sold, and according to Carl Thayer, who follows Vietnam's military affairs, Hanoi may be interested in purchasing more of these cutters.

Hanoi's Foreign Minister Pham Binh Minh seemed to diminish the importance of the partial lifting of the embargo in an early October visit to Washington. He cautioned: "Our relationship with the United States is just a comprehensive partnership. The sides want to strengthen the relationship to a more substantial and deeper level." For the US, however, any strengthening would have to involve greater human rights improvements, including greater freedom of expression as well as the release from prison of those who criticize the government. Moreover, bilateral negotiations with Washington on the Trans-Pacific Partnership (TPP) appear stalled, in part by Vietnam's insistence that the US and other developed states agree to delay Hanoi's tariff reductions because of its weaker economy as a developing country. Nevertheless, on the sidelines of the Nov. 14 ASEAN Summit in Myanmar, Prime Minister Nguyen Tan Dung asked the US to lift completely the ban on lethal arms. Washington has not formally replied, though a number of US officials cite additional human rights progress as a condition for a full lifting of the embargo.

Two US partners are also involved in providing arms to Vietnam. Last August, Japan's foreign minister said his country would transfer six second-hand vessels and other equipment to improve Hanoi's maritime law enforcement. In September, the Japanese Diet discussed the provision of new patrol craft. In a December 2013 meeting, Prime Ministers Dung and Abe talked of their "convergence of interests in the East and South China Seas." India, too, has offered a \$100 million credit to Vietnam for the purpose of buying new naval vessels during Prime Minister Nguyen's October visit to New Delhi. While there is no coordination among Washington, Tokyo, and New Delhi, it is clear that all three are assisting Vietnam's efforts to improve maritime domain defense.

### **Myanmar: closer ties with political caution**

Until 2012, the US saw Myanmar as an example of how a military dictatorship could evolve into a democracy with free elections, free media, and contending political parties. The Obama administration praised these developments – especially the reintegration of opposition political leader Aung San Sui Kyi into competitive politics – and lifted many of the economic sanctions that had been imposed during the decades of military rule. Nevertheless, the US Congress has been more skeptical with a bill working its way through committees that would restrict funding for security assistance to Myanmar until the country improves its human rights record, cuts military ties to North Korea, amends the constitution to weaken the military's political role, and ends the wars with the country's many ethnic minorities. In September, a representative of President Thein Sein urged Congress not to pass the bill because "it would further isolate our military which has been playing an important role in reforms and the democratic transition."

In late October, prior to travelling to Nay Pyi Taw for the EAS, President Obama telephoned President Thein Sein as well as Aung San Sui Kyi. Obama stressed the importance of taking "additional steps to address the tensions and humanitarian situation in Rakhine State" where bloody communal violence has occurred between majority Buddhists and minority Muslims. The US president called on Myanmar to revise the Rakhine Action Plan, which US Human Rights Watch said would entrench discriminatory policies that deprive Rohingyas of citizenship and lead to the forced resettlement of over 100,000 displaced Rohingyas into closed camps. Rohingya Muslims are deeply resented in Myanmar by many Buddhists who see them as illegal immigrants from Bangladesh though they have lived in Rakhine State for generations. (The main medical provider for Rakhine State's Muslims, Doctors without Borders, was forced to leave the state in May.)

At a press conference in early November, Aung San Suu Kyi declared that Myanmar's reforms had stalled and that the US has been "overly optimistic about the reform process." Civil rights organizations have noted that journalists once again are being arrested. Elements of Myanmar's Navy have worked with criminal gangs to traffic fleeing Muslims into international waters on their way to Malaysia, Thailand, and Indonesia. However, Washington has already lifted most of its sanctions against the Thein Sein government. Moreover, in mid-November, President Obama announced that Washington would begin sending Peace Corps volunteers to Myanmar in late 2015. On the other hand, US Ambassador Derek Mitchell has stated that the United States would not engage with the Myanmar military until it saw evidence of change.

## **US complains about Malaysian sedition law; Kuala Lumpur denies US surveillance flights from Malaysian territory**

Washington's concern about human rights in Southeast Asian countries was articulated again in Malaysia. US Ambassador Joseph Yun in a Dec. 6 interview with the opposition newspaper *Malaysiakini* complained that the Najib government's decision to retain the Sedition Act after promising to scrap it raises human rights concerns and has a direct impact on basic freedoms. While acknowledging that the government's decision to keep the Sedition Act in place is "really an internal affair in this country," Yun nonetheless averred that the legislation encroaches on "freedom of speech and dealing with the very plural society in Malaysia." US Vice President Joseph Biden also weighed in, stating in a tweet that the 1948 Sedition Act was used "to stifle opposition." Foreign Minister Anifah Aman called in Yun and insisted that his remarks were "unwarranted and disappointing" and amounted to "interference." Opposition parliamentarians echoed the US ambassador's concerns, noting that the Sedition Act was employed not to promote national security but rather to court popular support at the recent general assembly of UMNO, Malaysia's ruling party.

In September, a curious incident in US-Malaysia relations occurred. US Chief of Naval Operations Adm. Jonathon Greenert at a Washington forum on Sept. 8 announced that Kuala Lumpur had offered use of a facility in east Malaysia from which *P-8* surveillance aircraft could monitor the southern sector of the South China Sea. This would provide intelligence collection capacity over the James Shoal area claimed by Malaysia but also at the southern tip of China's nine-dash line. Malaysia's state-run oil company Petronas is exploring for oil and gas in this region. During the search for missing Malaysian Airlines flight MH 370, Malaysia had allowed US Navy *P-8* flights from Malaysian bases.

Within a week of Adm. Greenert's announcement, Malaysian Defense Minister Hishammuddin Hussein denied that such an offer had been extended, although he did acknowledge that the US military regularly conducted joint exercises with their Malaysian counterparts, some of which were held around Borneo. Nevertheless, reports circulated that the two countries had been discussing facilities for US surveillance flights for some time before Greenert's announcement. The whole thing was either a misunderstanding or Greenert's statement was premature. Had such an agreement been struck, however, China would undoubtedly have complained, and the relatively calm China-Malaysian South China Sea relations could well have become agitated.

### **Thailand: *Cobra Gold* will proceed**

Despite Washington's continued disappointment with the Thai military junta's rule since the coup in May and some 60 civilians who face trial in military courts as well as severe restrictions on freedom for dissent and the media, the US decided in October to continue with the annual *Cobra Gold* multilateral military exercise in 2015. The largest multi-service military exercise in Asia and a key part of the Obama administration's rebalance to Asia, *Cobra Gold* involves tens of thousands of troops from Thailand, the United States, Japan, Singapore, South Korea, Indonesia, and Malaysia. Myanmar and China send observers. Next year's exercise, however, will reportedly reduce live-fire combat training and instead emphasize noncombat operations and

military medicine. *Cobra Gold* consists of three tracks: field exercises, multinational staff planning exercises, and humanitarian exercises. The planning exercise includes computer simulations with multinational responses to changing scenarios. The themes emphasize humanitarian and disaster relief operations. These latter activities are particularly prized in the region because of Asia's susceptibility to typhoons, tsunamis, and earthquakes. Armed forces are frequently first responders to these events. Joint training on how to deal with them constitutes a very practical skill for the troops and comprises a significant takeaway for *Cobra Gold* participants.

### **Conclusion: South China Sea redux**

Over the past several years, the Obama administration has repeatedly insisted that it does not take sides over South China Sea sovereignty disputes. The US has argued that disputes should be resolved peacefully through negotiations based on international law. Now, however, Washington appears to have taken a more proactive position. In mid-December, the State Department published a detailed rebuttal to the Chinese nine-dash line claim to about 90 percent of the South China Sea. The State Department document argues essentially that China's claim ignores the UN Convention on the Law of the Sea (UNCLOS) and contravenes its provisions. Both the Philippines and Vietnam praised the US analysis. Moreover, the day before the US report was released, Hanoi submitted its own position paper to the UN Arbitral Tribunal that appears to endorse Manila's request for Arbitral Tribunal rulings. It seems that the United States and Vietnam have aligned with Manila's submission. China's consistent rejection of UN jurisdiction in these matters is in stark contrast and appears to place the PRC outside the limits of international maritime law.

### **Chronology of US - Southeast Asian Relations September - December 2014**

**Aug. 27-Sept. 5, 2014:** Malaysian and US forces inaugurate their first joint military exercises in Sabah at the location where southern Philippine gunmen invaded last year.

**Sept. 2, 2014:** Philippine National Bureau of Investigation arrests three members of an anti-China group called USAFFE, which takes its name from the former US Armed Forces in the Far East during World War II, who plotted to bomb Manila's international airport using an improvised explosive device.

**Sept. 8, 2014:** US Chief of Naval Operations Adm. Jonathan Greenert speaking in Washington states that Malaysia has invited the US to fly *P-8 Poseidon* surveillance flights from east Malaysia over the South China Sea. The supposed offer is subsequently denied by Malaysian Defense Minister Hishammuddin Hussein.

**Sept. 11, 2014:** Amnesty International issues a report on the situation in Thailand, condemning the detention by the military of civilians and the limits placed on freedom of expression.

**Sept. 12, 2014:** Myanmar President's Office urges the US Congress not to pass a bill that would restrict funding to the country's military because of human rights concerns.



**Sept. 15-19, 2014:** Vietnam's Deputy Prime Minister Vu Van Ninh heads a delegation to Washington to discuss key issues in the Trans-Pacific Partnership negotiations as well as trade and investment opportunities.

**Sept. 20-24, 2014:** Philippine President Benigno Aquino visits the US to promote business relations. He also delivers a policy speech at Harvard's Kennedy School and attends the UN Climate Change Summit in New York.

**Sept. 20-28, 2014:** Malaysian Prime Minister Najib Razak visits the US for the UN General Assembly. On Sept. 25, he delivers the keynote address to the Malaysia-US Business Forum to promote investment in his country.

**Sept. 24, 2014:** US Treasury Department imposes terrorism sanctions on four individuals affiliated with Indonesia's Jemmah Islamiya as part of a global financial crackdown on individuals supporting terrorism.

**Sept. 26, 2014:** US-ASEAN Ministerial Meeting is held on the sidelines of the UN General Assembly in New York.

**Sept. 29-Oct. 10, 2014:** Annual *Philippine-US Amphibious Landing Exercise (PHIBLEX)* is held on Palawan and the Zambales region with 700 Philippine and 2,000 US participants.

**Oct. 1-2, 2014:** Vietnam's Deputy Prime Minister and Minister of Foreign Affairs Pham Binh visits the US. The Obama administration partially lifts the lethal weapons ban on Vietnam.

**Oct. 7, 2014:** Myanmar announces that it will release over 3,000 prisoners, including former military intelligence officers.

**Oct. 14, 2014:** US Pacific Command Commander Adm. Samuel Locklear visits the Philippines and meets counterpart Adm. Gregorio Catapay. They sign accords for 426 joint activities.

**Oct. 15, 2014:** US Marine Pfc. Joseph Pemberton is accused of killing a transgendered Filipino on Oct. 11 in an Olongapo City hotel room.

**Oct. 20, 2014:** In Jakarta to attend the inauguration of Indonesia's President Joko Widodo, Secretary of State John Kerry discusses cooperation in stopping the flow of militants to Syria.

**Oct. 20-24, 2014:** Elements of the US, Singapore, and Japanese navies take part in a joint exercise in the South China Sea, emphasizing gunnery skills and formation cruising.

**Oct. 25, 2014:** US Secretary of the Navy Ray Mabus applauds President Jokowi's commitment to strengthen maritime security and offers US cooperation.

**Oct. 30, 2014:** In separate phone calls to Myanmar President Thein Sein and opposition leader Aung San Sui Kyi, President Obama stresses the need to address communal tensions, forge a nationwide ceasefire pact, and hold credible general elections next year.

**Nov. 12-14, 2014:** President Obama visits Myanmar for an official visit and an East Asia Summit meeting. On the sideline of the EAS meeting, he also meets Vietnam's prime minister and Indonesia's president.

**Nov. 24-26, 2014:** Two Vietnamese frigates make the first-ever port call by Vietnam's Navy in the Philippines as part of goodwill visit.

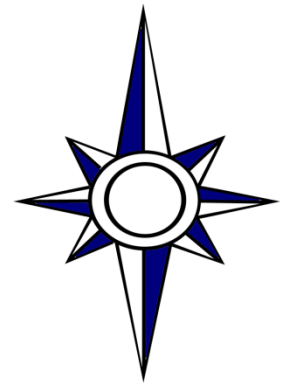
**Dec. 4, 2014:** US House of Representatives Foreign Affairs Committee passes a resolution calling for a peaceful settlement of maritime conflicts in the South and East China Seas and condemns any coercive actions in those regions. The resolution also urges ASEAN and all other claimants to move toward a formal code of conduct for these waters.

**Dec. 15, 2014:** Philippine government prosecutors charge US Marine Pfc. Joseph Pemberton with murder in the killing of a Filipino, saying the suspect acknowledged attacking the victim after he found out she was a transgender woman.

**Dec. 24, 2014:** While on an unannounced visit to Hawaii, Malaysian Prime Minister Najib Razak has a golf outing with President Obama.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**China-Southeast Asia Relations:**

## **Beijing Sets Positive Agenda, Plays down Disputes**

**Robert Sutter, George Washington University  
Chin-hao Huang, University of Southern California**

The remarkable statesmanship of President Xi Jinping and supporting leaders during multilateral meetings and visits to Southeast Asia and the broader Asia-Pacific region in November had a profound impact on Chinese policy toward Southeast Asia. They established or reinforced initiatives that employ ever greater Chinese wealth and economic connections to attract neighbors to China. The Asian Infrastructure Investment Bank (AIIB) and the proposal for a Maritime Silk Road through Southeast Asia as part of a \$40 billion fund promoting infrastructure development and interconnection with neighbors to the south and west add to China's investment and economic development plans integrating the Southeast Asian countries with China's powerful economy. They undergird Chinese diplomacy emphasizing cooperative economic, political, and security relations based on mutual benefit under the rubric of China's "win-win" formula for international cooperation.

Most regional governments joined the AIIB and advanced discussions with Chinese officials on how to promote economic cooperation. President Xi underscored the broad scope of Chinese regional interests by following the G-20 Summit in Australia with state visits to Australia and New Zealand and an unprecedented visit to the Pacific Island states. Xi's policy agenda had the full support of China's other leaders. An extraordinary Chinese Communist Party Central Foreign Affairs Work Conference in late November capped more than a year of top-level deliberations on Chinese foreign policy, including special focus on its policy toward Southeast Asian and other neighboring countries. There, Xi laid out in broad terms his vision of a stronger and more active China in world affairs.

Against this background, attention to China's territorial disputes in the South China Sea declined. Senior leaders showed no change in China's positions, but they were less vocal in affirming them. Lower-level officials responded to perceived challenges and affronts coming from claimants or others like the US. Efforts to stabilize relations with Vietnam moved forward after the riots, violence, and profound crisis caused by deployment of a Chinese oil rig in disputed territory in May. Following recent incidents of Chinese fighters harassing US surveillance aircraft along China's southeastern periphery, China agreed during the Obama-Xi summit on rules of behavior for military aircraft and ships encountering one another.

While the current Chinese activism represents a major boost in Chinese-Southeast Asian relations, the overall implications of the Chinese initiatives remain hard to determine with precision. Large pledges of investment for infrastructure have come and sometimes gone in African and other developing countries. The positive impact of these initiatives on Chinese relations also has been offset by friction over lack of transparency leading to corruption, disputes

regarding environmental and labor standards, resentment over little use of local labor and supplies, and mounting indebtedness of recipients for hard-to-maintain infrastructure. A case in Southeast Asia involving all these issues is China's checkered reputation in Myanmar despite Beijing's longstanding role as its chief economic partner and investor.

Meanwhile, experienced observers of Chinese-Southeast Asian relations are well aware that China has endeavored at various times in the recent past to focus on positive features of mutual development and play down differences over sovereignty, only to find changing circumstances push the latter into the spotlight, making differences overshadow common ground. Indeed, most of the mainly economic Chinese initiatives toward Southeast Asia highlighted this fall represent reaffirmations of the broad-ranging Chinese promises made during senior leaders' trips to the region for bilateral and multilateral meetings in fall 2013[see "[China-Southeast Asia Relations: Beijing Shifts to the Positive, Plays Down Disputes](#)" *Comparative Connections* vol. 15, no. 3 (January 2014)]. Attention to those initiatives quickly fell by the wayside because of subsequent disputes caused by China's declaration of an air defense identification zone in nearby disputed seas, assertive Chinese military deployments in the South China Sea, and the dispatch of the oil rig to Vietnamese-claimed waters.

### **Recent initiatives and China-Southeast Asia relations**

*Asian Infrastructure Investment Bank (AIIB)*. Despite strong reservations and wariness by the United States and Japan, most Southeast Asian nations joined and attended the October opening ceremony of the bank in Beijing. This included prominent South China Sea disputant, the Philippines. Indonesia was not at the opening ceremony but joined the bank in November. The New Zealand prime minister said in November that his country wanted to join the bank and Australian leaders openly debated joining.

*21<sup>st</sup> Century Maritime Silk Road*. Xi Jinping made this proposal the centerpiece of his speech to the Indonesian Parliament over a year ago in October 2013. He strongly re-emphasized the proposal in his speech at the APEC Economic Leaders Meeting in November 2014, along with a concurrent Silk Road Economic Belt initiative focused on Central Asia and countries to China's west. Together, both efforts involve Chinese pledges to invest \$40 billion focused on infrastructure over an unspecified period of time. What exactly will be done with these funds and when and how they will be offered are not yet clear. On these matters, official Chinese media in December 2014 cited experts with the view that discussions in China and with foreign governments in 2014 were focused on the "structure and framework" of the Chinese effort; 2015 reportedly will see more efforts to "iron out the details" to achieve "grand connectivity" between China and its neighbors to the south and west.

Premier Li Keqiang underlined the construction projects and equipment sales China seeks in advancing such win-win cooperation with its neighbors. In December, Li said that "countries in the region have a huge market demand and China, for its part, has rich experience in infrastructure construction, has a strong equipment manufacturing capability and could provide cost-effective products." Commentary in official Chinese media emphasized China's companies' strong interest "in being involved in construction of ports, roads and railways," and in transfer of China's "immense labor intensive industries" to Southeast Asia and other neighboring areas.

*Free Trade Area of the Asia-Pacific (FTAAP).* President Xi and supporting Chinese commentary made advancing consideration of this very broad free trade area the highlight of the Chinese-hosted APEC meeting. Though originally a US initiative, China's current advocacy received a cool response from the US. Foreign media saw the FTAAP running counter to strong US efforts to conclude the Trans-Pacific Partnership (TPP), which has more rigorous and higher standards for economic interchange beneficial to the United States. One of China's calculations in pushing FTAAP probably is that Southeast Asian participants in the TPP will not be deterred from joining the FTAAP by US wariness. Indeed, these Southeast Asian countries are already involved in discussions on the Regional Cooperation Economic Partnership (RECP), widely seen as a rival free trade agreement to the TPP; RECP excludes the US and enables trading and other standards that are less rigorous than those of the TPP.

*China-ASEAN Treaty on Good Neighborliness, Friendship and Cooperation.* Premier Li Keqiang emphasized this Chinese initiative in his discussions at the Chinese-ASEAN Summit in Brunei in October 2013. Supporting Chinese commentary at the time saw the treaty as a way to reduce regional concerns with China's rise and to legally commit all sides to peaceful coexistence. Some Chinese commentary also saw the treaty as a way to counter the Obama government's rebalancing initiatives in the region. In the lead-up to Li's discussions with ASEAN leaders at this year's summit in Myanmar in November, official Chinese media averred that the treaty would be signed at the meeting. In the event, it was not signed. Nevertheless, Li reiterated strong interest in such a treaty which he characterized as an opportunity to promote "permanent peace" in East Asia.

*Upgrade China-ASEAN Free Trade Agreement (CAFTA).* Premier Li focused on this effort in his keynote speech at the China-ASEAN Expo in September 2013. He argued with a flourish that China-ASEAN ties would advance from the rapid progress of the past "golden decade" to reach new advances in the coming "diamond decade." Li also underlined China's interest in upgrading CAFTA during discussions at the China-ASEAN Summit in Myanmar in November. Chinese official media commentary said the first round of talks on upgrading CAFTA came in September 2014 and that China and ASEAN have set a target for completion in 2015.

*Chinese economic assistance to ASEAN.* At the November China-ASEAN Summit, Premier Li enumerated China's economic assistance to ASEAN. It was unclear how these specific amounts of assistance related to China's broad claim of \$20 billion of infrastructure-related assistance in developing the 21<sup>st</sup> Century Maritime Silk Road. Li said China "is willing to offer ASEAN countries \$10 billion in concessional loans to boost practical cooperation in various fields," but did not specify a time period for the loans. He said that in 2015 China will offer less developed ASEAN states \$489 million of "assistance without charge" and that China "will start fundraising" for the second phase of the China-ASEAN Investment Cooperation Fund "totaling \$3 billion." He advised that the China Development Bank will set up a special loan of \$10 billion for infrastructure development with ASEAN countries.

*Investment and assistance to Greater Mekong Subregion (GMS).* Premier Li participated in the late-December GMS Summit held in Bangkok, where he emphasized China's important economic role in the other GMS countries (Cambodia, Laos, Myanmar, Thailand, and Vietnam).

Highlighting the need for infrastructure, Li noted China's 21<sup>st</sup> Century Maritime Silk Road initiative and said that an agreement he reached with the Thai government during his visit called for building the first modern standard gauge railway on the Indochina Peninsula that "will be entirely with Chinese technology and equipment" and will be supported by unspecified Chinese funding. He highlighted China's role in developing highways and river transportation in the GMS. He went on to stress China's desire to use its excess capacity in manufacturing steel, iron, cement, and other building materials to foster Chinese investment in the GMS countries. He said the GMS countries will benefit from the China Development Bank's \$10 billion for ASEAN, China's \$489 million pledge of aid to less developed ASEAN countries (both noted above), and from China's \$1 billion support for GMS projects.

*Australia, New Zealand, and Pacific Islands.* President Xi underscored China's efforts to use its economic power to advance relations in Southeast Asia by employing the same general emphasis on growing economic cooperation while spending 10 days in Oceania, starting with his participation in the G-20 Summit on Nov. 15-16 in Brisbane. Afterward, Xi spent several days each in Australia, New Zealand and Fiji, where he met Pacific Island leaders with official relations with China. The focus of discussion in all stops was greater economic interaction with China. The highlight was the conclusion of the China-Australia Free Trade Agreement.

### **South China Sea differences**

As disputes in the South China Sea have intensified in recent years along with Chinese truculence over the disputes, Beijing is no longer able to keep South China Sea issues off the agenda of the annual East Asia Summit and other regional meetings. Premier Li used measured language in defending China's positions at the EAS meeting in Myanmar on Nov. 13. Admonished by Prime Minister Abe and President Obama to show restraint and advance the slow-moving talks on reaching a code of conduct on disputes in the South China Sea, Li advised that China remained resolute in safeguarding territorial sovereignty. However, he also averred that the territorial differences will not affect general stability in the South China Sea so long as China and Southeast Asia nations treat each other with sincerity and seek common ground. Concurrent Chinese media commentary reaffirmed Beijing's position favoring a "dual-track" approach that includes disputes being addressed by countries directly concerned through friendly negotiations in a peaceful way, and peace and stability in the South China Sea being jointly maintained by China and ASEAN countries without foreign interference.

Subsequently, differences over official comments and formal pronouncements by claimants and the US regarding the disputes prompted sharp rebukes by China's Foreign Ministry spokesperson to perceived challenges to China's rights and claims. On Nov. 24, the spokesperson rebuffed a US military spokesperson's call on China and other governments to cease expanding the size of and the facilities on disputed South China Sea Islands. The US official was reacting to a widely publicized media report disclosing remarkable expansion through dredging of the Chinese-held Fiery Cross Reef (Chinese: Yongshu Island) in the disputed Spratly Islands. The report said China's intention is to build an air strip to allow military flights and power projection.

On Dec. 5, the US State Department released a detailed report questioning the legal basis of China's expansive claims to the South China Sea and especially China's use of a nine-dash line

on historical maps to justify its claim. The report was widely seen as providing support of the Philippine's position in filing a case earlier this year with the UN Permanent Court of Arbitration disputing Chinese claims in the South China Sea. On Dec. 7, the Chinese Foreign Ministry issued a position paper detailing its arguments for why the UN arbitral tribunal lacks jurisdiction in the Philippine-initiated case. On Dec. 9, the ministry spokesperson condemned the State Department's Dec. 5 report.

On Dec. 11, Vietnam's Foreign Ministry spokesman rejected China's South China Sea claims in its Dec. 7 position paper and said that Hanoi has asked the UN Permanent Court of Arbitration to take Vietnam's legal interests and rights into consideration when evaluating the evidence in the Philippines case against China. In its statement, Vietnam countered China in acknowledging that the Permanent Court of Arbitration has jurisdiction over the issues raised in the Philippine case and in rejecting China's nine-dash line as having no legal basis. The next day, China's Foreign Ministry spokesperson rebuffed the Vietnamese statement and reaffirmed that China will neither accept nor participate in the South China Sea arbitration initiated by the Philippines.

Meanwhile, international media said growing Chinese military and civilian capabilities support efforts to expand control of the disputed South China Sea islands. In October, the Chinese Navy chief visited Woody Island (China: Yongxing; Vietnam: Phu Lam) in the Paracel Islands; the island is the main Chinese base of operations and administration in the South China Sea. Reports on the visit revealed that the airstrip on the island had been substantially lengthened and now is capable of hosting fighter jets and other aircraft to project power into the South China Sea. Other reports that month disclosed that China is developing floating docks to support its ongoing land reclamation efforts in the South China Sea. November reports from the Chinese air show at Zhuhai highlighted the *TA-600*, the world's largest seaplane that was seen as being designed for support and supply in far-reaching Chinese outposts in the South China Sea. In December, media disclosed that China is building a new class of 12,000-ton coast guard vessels, making them the largest coast guard patrol vessels in the world.

### **China-Vietnam dialogues**

Despite periodic public disputes over South China Sea claims, shuttle diplomacy between China and Vietnam intensified in the last few months with senior level bilateral visits and discussions convened in Hanoi and Beijing to help defuse recent tensions. In October, Fan Changlong, vice chair of China's Central Military Commission, met visiting Vietnamese Defense Minister Phung Quang Thanh; the two military chiefs agreed to "properly address and control their disputes," and to gradually resume military ties and jointly manage the maritime dispute. Within less than two weeks of that meeting, Chinese State Councilor Yang Jiechi visited Hanoi to meet President Truong Tan Sang to discuss ways to strengthen bilateral relations, including through the China-Vietnam Steering Committee on Cooperation and other high-level exchanges and visits. The two sides also agreed to deepen economic cooperation. In mid-May, following China's abrupt deployment of an oil rig in the disputed Paracel Islands, a series of riots targeting Chinese investments in southern and central Vietnam left five Chinese nationals dead, around 20 factories burned down, and some 1,100 companies affected. Notwithstanding the protests, China is Vietnam's seventh largest investor. Chinese investment reached \$2.3 billion last year, up from \$345 million in 2012. Investment and trade are projected to grow for 2014-2015.

Yang's visit was seen as a prelude to gradual warming of bilateral ties and dialogue, setting the stage for a meeting between President Xi and President Truong in Beijing in November on the sidelines of the APEC Leader's Meeting. During the meeting, the two leaders agreed to continue to hold talks over the outstanding maritime issues. Meanwhile, the Vietnamese statement disputing China's South China Sea claims was seen by foreign specialists as reflecting a balanced approach toward both China and the Philippines in the ongoing maritime dispute. In an interview with the *South China Morning Post*, Carlyle Thayer noted that Vietnam's move opened the door for it to explain its interests and was thus "a cheap way of getting into the back door without joining the Philippines' case." The *South China Morning Post* further noted that "there is reportedly no consensus in the Vietnamese Politburo on this subject. This is probably as far as the Politburo is prepared to go."

Ending the year on a positive note, Chinese Communist Party Politburo Standing Committee Member Yu Zhengsheng visited Vietnam Dec. 25-27, meeting top party and government leaders. Both sides stressed managing differences, seeking to settle maritime disputes "in a candid and friendly spirit," and developing cooperation in economic and other areas.

### **China-Philippines relations**

China's relations with the Philippines also registered modest improvement despite the South China Sea disputes. President Xi and President Benigno Aquino shook hands and talked for 10 minutes at the APEC meeting in Beijing in November. Chinese official media said the "short conversation" was a "good sign" for the relationship. Xi was reported saying that he expected the Philippine president to adopt a constructive approach to the disputes. He hoped the Philippines would meet China "half way" on the differences, thereby paving the way for the healthy development of the relationship.

Singapore's Nanyang Technological University experts Lim Kheng Swe and Li Mingjiang cited in a report in December another indirect sign of Chinese moderation toward the Philippines: Beijing's much more discreet reaction to the Philippines arrest and conviction in 2014 of Chinese fishermen for poaching in an area of the South China Sea claimed by both countries when compared to China's tough posture in a similar dispute in 2010. The latter case involved the arrest and movement to trial of a Chinese fishing boat captain accused of repeatedly ramming Japanese Coast Guard patrol boat in disputed waters near the Senkaku/Diaoyu Islands. That incident prompted repeated high-level demarches, a cut off of high-level exchanges with Japan, and curbing rare-earth exports to Japanese businesses. In contrast, the 2014 incident saw Chinese diplomats complain about the arrests and call for the release of the fishermen but did not involve strident and high-level complaints or other pressure tactics.

### **China-Myanmar relations**

On the sidelines of the ASEAN-China Summit and the East Asia Summit in Myanmar in November, Chinese Premier Li Keqiang met Myanmar's leaders to further strengthen bilateral ties with a special focus on expanding business, trade, and economic ties. Chinese data indicate that bilateral trade surpassed \$10 billion in 2013, a 10-fold increase over the past decade. Trade



grew by 185 percent to nearly \$18 billion in the last three quarters of 2014. China is Myanmar's largest trading partner, and Myanmar has also become an investment destination of increasing importance for Chinese companies, given its close proximity and abundant natural resources. Myanmar is also part of new Chinese-backed economic corridors – the “Silk Road Economic Belt” and the “21<sup>st</sup> Century Maritime Silk Road.”

As economic relations expand, Chinese leaders have been encouraging their nationals and companies in Myanmar to address the increasing backlash against Chinese investors. There remain, however, concerns and controversies surrounding recent Chinese infrastructure projects, the latest of which includes a large \$7.6 billion-dam project that is being planned on the Salween River in the Kunhing township of Myanmar's Shan State. The dam's location is projected to drown the surrounding agricultural land and forests. In addition to environmental concerns, much of the land involved is controlled by the Shan State armed ethnic groups, further complicating a tenuous ceasefire between the armed groups and the Myanmar government. There is some uncertainty whether the dam will proceed as planned since agreement on the project was struck between the Chinese government and Myanmar's previous military junta. In recent months, where Chinese economic investments and activities in Myanmar have provoked protests in the country, mostly because the economic deals have led to negative environmental impact, Myanmar officials have responded to public pressure by forcing some Chinese companies to shut down their operations. Most notably, in 2011, the government decided to suspend the Chinese-run \$3.6 billion Myitsone Dam project.

## **Outlook**

The promised increase in Chinese investment in infrastructure represents the leading edge of expanding Chinese economic influence in Southeast Asia. Following the money will prompt attention to China's overall position as an investor in ASEAN countries. According to the ASEAN website, China (apart from Hong Kong) provided 6.5 percent of foreign investment in ASEAN during 2011-2013; Hong Kong provided 4.1 percent. The European Union invested more than twice as much as China (including Hong Kong), and Japan invested 50 percent more than China (with Hong Kong). The United States provided 7.2 percent of investment in ASEAN during these years.

Meanwhile, there is considerable uncertainty over whether China's comparatively moderate approach on South China Sea disputes over the past few months will advance in 2015 or lapse into acrimony as happened following a similar period of moderation in the fall of 2013. China's dredging and land reclamation in the Spratly Islands and continued strengthening of its civilian and military maritime capabilities provide ever stronger means to coerce neighbors to follow Chinese territorial demands that enjoy the strong backing of Chinese elites and public opinion.

## **Chronology of China-Southeast Asia Relations September – December 2014**

**Sept. 9, 2014:** Vietnam accuses Chinese sailors of attacking a group of Vietnamese fishermen near the Paracel Islands.

**Sept. 15, 2014:** The 11<sup>th</sup> Annual China-ASEAN Expo convenes in Nanning with Chinese Vice Premier Zhang Gaoli meeting regional leaders in attendance at the annual trade, business, and investment forum.

**Sept. 22, 2014:** Fan Changlong, vice chair of China's Central Military Commission (CMC), meets visiting Indonesian Defense Minister Purnomo Yusgiantoro to discuss bilateral military ties. They agree to increase the number of senior-level exchanges and to closer coordination on multilateral security issues in the region.

**Oct. 8, 2014:** Chinese State Councilor Yang Jiechi arrives in Kuala Lumpur and meets Prime Minister Najib Razak. They agree to deepen cooperation in law enforcement, regional security and counterterrorism, and to continue consultation on the South China Sea.

**Oct. 16-18, 2014:** Vietnam's Defense Minister Gen. Phung Quang Thanh leads a delegation of 12 senior military officers to Beijing at the invitation of Chinese Defense Minister Gen. Chang Wanquan "to strengthen friendly relations and comprehensive cooperation between the two armed forces and discuss measures to promote bilateral defense relations...."

**Oct. 18, 2014:** Fan Changlong, vice chair of China's CMC, meets visiting Defense Minister Phung Quang Thanh. They agree to better manage and "properly address" the ongoing maritime disputes in order to help advance bilateral military-to-military ties.

**Oct. 24, 2014:** China announces the establishment of the Asian Infrastructure Investment Bank (AIIB) with an initial fund of \$50 billion. A total of 21 countries sign a memorandum of understanding endorsing the launch of AIIB, including India and nine ASEAN countries. Indonesia subsequently became a member on Nov. 27.

**Oct. 27, 2014:** Chinese State Councilor Yang Jiechi arrives in Hanoi and meets President Truong Tan Sang to discuss ways to manage differences in the maritime disputes and to increase and strengthen overall bilateral exchanges.

**Nov. 2-9, 2014:** China and Singapore hold a joint military training exercise. The eight-day exercise, *Cooperation 2014*, includes an infantry live-fire combat operation.

**Nov. 10-11, 2014:** Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting is held in Beijing. The key highlight of the meeting is a proposal broached by President Xi Jinping to create a Free Trade Area of the Asia-Pacific (FTAAP).

**Nov. 12, 2014:** Chinese Premier Li Keqiang arrives in Nay Pyi Taw to attend the annual Association of Southeast Asian Nations (ASEAN) Leaders Meeting and the East Asia Summit. Li supports a proposed new treaty of "friendship and cooperation" with ASEAN and offers to host an informal regional meeting of defense ministers in 2015.

**Nov. 15-16, 2014:** President Xi attends the G-20 Summit in Brisbane and discusses energy security, strengthening the international financial system, and combating such nontraditional, transnational threats as the Ebola epidemic, among other global security and economic issues.

**Nov. 18, 2014:** China, Laos, Myanmar, and Thailand carry out the 28<sup>th</sup> round of joint patrols on the Mekong River. The four-day patrol seeks to improve coordination among law enforcement agencies to combat human smuggling, hijacking, and illicit drugs and narcotics in the Golden Triangle region.

**Dec. 3, 2014:** Chinese and Indonesian law enforcement agencies announce the joint arrest of a major transnational criminal ring responsible for the illicit smuggling of drugs and narcotics across Indonesia, Hong Kong, and several Chinese cities.

**Dec. 7, 2014:** Chinese Ministry of Foreign Affairs releases a position paper in response to the Philippine's decision in January to file a case with the UN Permanent Court of Arbitration disputing Chinese claims in the South China Sea. The Chinese government maintains its objection to the ongoing arbitral proceedings.

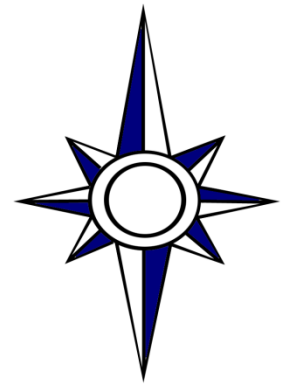
**Dec. 11, 2014:** Vietnam submits an official statement to the UN Permanent Court of Arbitration as part of its dispute with China in the South China Sea. The statement asks the international court to give "due regard" to Hanoi's legal rights as the court reviews a separate, impending case filed by the Philippines and rejects China's "nine-dash line" demarcation of the South China Sea.

**Dec. 19-20, 2014:** The fifth Greater Mekong Subregion (GMS) Economic Cooperation Summit is held in Bangkok. Premier Li Keqiang announces that China will offer \$1 billion to support greater infrastructure development and linkages in the region, a \$500 million grant program to address poverty alleviation, and \$10 billion in special loans to improve regional business, trade, and economic growth.

**Dec. 22-26, 2014:** China and Malaysia hold a military exercise, *Peace and Friendship 2014*, which includes a joint table-top exercise, combined joint search and rescue, and humanitarian assistance and disaster relief activities.

**Dec. 25-27, 2014:** Chinese Communist Party Politburo Standing Committee Member Yu Zhengsheng visits Hanoi for talks with Vietnam's top party and government leaders.





**China-Taiwan Relations:  
Cross-Strait Relations on Hold**

**David G. Brown, Johns Hopkins School of Advanced International Studies  
Kevin Scott, The Brookings Institution**

Campaigning for the local elections in Taiwan delayed any progress toward resolving the deadlock in the Legislative Yuan over cross-strait issues. While emphasizing continuity in its peaceful development policy, Beijing is concerned over the Democratic Progressive Party's (DPP) increasing prospects and consequently has laid down markers aimed at the party. Student protests in Hong Kong underlined the fundamental political differences between Taiwan and the mainland and occasioned some sharp exchanges between the Ma administration and the Chinese Communist Party (CCP) leadership. The Kuomintang's (KMT) unexpectedly large defeat in the local elections surprised everyone and creates new challenges for Beijing in the lead-up to Taiwan's presidential and legislative elections in early 2016.

**Beijing policy continuity**

The deadlock in the Legislative Yuan (LY) over the services trade agreement (STA), the Sunflower Student Movement, reverberations from the Hong Kong democracy demonstrations, the Kuomintang's stunning defeat in the November local elections and the strengthening sense of separate identity in Taiwan have created new challenges for Beijing. In response, Beijing has reaffirmed its patience and confidence in pursuing the peaceful development of cross-strait relations, but has also sent clear messages to the opposition DPP that there will be no change in the mainland's insistence on a "one China" framework for relations.

General Secretary Xi Jinping's meeting with James Soong in June made clear Beijing's determination to redouble efforts to promote the further development of cross-strait relations. Despite the challenges, Politburo Standing Committee member Yu Zhengsheng asserted in September that Beijing would be "confident, persistent and patient." Taiwan Affairs Office (TAO) Minister Zhang Zhijun attributed Beijing's confidence to the solid consensus Beijing sees in Taiwan in favor of the peaceful development of relations and international support for the further development of cross-strait ties. In early November, when Xi Jinping visited the Pingtan Comprehensive Experimental Zone in Fujian, he reemphasized Beijing's commitment to strengthening economic relations.

Even though the LY has made no progress toward adopting the Cross-Strait Agreements Oversight Bill or reviewing the STA, Beijing and Taipei have worked to sustain some semblance of forward movement. Talks were held on a merchandise trade agreement (MTA) in September and December. In September, Taipei sent separate working-level delegations to China on health and judicial issues. Association for Relations Across the Taiwan Strait (ARATS) Deputy Chairman Zheng Lihong made two week-long visits to Taiwan in September and October, and

ARATS Chairman Chen Deming made a similar visit in December. These visits were intended to assess ways to strengthen cross-strait exchanges with SMEs, lower-income households, residents in central and southern Taiwan, and the younger generation on Taiwan. In November, TAO Minister Zhang Zhijun and Mainland Affairs Council (MAC) Minister Wang Yu-chi met at APEC but agreed only to continue working on outstanding issues. In December, the Cross-Strait Entrepreneurs Summit was held in Taipei, which occasioned the signing of an agreement on pharmaceutical trials and an agreement between the Taipei and Shanghai stock exchanges to liberalize cross-strait stock transactions. Despite these efforts, no progress was announced on the two main outstanding substantive issues – the exchange of ARATS and SEF offices and the MTA. Similarly, the CCP-KMT Cross-Strait Economic and Cultural Forum was postponed until next year after President Ma resigned as KMT chairman.

With economic issues stalled, there was quite understandably no progress on political issues. Beijing's effort to encourage discussion of political issues, broached at the 18<sup>th</sup> Party Congress in the fall of 2012, has not been pursued in recent months. The second Cross-Strait Peace Forum, which was to have been held in Taiwan this year, has been postponed until 2015. In a yearend statement looking ahead to 2015, TAO Minister Zhang put priority on opposing Taiwan independence maneuvers and broadening the benefits of cross-strait economic ties, with only passing mention of the political goal of narrowing the psychological distance across the strait.

### **Beijing's focus on the DPP**

In July, DPP Chairperson Tsai Ing-wen asserted that if the DPP won the local elections, Beijing would have to adjust its policy toward the party. Although the TAO spokesman promptly rebutted that possibility, Beijing's concern about the DPP's return to power in 2016 has continued and been heightened by the KMT's unexpectedly large defeat in the local elections. In September, the CCP's United Front Work Department invited a delegation of pro-unification groups led by New Party Chairman Yok Mu-ming to Beijing. General Secretary Xi chose to meet the delegation and used the occasion to lay down a tough reminder that the peaceful development policies are aimed at eventual reunification under Beijing's "one country, two systems" proposal. Xi warned that independence activities in Taiwan were the greatest threat to peace. The DPP was the main target of this message. However, the reiteration of "one country, two systems" in the midst of the Hong Kong democracy demonstrations was predictably rejected by political leaders across the spectrum from President Ma to former President Lee Teng-hui.

While Beijing had expected DPP gains in the Nov. 29 local elections, the extent of the KMT's defeat surprised Beijing as much as it surprised others. Many foreign commentators have incorrectly interpreted the election as a referendum on President Ma's cross-strait policies. Shortly after the election, DPP Secretary General Joseph Wu commented in Washington that this was not the case. While the KMT's domestic and cross-strait policies and President Ma's low approval ratings were part of the background, these elections were primarily about local candidates, local organization, and a host of local issues. Some academics in Beijing have tried to downplay the election implications by noting that local elections and the coming presidential and LY elections are quite different. Nevertheless, the results have buoyed DPP confidence as Taiwan moves toward the presidential and LY elections in early 2016.

Beijing is still in the process of assessing how to respond to the election. As would be expected, the TAO has stated and restated that the basis for developing relations continues to be adherence to the 1992 consensus on “One China” and opposition to Taiwan independence. When Joseph Wu said “One China” should not be a precondition for talks, the TAO spokesman reiterated Beijing’s unchangeable opposition to Taiwan independence and its position that the 1992 consensus was the necessary basis for improving cross-strait relations.

Just how this policy will be implemented under the post-election circumstances remains unclear. Independent, but DPP supported, Taipei mayoral candidate Ko Wen-je said he did not know what the 1992 consensus was. After his election, a media delegation that was to have visited Taipei under the Taipei-Shanghai sister city agreement cancelled its visit. In early December, it was announced that a sister city forum between Chongqing and Taoyuan, where a DPP candidate won, would be cancelled. When ARATS Chairman Chen Deming was in Taipei for the Entrepreneurs Summit, he publicly avoided meeting with Mayor-elect Ko. (Ko later said that the 1992 consensus was out-of-date.) These steps were taken even though prominent DPP mayors, including Chen Chu and Lai Ching-de, had visited the mainland in various capacities in the past. While it is uncertain how to interpret these moves, it is possible that Beijing will use its policy toward mayor Ko to underline to the DPP and the public that it is only prepared to deal with officials who accept the 1992 consensus.

### **KMT developments**

The KMT has scheduled the election for its new party chairman for Jan. 17. Eric Chu Li-lun, who won re-election as New Taipei City mayor in November, is the only candidate. In registering for the election, Chu commented that cross-strait relations should “stick to the current peaceful, open and mutually beneficial path,” adding however that the benefits of those policies should be more equitably distributed. In a sign of change, the media has shifted to asking whether Chu might meet Xi Jinping. And, MAC Minister Wang has told the LY that it is not making plans for President Ma to meet Xi.

### **Regional economic integration**

Taiwan continues to be effectively excluded from regional trade regimes, such as the Trans-Pacific Partnership (TPP), Regional Comprehensive Economic Partnership (RCEP), the Free Trade Area of the Asia-Pacific (which China is now promoting), and bilateral trade liberalization agreements. (Taiwan has expressed little interest in joining the new Beijing-promoted Asian Infrastructure Investment Bank, AIIB.) In early October, then-Minister of Economic Affairs Woody Duh said that several other countries were willing to hold substantive trade negotiations with Taiwan, but that talks had not begun due to interference from China. The hesitant countries are believed to be India, Indonesia, the Philippines, and Malaysia, and perhaps Australia. President Ma said in late December that “politics” would preclude other countries from signing FTAs with Taiwan until the STA and MTA agreements with China were completed.

The government’s inability to push the STA through the LY or sign high-profile FTAs has seemed like a slow-motion crisis for Taiwan, but the risk of marginalization became more urgent on Nov. 10 when China and South Korea announced the conclusion of substantive negotiations

on their bilateral FTA. The Ma administration loudly expressed serious concern, with the Ministry of Economic Affairs (MOEA) estimating that Taiwan's exports are likely to fall by 1.34 percent once the FTA takes effect, and that GDP will drop by 0.5 percent. MOEA estimated a 77 percent overlap between Taiwan's and Korea's exports, and pointed out that Korea has now concluded FTAs with three of Taiwan's four largest trade partners – China, the United States, and the European Union – and is conducting negotiations with the fourth, Japan. DPP officers downplayed the potential impact, and some anti-free trade activists and the CEO of the European Chamber of Commerce Taiwan all disputed MOEA's analysis of the threat.

Pushing for passage of the STA, Chinese officials did not hesitate to stoke Taiwan's fears of isolation. Taiwan's *Central News Agency* quoted Zhang Zhijun saying after his meeting with Wang Yu-chi at APEC that China would prefer to sequence its cross-strait agreements before the Korea FTA, but that Taiwan risks falling behind in regional integration. Later that month, a TAO spokesman said, "The signing of the China-South Korea FTA has indeed produced a challenge to the deepening of cross-strait economic cooperation, and it is now more urgent for the two sides of the Taiwan Strait to complete the follow-up ECFA talks as soon as possible."

In his meeting with Xi Jinping at APEC on Nov. 9, former Vice President Vincent Siew, representing President Ma, proposed that "the two sides should establish a new mechanism for joint participation in regional integration," and should "support each other and jointly participate in the Trans-Pacific Partnership Agreement, Regional Comprehensive Economic Partnership Agreement, and other regional economic cooperation mechanisms to enhance the Taiwanese people's confidence in cross-strait trade liberalization." Siew has raised Taiwan's desire for participation in regional economic integration in several previous meetings with Xi, but he has not publicly suggested "joint participation." Statements by the MAC and TAO after the Wang-Zhang meeting at APEC also referenced "joint participation in regional economic integration."

### **Hong Kong developments**

The pro-democracy protests in Hong Kong, which began on Sept 26, led to a series of rhetorical exchanges between Taiwan and China, and was a factor in Xi Jinping's mention of "one country, two systems" as a model for cross-strait relations in his meeting with the unification delegation. Contrary to the analysis of many foreign journalists, the protests did not turn public opinion in Taiwan against "one country, two systems" – it was never attractive to Taiwan – and did not play a major role in the Nov. 29 elections. Instead, events in Hong Kong confirmed existing attitudes in Taiwan and highlighted the divide between authoritarian China and democratic Taiwan.

There was widespread sympathy in Taiwan for the Hong Kong students, and rhetoric quickly evolved to include Taipei-Beijing relations. On Sept. 29, President Ma said that true universal suffrage would be "a win-win scenario for both Hong Kong and mainland China" and the following day he said it would help narrow "the psychological gap between people in Taiwan and their counterparts in mainland China, which is beneficial to the positive development of cross-strait relations in the long run."

A MAC [statement](#) issued after Xi's remark said that a free and democratic system is "the core value" of Taiwan. Tsai Ing-wen said on Oct. 1, "We will not allow exterior forces to damage the



development of Taiwan's democracy." President Ma's Oct. 10 Republic of China (ROC) National Day [speech](#) was titled "Proud of Our Democracy, Proud of Taiwan." He spoke not only about Taiwan's democracy, but also urged Beijing "to take note that now is the most appropriate time for mainland China to move toward constitutional democracy." Citing common ancestry on the two sides of the Strait, Ma pledged that Taiwan "would of course be happy to work hand-in-hand with people in the mainland, Hong Kong, and Macau, share our experiences, and jointly seek out the best way forward to political and economic reform in the mainland."

The speech angered Beijing. A TAO spokeswoman implied that Ma's remarks were "irresponsible" and hinted that they could damage cross-strait relations. President Ma reiterated his support for the Hong Kong protesters and their goals in an interview published in the *New York Times* on Oct. 31, to which China's nationalistic *Global Times* responded with an insulting editorial calling Ma a self-important and disrespected "local head" with poor analysis of the situation in Hong Kong. When Xi Jinping and Vincent Siew met on Nov. 9, the Hong Kong protests were not discussed, but Xi reportedly told Siew that the two sides should respect each other's development and social systems, remarks that reflected his irritation at what he saw as Ma's interference in China's affairs.

## **South China Sea**

On Sept. 1, in remarks opening an exhibit on "Historical Archives on the Southern Territories of the Republic of China," President Ma spoke about ROC claims in the disputed South China Sea. US experts have pressed Taiwan to clarify the documentary basis of the ROC claim, in part as a way of clarifying the history on which mainland China bases its claim. In his remarks, Ma focused consistently on ROC sovereignty over islands and their associated territorial seas, not on open maritime or seabed areas. Though some observers saw a clear statement that the U-shaped line on the ROC map released in 1947 does not represent a national boundary, Ma was carefully vague on this issue. But he noted the principle in the United Nations Convention on the Law of the Sea (UNCLOS) of, in his words, "sovereignty over land determines ownership of the surrounding waters," implying that the ROC's claim is limited to islands and their territorial seas only, and not to the entire area within the U-shaped line.

Taiwan's actions in the South China Sea are also based on upholding sovereignty over land features while proposing cooperation on maritime features. Taiwan has been upgrading its infrastructure and military presence on Taiping Island (Itu Aba) for years, including during the Chen Shui-bian administration. But Ma has said several times that the tenets of his East China Sea Peace Initiative – "safeguarding sovereignty, shelving disputes, pursuing peace and reciprocity, and promoting joint exploration and development" – should be applied to the South China Sea. On Dec. 20, an anonymous official was quoted as saying that the construction of a lighthouse on Taiping Island would mark the beginning of a "South China Sea Peace Initiative." Ma's statements and Taiwan's actions differentiate the ROC's claims in the South China Sea from those of the People's Republic of China (PRC).

## **Arms sales issues**

On Sept. 8, in response to a question from a reporter about Taiwan's top arms acquisition priority of building diesel-electric submarines, US Chief of Naval Operations Adm. Jonathan Greenert

said he has “had conversations with [his] Taiwan counterpart” but that he couldn’t discuss them. A cross-party delegation of Taiwan legislators was in Washington at the time, meeting members of Congress to ask for US assistance for a domestic submarine program. In December, there were signs that Taipei had formally begun a long-term program to design and build submarines, as part of a 20-year plan for indigenous naval modernization and construction.

Despite Taiwan’s new emphasis on indigenous building, designed in part to lessen its reliance on acquisitions from the United States, US arms remain important to Taiwan’s ability to defend itself. On Dec. 4, the US Senate passed a bill authorizing the sale of four excess *Perry*-class frigates to Taiwan. (Taipei has domestically built *Perry*-class frigates in its naval inventory.) China’s Foreign Ministry protested this and also expressed the hope that the new Congress would prevent the sale from going forward, but on Dec. 18 President Obama signed the bill, authorizing the first new arms sale to Taiwan since 2011. Beijing lodged a protest with the United States, and reserved the right to take further action – a formal response but not a strong one. Taiwan has budgeted funds to purchase two of the frigates.

### **Looking ahead**

While committed to its peaceful development policy, Beijing will have important tactical decisions to make about what can be accomplished in the remaining months of Ma’s presidency and on how it can position itself most effectively to influence the outcome of the 2016 election. What can be accomplished while Ma is a lame-duck president and during the election campaign, which is already underway, is unclear. Beijing’s priorities are to maintain momentum and to minimize the DPP’s prospects.

With the local elections behind her, DPP Chairperson Tsai must now decide upon her party’s future cross-strait policy, a major challenge. The DPP must also decide what posture it will take in the LY on the oversight bill, the STA, and other cross-strait issues.

## **Chronology of China-Taiwan Relations September – December 2014**

**Sept. 1, 2014:** President Ma Ying-jeou opens exhibit in Taipei on “Southern Territories of the Republic of China.”

**Sept. 2, 2014:** Taiwan Affairs Office (TAO) Minister Zhang Zhijun visits Washington.

**Sept. 2, 2014:** President Ma expresses support for universal suffrage in Hong Kong.

**Sept. 3, 2014:** Finance officials discuss long-stalled tax agreement in Shanghai.

**Sept. 6, 2014:** TAO Minister Zhang Zhijun addresses overseas Chinese in San Francisco.

**Sept. 12, 2014:** Cross-Strait Merchandise Trade Agreement (MTA) talks conclude in Yilan.

**Sept. 22, 2014:** Hong Kong students launch class boycott for democracy.

**Sept. 24, 2014:** New Party Chairman Yok Mu-ming leads unification delegation to Beijing.

**Sept. 24, 2014:** Association for Relations Across the Taiwan Strait (ARATS) Deputy Zheng Lizhong begins week-long visit to Taiwan.

**Sept. 25, 2014:** President Ma receives American Institute in Taiwan (AIT) Chairman Raymund Burghardt in Taipei.

**Sept. 26, 2014:** Taiwan High Court upholds district court ruling that Kuomintang (KMT) acted illegally in revoking Speaker Wang Jin-pyng's membership.

**Sept. 26, 2014:** General Secretary Xi Jinping receives Yok Mu-ming's unification delegation; reiterates "one country, two systems" policy.

**Sept. 27, 2014:** President Ma says Taiwan does not accept "one country, two systems."

**Sept 29, 2014:** President Ma says Beijing's handling of Hong Kong developments could harm cross-strait relations.

**Sept. 30, 2014:** Legislative Yuan (LY) unanimously adopts resolution calling on Hong Kong to stop violent crackdown.

**Oct. 10, 2014:** In address "Proud of our Democracy," President Ma supports Hong Kong's desire for democratic elections.

**Oct. 15, 2014:** US-Taiwan Defense Review Talks held in Washington.

**Oct. 16, 2014:** Reversing previous reluctance, MAC says in a press conference that Dalai Lama would be welcome to visit Taiwan when conditions are right.

**Oct. 25, 2014:** ARATS Deputy Zheng Lizhong starts one-week Taiwan visit.

**Oct. 27, 2014:** *Global Times* accuses Taiwan of recruiting Chinese students as spies.

**Oct. 30, 2014:** People's Bank of China (PBOC) Deputy Governor Pan Gongsheng attends financial seminar in Taipei.

**Nov. 1, 2014:** President Xi Jinping visits Pingtan Comprehensive Experimental Zone.

**Nov. 5, 2014:** Taiwan's Minister of National Defense Yen Ming and other officials tour Taiping Island (Itu Aba).

**Nov. 6, 2014:** Taipei opens marine research center on Pratas Reef.

**Nov. 8, 2014:** Taiwan Economics Affairs Minister Duh Tyzz-jiun meets Chinese Commerce Minister Gao Hucheng at APEC.

**Nov. 9, 2014:** General Secretary Xi meets Taipei envoy Vincent Siew in Beijing.

**Nov. 9, 2014:** Beijing and Seoul announce completion of negotiation of Free Trade Agreement.

**Nov. 12, 2014:** TAO Minister Zhang and MAC Minister Wang meet in Beijing.

**Nov. 26, 2014:** Taipei mayor candidate Ko Wen-je denies 1992 consensus.

**Nov. 29, 2014:** KMT suffers unexpectedly large defeat in local elections.

**Nov. 29, 2014:** General Secretary Xi addresses Central Foreign Policy Work Conference.

**Dec. 1, 2014:** Premier Jiang Yi-huah and Cabinet resign.

**Dec. 2, 2014:** TAO spokesman expresses hopes for continued peaceful development of cross-strait relations on the basis of the 1992 consensus.

**Dec. 3, 2014:** State Department comments on Taiwan elections and encourages continued constructive cross-strait relations.

**Dec. 3, 2014:** Ma Ying-jeou resigns as KMT chairman.

**Dec. 7, 2014:** *Global Times* reports retired PLA general saying mainland will not abandon possibility of using force to resolve Taiwan issue.

**Dec. 9, 2014:** ARATS Chairman Chen Deming starts eight-day visit to Taiwan.

**Dec. 10, 2014:** Taoyuan-Chongqing municipal forum planned for February is cancelled.

**Dec. 15, 2014:** Cross-strait Entrepreneurs (CEO) Summit meets in Taipei.

**Dec. 16, 2014:** Board of Foreign Trade (BOFT) Director-General Yang Jen-ni visits Beijing for merchandise trade agreement (MTA) technical talks.

**Dec. 18, 2014:** President Obama signs bill offering four *Perry*-class frigates to Taiwan.

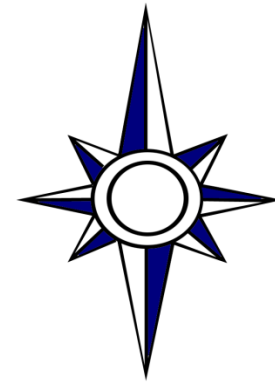
**Dec. 21, 2014:** New Taipei Mayor Chu Li-lun files candidacy in KMT chairman election.

**Dec. 22, 2014:** Wang Yu-chi tells Legislative Yuan (LY) that government must better communicate its cross-strait policies to Taiwan's people.

**Dec. 23, 2014:** Taipei Mayor Ko Wen-je says 1992 consensus is out-of-date.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## South Korea-North Korea Relations: Summit in 2015? A Tough Climb

Aidan Foster-Carter  
University of Leeds

As so often in inter-Korean relations, the final four months of 2014 proved a mixed bag. We noted in the [previous](#) issue of this journal how the period began hopefully. Despite various advance tantrums, North Korea sent a full sports squad, 273 strong, to compete in the 17th Asian Games (Asiad) held in Incheon, South Korea. Better yet, at short notice three of the DPRK's top leaders suddenly showed up at the closing ceremony on Oct. 4. Amid smiles all round, the two Koreas agreed to hold high-level talks within the next month. And then, as so often, the let-down. Pyongyang added a condition: Seoul must stop anti-Kim activists who regularly send balloons laden with propaganda leaflets badmouthing the DPRK regime and its leader across the Demilitarized Zone (DMZ). No can do, said the South. The leafleteers were breaking no law, and free speech is protected by the Constitution. So the talks were not held, and relations reverted to the usual bickering, sniping, and blame games.

But the turn of the year brought fresh hope, at least to those not jaded by past disappointment. In quick succession, both Koreas unexpectedly raised the possibility of high-level meetings. On Dec. 29 the South suggested talks in January, with no preconditions and at a higher level (between ministers) than the vice-ministerial dialogue held last February and planned for October. Kim Jong Un promptly trumped that in his New Year address, which dwelt more than usual on North-South ties. Kim even dangled the ultimate possibility, saying: "... there is no reason why we should not hold a summit meeting if the atmosphere and environment for it are created." That is a big 'if': unlike Seoul, Pyongyang attached strict conditions for such a meeting. All this is discussed in detail below. But first, we begin back in sporting September.

### Back to the Future?

Our previous article analyzed the build-up to the Incheon Asiad in detail. As noted then, inter-Korean relations overall have moved beyond – or, arguably, retreated from – the heady “sunshine” days of conquering fresh peaks, when each breakthrough was a first, raising hopes that a cumulative and irreversible process of détente and reconciliation was under way.

We are no longer in that place, and may never be again. The “sunshine” policy's critics would insist that apparent progress a decade ago was illusory; or corruptly bought; or undermined and seriously incomplete, in that simultaneously North Korea was surreptitiously developing nuclear weapons. Regardless, South Korea's electoral system, which gives each president just five years before a new one takes over, makes it highly likely that the policy U-turns we have seen since 2008 will recur as voters zig-zag between the political left and right.

To prevent such oscillation would require the main political parties to hammer out a broadly bipartisan approach to North Korea policy. That seems unfeasible, as the ruling conservative Saenuri Party and the liberal opposition New Politics Alliance for Democracy (NPAD) mostly have very different approaches, respectively hawkish and dovish. Compounding the problem, those differences are also fiercely fought out in domestic politics. This was seen on Dec. 19, when the ROK Constitutional Court found in favor of a suit brought over a year earlier by the government. Agreeing by 8-1 that the small far-left Unified Progressive Party (UPP) supports North Korean-style socialism, the Court found this to be against the Constitution. The UPP was banned with immediate effect, and its five lawmakers lost their seats. One, Lee Seok-ki, is already serving nine years in jail for the more tangible (if still rather hypothetical) crime of inciting insurrection. That the UPP has any lawmakers at all is mainly because it once had an electoral pact with the NPAD's predecessor. Since then the party had split, and the hard core that remains are indeed generally recognized to be at least fellow-travelers of the DPRK.

Nonetheless, banning a party for its views alone is a first in democratic South Korea, and has unnerved moderate progressives. Nor will it go down well in Pyongyang. Not that, if Kim Jong Un really wants a summit, he would let an issue like this stand in the way; North Korea regards its tiny band of Southern loyalists as expendable pawns. But if, as is probable, we are in for a prolonged bout of game-playing and point-scoring enroute to a summit that may or may not happen, then banning the UPP will certainly be used as one more stick with which to beat the South. This issue will remain in the limelight, as the UPP's ex-lawmakers plan to challenge their defenestration in the courts. Lee Seok-ki too has a final appeal left, to the Supreme Court which is expected to rule in January. In December, the US-based Carter Center [weighed in](#) on Lee's behalf, criticizing the National Security Law (NSL) under which Lee was convicted as a relic of dictatorship incompatible with democracy and international law. At an [earlier appeal](#) Lee was cleared of plotting insurrection, but his conviction for inciting the same (such are the niceties!) was upheld; his prison sentence was reduced from 12 to 9 years. Watch this space.

### **Good sport, but chances missed**

But back to sport. As we reported last time, by mid-September North Korean athletes were starting to arrive in Incheon by special direct flights from Pyongyang on the DPRK national carrier Air Koryo. The Games themselves commenced on Sept. 19 and concluded on Oct. 4. Despite earlier rows on subjects ranging from cheerleaders – in the end the North sent none – to finance, North Korea made no protest when threats to its flag by Southern right-wingers prompted the Asiad organizers rather cravenly to take down street displays of all flags of the 45 competing nations. Team DPRK was loudly cheered on entering the stadium, where they got to watch such delights of the opening ceremony as Psy performing *Gangnam Style*. In the ensuing Games, they performed professionally and creditably, finishing 7th overall in the medals table (ahead of India, just) with 11 gold, 11 silver, and 14 bronze. North Korean male weightlifter Kim Un Guk broke two world records, while South Korean women archers and shooters did likewise. So it was a successful Games overall, held in a good atmosphere.

This being a pan-Asian event – all member states of the Olympic Council of Asia (OCA) took part – South Korea as host saw its main responsibility as multilateral. Earlier spats with North Korea over finance implied that the ROK thought the DPRK should be treated like any other

participant state – welcome to attend, but deserving no special privileges. One can see the logic of that position, both in general and as trying to break the mendicant mentality that became a downside of sunshine. Back then, the North got into the bad habit of expecting the South to pay for pretty much everything. Much as that posture reflects the stark realities of the North-South economic chasm today, it is no basis to build a proper relationship of equality and trust.

And yet it is hard not to see this fortnight in autumn as an inter-Korean opportunity missed. It is not every day that nearly 300 North Koreans stay in the South. Athletes apart, the entourage included the top figures in the North's sports administration like Vice Sports Minister Jang Su Myong, well known in international Olympic circles. It was headed by Minister of Physical Culture and Sports Kim Yong Hun: less familiar, appointed only in May and reportedly close to Kim Jong Un. Kim was the most senior North Korean to visit the South since 2009. So far as in known, he stayed there for the duration. Having left Pyongyang on Sept. 16 – *Korean Central News Agency (KCNA)* coyly [refrained](#) from saying where he was headed – he was still minding his flock at least until Sept. 27, when *KCNA* [reported](#) him as presiding at an “evening longing for respected Marshal Kim Jong Un” (sic) in Incheon. This sounds like a morale-boosting exercise for the team while in enemy territory, which in fact they saw little of; presumably it took place in their quarters, with South Koreans not invited. The minister said that while they have only been away from the leader for about a week, “the minds of all members of the delegation and players are running to him whom they long to see, awake or asleep.”

So a North Korean minister and confidant of the leader visits the South for two whole weeks! Well, President Park Geun-hye's Dresden Declaration last March included these noble words:

If there is to be real connection and integration between the south and the north, we must narrow the distance between our values and our thinking. To achieve this, those from the south and the north must be afforded the chance to interact routinely. We will encourage exchanges in historical research and preservation, culture and the arts, **and sports** – all of which could promote genuine people-to-people contact – rather than seek politically-motivated projects or promotional events. (*emphasis added*)

The obvious question arises: why then did Park's government not take advantage of Minister Kim's prolonged presence, and hold talks to seek to put such lofty aspirations into practice? Park is right, sport would be a good area for inter-Korean activity for the reasons she states. Yet it has had a checkered, fitful history, more of regress than progress. (It is 24 years since a [unified](#) North-South Korean table tennis duo famously won the women's doubles in the world championships in 1991 held in Chiba, Japan; nothing similar has ever been attempted since.) Kim Yong Hun's visit was the perfect opportunity to do what Park claims to want: i.e., try to put at least one promising area of North-South interaction onto a regular, politics-free footing. Yet there is no evidence that her administration tried to initiate anything of the kind. This is frankly baffling, suggesting at the very least a lack of imagination and of proactive thinking.

### **The UNGA: another missed opportunity**

As it happens, September saw not one but two occasions when North and South might have met and tried to take their relations forward, but chose not to. Besides the Incheon Asiad, the other such missed opportunity came – and went – in New York, at the annual fall session of the United



Nations General Assembly (UNGA). This time both Koreas sent some of their biggest guns. On Sept. 23 President Park made a keynote [speech](#) at the UN Climate Summit. That was chaired by UN Secretary General Ban Ki-moon, himself a former ROK foreign minister – who has [denied](#) rumors that he might be a presidential contender in 2017, when Park’s successor will be elected. Park told Ban she was still waiting for Pyongyang to respond to Seoul’s offer of high-level talks, made in August. He [replied](#) that “opening up the North’s heart by cooperating on smaller sectors step by step would be a good idea.” Indeed.

Also in New York was the South’s current foreign minister, Yun Byung-se. He had come for a different UN meeting, the first-ever ministerial [forum](#) on North Korean human rights issues, held alongside the UNGA as part of the continuing focus on this topic pursuant to the special UN Commission of Inquiry (COI) which reported last February. That pressure continues. On Dec. 18 the UNGA [passed](#) a resolution to refer the DPRK – and perhaps named officials – to the International Criminal Court (ICC) in The Hague on charges of crimes against humanity. The matter is now with the UN Security Council, which alone can make a binding referral – and where either Russia or China will surely use their veto to ensure that this does not happen.

No previous ROK administration, including Park’s hardline predecessor Lee Myung-bak, has embraced DPRK human rights concerns as keenly as this one. However laudable such a stand may be morally, it can hardly improve inter-Korean relations. Here, as often, it is not obvious how the different strands of Park’s *Nordpolitik* are supposed to weave a consistent pattern. In particular, hosting the UN Office of the High Commissioner for Human Rights (OHCHR)’s new field office, which is set to open in Seoul by March specifically to monitor human rights in North Korea, is bound to anger the DPRK. Pyongyang has already attacked this plan, and will surely demand the OHCHR office’s withdrawal as one precondition – among others; see below for the hypothetical summit dangled by Kim Jong Un in his New Year speech.

But back to New York in September. Yun Byung-se was not the only Korean foreign minister in town for the UNGA. In North Korea, oddly, recent occupants of that post had tended to be figureheads whose job was to meet and greet; real power resided elsewhere, often with a nominal vice-minister. This changed last April with the appointment of Ri Su Yong, who in another Pyongyang peculiarity has undergone a name change. Formerly known as Ri Chol, he spent many years as ambassador in Switzerland; his duties included mentoring Kim Jong Un and his siblings during their Swiss schooling. He also reputedly ran key bank accounts for Kim Jong Il, so the US Treasury Department might well have wished it could arrange a quiet chat.

South Korea, however, showed no interest. As with Kim Yong Hun’s sojourn in Incheon, one might think that a forward-looking ROK government would seize the chance to at least hold an informal meeting with such a senior figure: the first DPRK foreign minister to attend the UNGA since 1999. Ri spent a whole week in New York, so there was plenty of time. Not so; or at least, not on terms the North could accept. Yun did offer to meet Ri – to discuss [human rights](#). Unsurprisingly that did not happen, especially as South Korea had supported the US in barring Ri from the earlier forum, which the US, not the UN organized, or Ri could have been there by right. Ri [told](#) *Voice of America* that the South had not suggested meeting, adding: “Even if it did, I do not intend to meet Minister Yun given his behavior.” So the UNGA came and went, unutilized. The two Korean ships passed in the night, each set on its own course.



### Three Northern heavyweights pay a flying visit

If in New York neither Korea tried very hard to meet, Incheon was different. The North may well have expected the South to respond more fulsomely to its decision to participate fully in the Asiad, rather than (as might have been expected) taking its bat home and sulking after not getting its way on money and cheerleaders. Meanwhile, Kim Jong Un himself was at this point a man of mystery: he vanished for most of September, prompting feverish speculation in what *KCNA* likes to call “reptile media” worldwide as to whether he had been ousted in a coup. The less melodramatic truth, as cooler heads surmised at the time, seems to be that he was recuperating after an operation and medical treatment for foot or ankle problems, possibly due to worsening obesity. He re-emerged in mid-October, sporting a walking-cane and a limp.

But as of early October, Kim’s continuing and unexplained month-long absence amplified a sudden twist which would in any case have been startling. By late September, furious at Park Geun-hye’s criticisms at the UNGA of its nuclear programs and human rights conditions, North Korea had reverted to name-calling. On Sept. 27, the Policy Department of the National Defense Commission (NDC) – the DPRK’s highest executive body, ranking above the Cabinet – called the ROK President “an indecent woman reeking off [sic] nasty smell” and “a modern-type sycophant ... and the worst traitor for all ages” whose “miserable doom has already been sealed ... it is necessary to decisively eliminate such hordes of traitors as Park.”

Hence, it was unexpected, to say the least, when just a week later the closing ceremony of the Asian Games on Oct. 4 was graced by the presence of no less than three of North Korea’s top leaders. They did not meet Park, but sent their respects and greeted her ministers and advisors with smiles all round. This was all extremely sudden. It seems that the visitors more or less invited themselves, at the last minute; leaving the South to scramble, first to accept and then accommodate their flying visit of just a few hours (they flew in and out the same day).

For any one of this trio to visit the South alone would have been noteworthy. For all three to come is quite unprecedented. The most junior – but still very senior – and least surprising was [Kim Yang Gon](#). As director of the United Front Department of the ruling Workers’ Party of Korea (WPK), Kim runs North Korea’s relations with the South and has visited at least twice before. Readers may [recall](#) that in 2013 Seoul demanded Kim as head of the North’s team for planned talks; they fell through when Pyongyang refused, calling this a breach of protocol. Kim has never headed routine dialogue, but he is the man in overall charge. As such, it is to him that the South, undeterred, sent its latest offer of high-level talks; more on which anon.

The other two DPRK visitors are widely seen as the second and third most powerful figures in Pyongyang, though opinions differ on which is which. [Choe Ryong Hae](#), a near-contemporary and long-time crony of the late Kim Jong Il, has worn many hats, latterly the peaked cap of a vice-marshal. Despite a wholly civilian career, in 2012 he was made director of the Korean People’s Army (KPA)’s Political Bureau in a bid by Kim Jong Un to bring the military under control. The uniform seemed ill-fitting, literally and metaphorically, and after various ups and downs – which led to rumors of his being purged – he is now a civilian again, as a Presidium member of the WPK Politburo. [Reports](#) in January that his son Choe Song recently wed Kim

Jong Un's younger sister Kim Yo Jong, if true, should secure his position, although the fate of Jang Song Thaek shows that even Kim family in-laws are not necessarily invulnerable.

Completing the troika and prompting most excitement was Choe's successor as KPA political director, [Hwang Pyong So](#). Clearly the most senior of the three, Hwang arrived in full vice-marshal's regalia (although like Choe he is a civilian who donned this only in recent years), [flanked](#) by two bodyguards in civilian suits and shades – a privilege by some [accounts](#) reserved for the supreme leader. This touch boosted speculation, fueled by the continued absence of Kim Jong Un – only for 10 more days, it turned out – that Hwang is the real power holder in Pyongyang. That is indeed the view of one school of thought on the DPRK power structure, which regards Kim as a figurehead and the WPK Organization and Guidance Department (OGD), where Hwang has spent his whole career, as the body which really pulls the strings.

### **Balloons puncture hope**

But we digress, albeit on important questions. The world gasped at this sudden outbreak of inter-Korean bonhomie. Hearts beat faster when they agreed to resume high-level talks, last held in February with no progress, within a month. The visitors departed as suddenly as they had arrived, and like a child's balloon the puffed-up euphoria they had briefly inspired began to sag. An apt metaphor, since real balloons were a major reason for this. North Korea soon attached conditions to holding talks, the main one being that the South must stop one of Pyongyang's especial bugbears – the regular launching across the Demilitarized Zone (DMZ) by defectors and their supporters of helium balloons bearing propaganda leaflets critical of the DPRK regime and leader, plus such [items](#) as dollar bills, USB drives, or transistor radios. US-supported Christian groups [send](#) religious tracts and Bibles by the same method.

As in most inter-Korean disputes, there is a history here. Balloon launches have been banned or discouraged by some past ROK governments: mainly liberal ones, but also Lee Myung-bak at least [once](#) in 2012 when he judged that the North's threats were a real danger. But as with DPRK human rights, here again Park Geun-hye, although she won the presidency running as a moderate conservative, in office is proving more hardline. The South insisted it could not legally stop the leafleteers, despite escalating threats from Pyongyang. Local residents along the DMZ are also hostile, for both security and economic reasons as the launches frighten off tourists who come to peer across into the North. On Dec. 10, lawyers for some 100 such locals said they will file an [injunction](#) to force four named leaflet-sending groups to desist.

That came after a tense October. As detailed in the chronology, the month that was supposed to see preparations for high-level talks in fact witnessed no fewer than three exchanges of fire between the two Koreas, including one where the KPA shot at balloons – it is unclear if any were downed – and shell casings landed in the South. In each case the ROK fired back, in a considered reaction, taking care not to hit anyone or anything, just as the North had. But such careful calibration may not always be possible, and there is always a risk of miscalculation by either side. Freedom is a noble cause, but a responsible government must weigh all pertinent factors. The latest pledge by Park Sang-hak, the defector who leads Fighters for a Free North Korea, to float 100,000 copies of the controversial new film *The Interview* – which not only mocks Kim Jong Un, but shows his head being blown off – with subtitles in Korean into the North by late

January is especially incendiary. If Park Geun-hye has any interest in holding a summit with Kim Jong Un, she will surely need to dissuade her namesake somehow.

### **Let's just talk, shall we?**

Hopes raised by the DPRK troika visit were thus dashed. The rest of 2014 saw no significant events – until the year was all but over. On Dec. 29, Unification Minister Ryoo Kihl-jae announced that his government had that day faxed a letter to WPK UFD Director Kim Yang Gon, proposing minister-level talks on “issues of mutual concern.” Topics might include family reunions and sporting and cultural exchanges, but no subject was excluded and no preconditions were laid down.

Looking backward and forward, Ryoo noted that 2015 marks the 70th anniversary of Korea's liberation from Japanese occupation in 1945 – a hint, perhaps, at holding joint commemorative events. He added that “the South and North will have to meet ... and discuss ways toward a peaceful reunification” – hardly the most immediate agenda item, but a reminder that Ryoo doubles as deputy head of the Presidential Committee for Unification Preparation (PCUP), an advisory body launched in July and chaired by the president. Indeed, rather oddly his message was sent in that capacity rather than on behalf of the government. If the North is minded to cavil about protocol, it could well take umbrage on that score. Pyongyang has been critical of Park's emphasis on unification, seeing this as a ploy to bring about German-style absorption.

Cabinet-level dialogue was routine during the “sunshine” era (1998-2007), but there have been no such talks for seven years. The high-level talks held in February, and agreed to but not held in October, were one rung lower than this, between vice-ministers. Proposing a more senior meeting thus looks like a concession in a bid to break the inter-Korean deadlock. That was how Seoul media interpreted it. *JoongAng Daily* (the English version of South Korea's leading newspaper, the center-right *JoongAng Ilbo*) had a blunt [sub-heading](#): “Park administration needs traction for its North policy in 2015.” The article averred that the coming year “could be the last time the president can achieve tangible goals from her North Korea policy,” like a summit with Kim Jong Un, as in 2016 the focus will shift to parliamentary elections in April.

The point goes wider. The ROK electoral timetable is relentless, and disabling. It reflects the sins of the fathers, literally in Park Geun-hye's case. Reacting strongly against efforts by past dictators like Park Chung-hee (1961-79) to hold on to power forever, the Constitution of the Sixth Republic, which restored democracy in 1987, restricts the president to a single five-year term; re-election is not an option. After a quarter century of experience, many now regard this as too restrictive as it renders all leaders lame ducks in their final year, and sometimes sooner. There is wide bipartisan support for a US-type system, allowing up to two terms of four years and synchronizing these with parliamentary elections, which are already on a four-year cycle.

President Park disagrees as she [slapped down](#) recent attempts to debate such a change, calling it a “black hole.” Yet with (one must be frank) few achievements to show after almost two years in office, she is already as the *JoongAng* implies a victim of the system she wants to retain. Be it North Korea, economic policy or whatever, 2015 is make or break year for Park Geun-hye. A [scandal](#) engulfing the Blue House, beyond our scope here but suggesting at the very least

serious factionalism among senior presidential staffers, is a further reason why Park – whose approval ratings hit new lows in December – may at last feel some sense of urgency; though that affair, if it continues, may also prove a distraction from a proper focus on policy issues.

### **A summit – on Kim's terms**

At this writing, the North had yet to respond to the South's talks offer as such, despite several entreaties from Seoul. Instead, it riposted with a counter-offer – raise you! – just days later. Kim Jong Un devoted about a fifth of his New Year [speech](#) to inter-Korean relations. His offer of a summit, quoted above, made headlines as it was intended to. Yet this must be read in context. [Here](#) is the relevant section of Kim's speech in full:

Seventy years have passed since our nation was divided by outside forces.

In those decades the world has made a tremendous advance and the times have undergone dramatic changes, but our nation has not yet achieved reunification, suffering the pain of division. It is a deplorable fact known to everyone and it is lamentable to everyone. No longer can we bear and tolerate the tragedy of national division that has continued century after century.

Last year we put forward crucial proposals for improved inter-Korean relations and national reunification and made sincere efforts for their implementation. Our efforts, however, could not bear due fruit owing to the obstructive moves by the anti-reunification forces within and without; instead the north-south relations have been on a headlong rush to aggravation.

However complicated the situation may be and whatever obstacles and difficulties may stand in our way, we should unfailingly achieve national reunification, a lifetime wish of the President and the General and the greatest desire of the nation, and build a dignified and prosperous reunified country on this land.

"Let the whole nation join efforts to open up a broad avenue to independent reunification in this year of the 70th anniversary of national liberation!"- this is the slogan of struggle the entire Korean nation should hold up.

We should remove the danger of war, ease the tension and create a peaceful environment on the Korean peninsula.

The large-scale war games ceaselessly held every year in south Korea are the root cause of the escalating tension on the peninsula and the danger of nuclear war facing our nation. It is needless to say that there can be neither trustworthy dialogue nor improved inter-Korean relations in such a gruesome atmosphere in which war drills are staged against the dialogue partner.

To cling to nuclear war drills against the fellow countrymen in collusion with aggressive outside forces is an extremely dangerous act of inviting calamity.

We will resolutely react against and mete out punishment to any acts of provocation and war moves that infringe upon the sovereignty and dignity of our country.

The south Korean authorities should discontinue all war moves including the reckless military exercises they conduct with foreign forces and choose to ease the tension on the Korean peninsula and create a peaceful environment.

The United States, the very one that divided our nation into two and has imposed the suffering of national division upon it for 70 years, should desist from pursuing the anachronistic policy hostile towards the DPRK and reckless acts of aggression and boldly make a policy switch.

The north and the south should refrain from seeking confrontation of systems while absolutizing their own ideologies and systems but achieve great national unity true to the principle of By Our Nation Itself to satisfactorily resolve the reunification issue in conformity with the common interests of the nation.

If they try to force their ideologies and systems upon each other, they will never settle the national reunification issue in a peaceful way, only bringing confrontation and war.

Though the people-centred socialist system of our own style is the most advantageous, we do not force it on south Korea and have never done so.

The south Korean authorities should neither seek "unification of systems" that incites distrust and conflict between the north and the south nor insult the other side's system and make impure solicitation to do harm to their fellow countrymen, travelling here and there.

The north and the south, as they had already agreed, should resolve the national reunification issue in the common interests of the nation transcending the differences in ideology and system.

They should briskly hold dialogue, negotiations and exchanges and make contact to relink the severed ties and blood vessels of the nation and bring about a great turn in inter-Korean relations.

It is the unanimous desire of the fellow countrymen for both sides to stop fighting and pave a new way for reunification by concerted efforts. They should no longer waste time and energy over pointless arguments and trifling matters but write a new chapter in the history of inter-Korean relations.

Nothing is impossible if our nation shares one purpose and joins efforts. On the road for reunification the north and the south had got such charter and great programme for reunification as the July 4 Joint Statement, the historic June 15 Joint Declaration and the October 4 Declaration, thus demonstrating to the whole world the nation's determination and mettle to reunify the country.

We think that it is possible to resume the suspended high-level contacts and hold sectoral talks if the south Korean authorities are sincere in their stand towards improving inter-Korean relations through dialogue.

And there is no reason why we should not hold a summit meeting if the atmosphere and environment for it are created.

In the future, too, we will make every effort to substantially promote dialogue and negotiations.

The entire Korean nation should turn out together in the nationwide movement for the country's reunification so as to glorify this year as a landmark in opening up a broad avenue to independent reunification.

Clearly, Kim's offer – unlike the South's – is highly hedged. Creating the “atmosphere and environment” he requires would entail several steps unwelcome to Seoul – which of course is blamed, one-sidedly along with the US (aka “anti-reunification forces within and without”) for the poor state of relations at present. Conversely, the North's “sincere efforts” last year included calling the South's resident a prostitute and a comfort woman. And if anyone is creating a “gruesome atmosphere” on the peninsula, it is the North's relentless and unceasing bellicose rhetoric, which for decades has deliberately fostered a war atmosphere in the minds of its people and for external propaganda. By contrast, US-ROK “war drills,” though large-scale, are brief and localized, hardly impinging at all on everyday life in the peaceful South.

Telling the ROK to stop routine annual military exercises with the US, its founding ally, is a time-worn DPRK ploy going back to the days of Kim's grandfather Kim Il Sung. Park Geun-hye, having faced down such a demand when the North sought to attach it as a condition for family reunions – which Pyongyang cynically canceled in Sept. 2013, but eventually allowed in Feb. 2014 – is not about to accept this as the price of a summit with Kim Jong Un.

Should she, perhaps? In the mid-1990s, the then *Team Spirit* exercises were suspended three times as an incentive to encourage the North's denuclearization. (The Agreed Framework! KEDO! How long ago that all seems now, and indeed is.) Would allied readiness really be compromised if say one or part of the current two main annual sets of joint maneuvers, *Key Resolve/Foal Eagle* and *Ulchi-Freedom Guardian*, were scaled back or suspended? One may doubt it, but in the current climate the question is rhetorical. The view in both Washington and Seoul is that any such step could only come as a reward after Pyongyang evinced tangible sincerity and cooperation, especially on the nuclear issue. But at this juncture, not only is the DPRK as defiant as ever on that front, but the cyberattack on Sony Pictures and consequent US sanctions – the FBI having fingered North Korea as the culprit, a view not shared by all experts – mean there is no appetite to make concessions to Pyongyang in advance.

While that stance is understandable, it is also a recipe for continued stalemate. The DPRK is capable of bold gestures, as seen in October's troika visit. The challenge for Park Geun-hye, as for all North Korea's interlocutors, is to foster similar creativity in seeking to cut the Gordian knot. The ticking electoral clock is one incentive to do so, but her instinctive caution pushes the other way. My bet would be that neither side trusts the other enough, and that the summit idea – and perhaps the South's talks offer as well – will sink in a sea of mutually unacceptable preconditions attached by one side or the other. But it would be nice to be wrong.

### **Chronology of North Korea-South Korea Relations September – December 2014**

**Sept. 1, 2014:** Lim Byeong-cheol, spokesman of South Korea's Unification Ministry (MOU), [reiterates](#) that “there is no change in the government's basic position with regard to the May 24th Measures”; meaning sanctions will remain unless North Korea formally apologizes for sinking the corvette *Cheonan* in 2010. He hopes nonetheless that the North will agree to a fresh round of family reunions “before it gets too cold” this winter.



**Sept. 2, 2014:** An MOU spokesman [says](#) the South will share the cost of the North's taking part in the 17th Asian Games (Asiad) soon to be held in Incheon, ROK, and that the gap between the two sides on who should pay for what is "not wide." No figures are given. He reiterates that the North is welcome to bring cheerleaders.

**Sept. 3, 2014:** MOU and two other ROK ministries, Justice (MOJ) and Security and Public Administration (MOSPA), jointly launch an integrated database on legal issues likely to arise during and after Korea's reunification. It can be found at [www.unilaw.go.kr](http://www.unilaw.go.kr). (Korean only)

**Sept. 3, 2014:** North Korea's supreme leader Kim Jong Un, as often, [attends](#) a concert by the [Moranbong Band](#), a modish all-female combo he created. Thereafter Kim is not seen in public for over a month, prompting feverish speculation abroad as to his whereabouts and fate.

**Sept. 9, 2014:** In a speech on the 66<sup>th</sup> anniversary of the DPRK's founding, Premier Pak Pong Ju [declares](#): "We will do our best to improve North-South relations." He does not elaborate.

**Sept. 11, 2014:** The leading Seoul daily *JoongAng Ilbo* [calls](#) on the North to allow more reunions of separated families, adding also that "Our government needs to be more flexible."

**Sept. 11, 2014:** The first batch of DPRK participants in the Asian Games [flies](#) directly from Pyongyang on their national airline Air Koryo to Incheon International Airport (IIA). This 94-strong group includes Vice Sports Minister Jang Su Myong. The rest of the North's 273-strong contingent arrives over the next few days, including Sports Minister Kim Yong Hun on Sept. 16.

**Sept. 11, 2014:** MOU [confirms](#) a decision by the Asiad organizers to remove flags of all 45 competing nations from public streets, after right-wing groups threaten violence against the DPRK flag – whose display is illegal under the ROK's National Security Law. A day later it [adds](#) that Southern spectators will not be allowed to fly the Northern flag in stadiums, either.

**Sept. 11, 2014:** MOU [confirms](#) that North Korea sent back via Panmunjom a South Korean man aged 52 who had illegally entered the DPRK via a third country, despite his plea to stay in the North and have his family join him.

**Sept. 12, 2014:** ROK government panel [confirms](#) 69 more South Koreans as having been abducted by the North during the 1950-53 Korean War. This brings the total number officially recognized as abductees to 3,375; other estimates run as [high](#) as 83,000.

**Sept. 16, 2014:** North Korea's official *Korean Central News Agency (KCNA)* [reports](#) (full text): "The delegation of the DPRK Olympic Committee led by Chairman Kim Yong Hun, minister of Physical Culture and Sports, and the DPRK players group led by Kim Pyong Sik, vice-minister of Physical Culture and Sports, left here Tuesday to take part in the 17<sup>th</sup> Asian Games." It does not mention that their destination is Incheon in South Korea.

**Sept. 19, 2014:** The 17th Asian Games (XVII Asiad) open in Incheon. A full team of athletes from the DPRK is among the 45 states participating.

**Sept. 23, 2014:** President Park Geun-hye makes a keynote [speech](#) at the UN Climate Summit in New York. She criticizes North Korea for its record on nuclear weapons and human rights.

**Sept. 23, 2014:** ROK Foreign Minister Yun Byung-se is among the speakers at the first-ever ministerial [forum](#) held on the sidelines of the UN General Assembly (UNGA), organized by the US. The topic of the brief half-hour meeting is North Korean human rights abuses, which Yun, US Secretary of State John Kerry, and others criticize.

**Sept. 23, 2014:** Both [North](#) and [South](#) Korea, separately, say there are no plans for their two foreign ministers to meet while both are in New York for the UNGA.

**Sept. 27, 2014:** Also in New York for the UNGA (which he [addresses](#) the same day), DPRK Foreign Minister Ri Yong Su [tells](#) the *Voice of America* that the South had not suggested meeting, adding: “Even if it did, I do not intend to meet Minister Yun given his behavior.”

**Sept. 27, 2014:** *KCNA* [reports](#) that the DPRK athletics team at Incheon held an “evening longing for respected Marshal Kim Jong Un,” with songs and speeches pining for the Leader.

**Sept. 27, 2014:** The Policy Department of the DPRK National Defence Commission (NDC) strongly [attacks](#) President Park for various comments during her recent US trip.

**Oct. 4, 2014:** The Asian Games conclude in Incheon. The closing ceremony is unexpectedly attended by three of North Korea’s most senior leaders: Vice-Marshal Han Pyong So, Choe Ryong Hae, and Kim Yang Gon. Meeting South Korean ministers (but not President Park), it is agreed to hold high-level talks within a month. The visitors fly home the same day.

**Oct. 6, 2014:** MOU [says](#) that despite North Korea’s sudden conciliatory gesture in sending a high-level delegation, it has no plan to lift economic sanctions imposed in May 2010 after the *Cheonan* sinking: “Our government’s basic position is that the May 24th Measures can be lifted only after North Korea takes a responsible step that the South Korean people accept.”

**Oct. 7, 2014:** ROK foreign minister [queries](#) claims by the US-based Institute for Science and International Security that North Korea has temporarily shut down its plutonium-producing nuclear reactor at Yongbyon.

**Oct. 7, 2014:** MOU [says](#) that the North’s delegation paid part of the charges for its stay in the Incheon athletes’ village before returning home, and that the South will cover the rest from its official Inter-Korean Cooperation Fund (IKCF).

**Oct. 7, 2014:** ROK Defense Ministry [tells](#) a parliamentary audit that “after declaring 2015 the year of completing unification, North Korea has been prepared for full-scale wars” (sic).

**Oct. 7, 2014:** ROK Joint Chiefs of Staff (JCS) [report](#) that patrol boats of the two Koreas’ navies exchanged fire for 10 minutes at 0950 near Yeonpyeong Island. The South fired back, and the Northern boat retreated. Neither side sustained casualties or damage.



**Oct. 9, 2014:** Rep. Yoon Sang-hyun of the ruling conservative Saenuri Party [says](#) the total area of the five main concentration camps in North Korea's gulag is 1,248 sq km, more than twice the size of Seoul (605 sq km). The notorious Yodok alone covers 552 sq km.

**Oct. 10, 2014:** The two Koreas [exchange](#) machine-gun fire after the North apparently tries to shoot down propaganda balloons. Spent rounds are found near Yeoncheon in the South, which fires back after issuing warnings. No casualties are reported, or intended.

**Oct. 13, 2014:** The South proposes Oct. 30 as the date for high-level inter-Korean talks.

**Oct. 14, 2014:** KCNA [reports](#) visits by Kim Jong Un to the newly built Wisong Scientists Residential District and the Natural Energy Institute of the State Academy of Sciences. This is the DPRK leader's first public appearance for six weeks, since Sept. 3.

**Oct. 16, 2014:** KCNA [releases](#) an "open report" on "the whole story of how the north-south emergency contact in Panmunjom on Wednesday ended without any fruit."

**Oct. 16, 2014:** MOU [says](#) it will pay 550 million won (\$520,000) or some 70 percent of North Korea's costs for participating in the Incheon Asiad. The North already paid \$191,682.

**Oct. 18-19, 2014:** On consecutive days, near Cheolwon and then Paju in the central and western zones respectively, groups of KPA [soldiers](#) approach the Military Demarcation Line (MDL) which bisects the DMZ. They retreat when the South fires warning shots; on Oct. 19 the North returns fire.

**Oct. 20, 2014:** MND says Pyongyang sent a telephone message claiming its DMZ patrols are routine and legitimate, and threatening reaction if Seoul fires at them again.

**Oct. 21, 2014:** Unification Minister Ryoo Kihl-Jae [tells](#) the [South] Korean Council for Reconciliation and Cooperation: "If the South and the North hold talks, almost all issues can be resolved." Pyongyang has not responded to Seoul's proposal to meet on Oct. 30.

**Oct. 22, 2014:** Two ROK business organizations involved in inter-Korean commerce [call](#) on the South to lift its sanctions. One says that 2,000 Southern firms used to do business with the North, "but now it is even impossible to exactly determine who is still afloat."

**Oct. 23, 2014:** South Korea's Foreign Ministry (MOFA) says it has [invited](#) North Korea to an upcoming (Oct. 28-30) forum in Seoul to discuss and advance President Park's Northeast Asia Peace and Cooperation Initiative (NAPCI). Pyongyang does not respond, much less attend.

**Oct. 25, 2014:** Ignoring warnings from North Korea and objections by local residents in the Paju area, who initially block their passage with tractors, anti-DPRK activists again [send](#) balloons carrying critical leaflets across the DMZ into North Korea

**Nov. 6, 2014:** North's Committee for the Peaceful Reunification of the Fatherland (CPRF) [says](#) that Park Geun-hye's plan to unveil a new charter for reunification in 2015 "demonstrates the South's pursuit of unification by absorption."

**Nov. 11, 2014:** MOU [says](#) North Korea has asked for Ebola detection devices at the joint venture Kaesong Industrial Complex (KIC). Other foreign visitors to the DPRK must serve a 21-day quarantine, even diplomats. South agrees to lend three thermal image scanners for the purpose.

**Nov. 12, 2014:** CPRF [attacks](#) the South's *Hoguk* war games – the largest ever with 330,000 troops, running Nov. 10-22 – as a prelude to war and proof that Seoul does not want dialogue.

**Nov. 12, 2014:** The New Politics Alliance for Democracy (NPAD), South Korea's liberal main opposition party, [moves](#) a bill that would require cross-border leafleteers to obtain prior government permission.

**Nov. 18, 2014:** Hyun Jeong-eun, chairwoman of Hyundai Group, [returns](#) from Mt. Kumgang after visiting to mark the 16th anniversary of Hyundai's tours there, suspended since 2008.

**Nov. 26, 2014:** MOU [says](#) the South returned 10 Northern fishermen and their boat found drifting with engine trouble near Dokdo on Nov. 23.

**Nov. 26, 2014:** Unification Minister Ryoo Kihl-Jae [urges](#) the ROK National Assembly to pass a bill on North Korea's human rights abuses to create a legal basis for "systemic" efforts to address the problem, and give a ray of hope to North Korean people.

**Dec. 4, 2014:** (North) Korean Council of Religionists (KCR) says a [plan](#) by the Christian Council of Korea (CCK) to erect a Christmas-tree shaped tower on top of Aegibong, a front-line hill in Gimpo, west of Seoul, aims to use religion to fuel confrontation. A previous tower which stood for 43 years was taken down as unsafe by the ROK military, but on Dec. 2 Seoul gave permission for another. In the event the CCK decides not to go ahead.

**Dec. 16, 2014:** MOU [says](#) North Korea has refused to accept a faxed letter protesting its scrapping a 5 percent annual wage rise cap and other unilateral revisions of working conditions for around 53,000 employees at the Kaesong Industrial Complex (KIC).

**Dec. 19, 2014:** The ROK MOFA [welcomes](#) the plenary UNGA's adoption Dec. 18 of a strongly worded resolution on DPRK human rights, including encouraging the Security Council to consider referring the situation to the International Criminal Court (ICC).

**Dec. 19, 2014:** In an unprecedented ruling, the ROK Constitutional Court [orders](#) (by 8-1) the dissolution of the small far-left Unified Progressive Party (UPP).

**Dec. 23, 2014:** MOFA [says](#) it expects the UN Office of the High Commissioner for Human Rights (OHCHR)'s new field office, dedicated to monitoring human rights abuses in North Korea, to open in Seoul in the first quarter of 2015.

**Dec. 24, 2014:** Two ROK delegations, from Hyundai Group and the Kim Dae Jung Peace Center (KDJPC) visit Kaesong, invited by Kim Yang Gon to thank them for a wreath in memory of Kim Jong Il delivered a week earlier (Kim's deputy Won Dong Yon had thanked them at the time).

**Dec. 29, 2014:** Unification Minister Ryoo Kihl-jae [announces](#) that South Korea has sent a faxed message to the North proposing minister-level talks in January, without preconditions.

**Dec. 30, 2014:** [Uriminzokkiri](#), a website run by the North's Committee for the Peaceful Reunification of Korea (CPRK), [blasts](#) a recent trilateral intelligence-sharing pact between South Korea, Japan, and the US as a "military provocation" aimed at "invading our country."

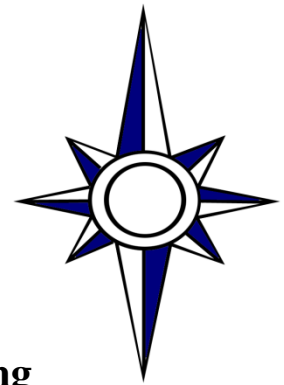
**Dec. 31, 2014:** MOU [says](#) that in 2015 it will provide North Korea with \$620,000 in aid via the UN Economic and Social Commission for Asia and the Pacific (UNESCAP), as part of a \$4.17 million technical assistance and training program ongoing since 2006.

**Dec. 31, 2014:** In a New Year video message uploaded to *YouTube* and also posted on her [Facebook](#) page, President Park [says](#) she will "open the path toward unification by laying substantial and specific groundwork [and] ending a seven-decades-long division."

**Jan. 1, 2015:** Kim Jong Un says in his New Year [address](#): "... it is possible to resume the suspended high-level contacts and hold sectoral talks if the south Korean authorities are sincere in their stand towards improving inter-Korean relations ... And there is no reason why we should not hold a summit meeting if the atmosphere and environment for it are created."

**Jan. 2, 2015:** President Park [tells](#) a meeting of top officials that "unification is not idealism or a dream," and says her government "will try its utmost on practical preparations needed for tangible and real [unification] to be realized." ROK officials cautiously assess the DPRK's offer as positive.





**China-Korea Relations:**

**Beijing Ties Uneven with Seoul, Stalled with Pyongyang**

**Scott Snyder, Council on Foreign Relations/Pacific Forum CSIS  
See-won Byun, George Washington University**

Although North Korea's diplomatic activity in 2014 spiked with senior-level outreach to Southeast Asia, Iran, Russia, the Middle East, Africa, and the United Nations, Beijing has been little more than a stopover for these officials. China-DPRK security and economic ties remain strained as Pyongyang continues its dual pursuit of nuclear and economic development. Instead, South Korean politicians and diplomats have been flocking to Beijing for endless consultations. Multilateral engagements were the primary venue for maintaining the momentum in high-level China-South Korea exchanges following the Xi-Park summit in July. The seemingly perennial agenda for discussion between the two countries was North Korea, followed by discussion of China-South Korea trade, including the announcement that the two countries would meet their end-of-year target to conclude negotiations on a free trade agreement (FTA).

**North Korea's diplomatic offensive amid strained ties with Beijing**

Observers continue to ponder the implications of strained China-DPRK political ties since Pyongyang's third nuclear test in February 2013 and the execution of Jang Song Thaek in December 2013. The decline in high-level exchanges is apparent, as are Pyongyang's efforts to diversify its diplomatic and economic partners, most notably toward Moscow. Kim Jong Un's Oct. 1 message to President Xi on the 65<sup>th</sup> anniversary of the founding of the PRC did not include the traditional language about advancing the "friendship" developed under previous generations of leaders, as emphasized in his messages in 2012-2013. South Korean diplomats in Beijing reported that China did not send any officials to Pyongyang on Oct. 6, 2014 to mark the 65<sup>th</sup> anniversary of the establishment of diplomatic relations, an event that also did not receive coverage by Chinese state media. China-DPRK political contacts this year remain limited to ceremonial events, including PRC Ambassador Liu Hongcai's participation in launching renovations of a cemetery in Pyongyang for Chinese soldiers killed in the Korean War in September and Communist Party of China (CPC) Political Bureau Standing Committee member Liu Yunshan's participation in the ceremony at the DPRK Embassy in Beijing marking the third anniversary of Kim Jong Il's death in December. Kim Yong Nam reportedly did not meet any Chinese officials during his stopover in Beijing on the way to the Middle East and Africa in late October. The mutual cold-shoulder stands in stark contrast to the expansive Cabinet-level delegation to Pyongyang led by then-Premier Wen Jiabao in 2009 on the occasion of the 60<sup>th</sup> anniversary of diplomatic relations.

A renewed Chinese public debate over whether China can or should abandon North Korea shows deeply mixed attitudes toward the country. A *Global Times* commentator on Sept. 29 criticized Chinese internet rumors of a military coup in North Korea that were sparked by Kim Jong Un's

40-day public absence from Sept. 3, arguing that such “radical opinion can’t represent the opinion of China.” A Nov. 27 article in *Huanqiu Shibao* by Li Dunqiu of Zhejiang University argues against those who have called for the abandonment of North Korea on the basis of both fundamental shared geopolitical interests, arguing that abandonment would lead to three possible outcomes: 1) North Korea may throw itself into the embrace of a third country other than China; 2) North Korea will collapse under siege by hostile forces, or 3) North Korea will be “completely isolated and fight to the death.” This article stimulated a response from Lt. Gen. Wang Hongguang, who argued that North Korea has never listened fully to China’s views and the collapse of a country like North Korea will not be mainly caused by external forces. Therefore, the best that China can do is seek a normal relationship without taking responsibility for developments that China is unlikely to be able to control. China Foundation for International Studies Research Fellow Cao Shigong argued in the Dec. 2 *Huanqiu Shibao* that North Korea’s nuclear armament cannot be a reason to abandon North Korea because denuclearization can only be achieved in concert with the settlement of Cold War legacies and the establishment of a permanent peace on the Korean Peninsula. A fourth article in *Huanqiu Wang* by Lao Mu argues that “as long as North Korea does not do things to harm China, we do not need to be overly concerned with or pay special attention to it.”

The absence of China-DPRK high-level exchanges contrasts sharply with Pyongyang’s active diplomatic outreach to other partners, including a five-nation visit to Europe and Mongolia in September by Kang Sok Ju, head of the Workers’ Party of Korea (WPK) International Relations Division, and visits to the UN General Assembly, Iran, and Russia by Foreign Minister Ri Su Yong in October. Chinese analysts pointed to North Korea’s high-level delegation to the Incheon Asian Games closing ceremony in early October – including Hwang Pyong So, Choe Ryong Hae, and Kim Yang Gon, head of inter-Korean relations at the WPK – as a high point in Pyongyang’s diplomatic “charm offensive.” The delegation’s talks with Prime Minister Chung Hong-won, Unification Minister Ryoo Kihl-jae, and National Security Advisor Kim Kwan-jin were the highest-level exchange between the two Koreas in recent years. Yet despite such developments, Chinese analysts remain skeptical that Pyongyang can improve ties with the South and break away from its decades-long international isolation without demonstrating concrete efforts toward denuclearization in line with US and South Korean demands.

### **Seoul’s push for North Korea’s denuclearization**

The attention of the South Korean leadership has remained centered primarily on the DPRK nuclear issue. This was a main theme in President Park’s meetings with Premeir Li and President Xi on the sidelines of the ASEM and APEC meetings in October and November. Park also drew international support for DPRK denuclearization and Korean unification at the East Asia Summit and ASEAN Plus Three meetings in Myanmar . After talks between Foreign Ministers Wang Yi and Yun Byung-se on Nov. 7, South Korea’s Foreign Ministry expressed “satisfaction” on bilateral strategic coordination on North Korea.

South Korean leaders have sought Chinese cooperation on North Korea through political exchanges aimed at implementing agreements reached at the Xi-Park summit in July. North Korea’s nuclear program topped the agenda during the visit of South Korea’s Saenuri party leader Kim Moo-sung to China in October. Despite the lack of progress and two nuclear tests

since multilateral talks broke down in 2008, President Xi stressed Beijing's firm support for the Six-Party Talks as the most "sustainable, effective, and irreversible" approach – a set of adjectives that is strikingly resonant with favorite adjectives used by South Korean and US policy makers in reference to the DPRK's nuclear programs. In talks with CPC International Department Head Wang Jiarui, Kim pressed Beijing to "take responsibility" in curbing Pyongyang's nuclear development. At a bilateral political leaders' forum at the KNA on Oct. 20, Speaker Chung Ui-hwa called on former PRC State Councilor Tang Jiaxuan to help strengthen Chinese diplomatic efforts on DPRK denuclearization as the prerequisite for not just Northeast Asian peace but also inter-Korean reconciliation and northeast China's economic development.

ROK nuclear envoy Hwang Joon-kook made a three-day visit to Shenyang for consultations with China's Korea experts prior to meeting Wu Dawei in Beijing on Oct. 31. These consultations coincided with a three-nation tour to Seoul, Beijing, and Tokyo by Washington's nuclear envoy Sydney Seiler. The talks occurred a week after US Forces Korea (USFK) Commander Gen. Curtis Scaparrotti drew attention for his comments on possible advancement of North Korea's nuclear capabilities.

Despite Beijing's continued restraint on directly condemning Pyongyang, Chinese commentators have stepped up their opposition to North Korea's nuclear development through official media outlets. An Oct. 9 *Global Times* editorial urged Pyongyang to show "political courage" in changing course, pointing to Kim Jong Un's prolonged public absence since early September as a reflection of the "strategic quagmire" confronting North Korea.

Chinese concern over the potential deployment of a US Terminal High Altitude Air Defense (THAAD) battery in South Korea has become a major talking point and potential source of strain in China-ROK cooperation on North Korea. In a move to ease such concerns, the ROK Defense Ministry spokesperson on Oct. 13 denied speculation about US-ROK discussions on THAAD in bilateral defense ministers' talks. PRC deputy chief envoy to the Six-Party Talks Xu Bu, at a Peking University forum on Oct. 17, criticized Washington's moves to strengthen its military alliances with South Korea and Japan "based on the nuclear crisis of North Korea." On Oct. 23, Chinese Foreign Ministry spokeswoman Hua Chunying stated that "Neighboring countries pushing forward the deployment of anti-missile systems in the Asia-Pacific and seeking unilateral security is not beneficial to strategic stability and mutual trust in the region." By December, Chinese officials and scholars actively voiced concern regarding the potential introduction of the THAAD into South Korea.

### **Challenges to advancing the China-South Korean comprehensive partnership**

In addition to the North Korea nuclear issue, exclusive economic zone (EEZ)-related maritime security issues and DPRK human rights are two key challenges to realizing the comprehensive partnership envisioned in the Xi-Park agenda. Fatal clashes between Chinese fishermen and the ROK Coast Guard on Oct. 10 threatened to raise political tensions days ahead of the first China-ROK Party Policy Dialogue, and halted plans to launch joint inspection operations in the Yellow Sea that same month. PRC Assistant Foreign Minister Liu Jianchao held emergency talks with ROK Ambassador Kwon Young-se on the night of the incident to protest the shooting of a Chinese skipper, and on Oct. 13, a PRC Foreign Ministry spokesperson expressed China's

“strong dissatisfaction” with the ROK Coast Guard’s “violent law-enforcement.” South Korea’s Foreign Ministry issued a statement a day later affirming joint efforts to minimize the impact on overall bilateral ties. After four days of talks at the end of October on the renewal of an annual China-ROK bilateral fisheries agreement, the Ministry of Oceans and Fisheries also confirmed plans to begin joint surveillance operations before the end of 2014. The renewed bilateral fisheries agreement carried over additional measures against illegal fishing as part of efforts to implement the July 2014 Xi-Park summit agreements. According to South Korean sources, the volume of illegal Chinese fishing amounted to 21 percent of South Korea’s total fisheries output in 2012 and up to 62 percent of its total annual yield in territorial waters, imposing losses of more than 1 trillion won (\$1 billion) on the local industry. In 2012, 467 Chinese were arrested for illegal fishing in ROK waters according to the ROK Ministry of Oceans and Fisheries.

A second source of Sino-South Korean political strain is North Korean human rights. ROK Ambassador to the United Nations Oh Joon on Oct. 14 expressed early skepticism that the Security Council would pass an EU/Japan-led resolution calling for the referral of North Korean human rights violations to the International Criminal Court (ICC) based on the UN Commission of Inquiry (COI) report on human rights in the DPRK. Pyongyang released its own human rights report in September, circulated its own draft resolution at the UN on Oct. 15, and published a human rights report online through China’s *Global Times* and other Chinese media outlets on Oct. 16. Chinese officials have added further support to North Korean efforts against international pressure since October. The Foreign Ministry spokesperson on Oct. 23 expressed China’s opposition to referring North Korea to the ICC, and PRC Ambassador to the US Cui Tiankai reiterated this position in an interview with *Foreign Policy* on Nov. 4. At the UN Security Council meeting on the issue on Dec. 23, PRC Permanent Representative Liu Jieyi asserted that human rights issues lie outside the Security Council’s primary functions of maintaining international peace and security and that the UNSC should focus instead on ridding the Korean Peninsula of nuclear weapons. In response, US Ambassador to the UN Samantha Power argued that such a trade-off was a “false choice.”

Despite these areas of friction, China and South Korea moved forward in other aspects of their comprehensive partnership. In late-October, they held bilateral counterterrorism talks in Seoul under a consultative mechanism established in 2007, as well as their first three-way talks with Japan on cybersecurity cooperation. The South Korean Embassy in Beijing also hosted a nine-day annual public diplomacy event on Oct. 17-25 aimed to promote “Korean Wave” pop culture. During talks in Beijing on Oct. 31, ROK Vice Culture Minister Kim He-beom and PRC counterpart Ding Wei agreed to accelerate efforts to establish a 200 billion won (\$187.4 million) fund in 2015 for joint movie production, under which jointly-produced movies will be exempt from an annual quota in the Chinese market. Beijing and Seoul seek to further expand bilateral cultural exchanges through the Years of Chinese and ROK Tourism in South Korea and China respectively in 2015-2016.

### **“Substantive” conclusion of China-ROK FTA negotiations**

China and South Korea held back-to-back bilateral free trade agreement (FTA) talks and trilateral FTA talks with Japan in late September and early November. China-ROK FTA negotiations were raised to a higher level ahead of the November Park-Xi summit in Beijing,



where the two presidents announced the “substantive” conclusion of negotiations according to Chinese state media. PRC Commerce Minister Gao Hucheng and ROK Trade Minister Yoon Sang-jick officially opened the 14<sup>th</sup> round of talks in Beijing on Nov. 6, the first time that the talks were upgraded to the ministerial level. By the end of those talks, the two countries were reported to have reached agreement in 22 sectors, including commodities, services, investment, finance, and telecoms. Forty-four percent and 52 percent of imports are subject to immediate tariff eliminations for China and Korea, respectively. However, the trade deal will allow both sides to impose continued tariffs on goods worth \$20 billion, or nearly 10 percent of the total trade between the two countries. The FTA excludes 852 Chinese import items, primarily in the agricultural sector, while 627 South Korean items are excluded, primarily in the automotive and steel sectors. By comparison, FTA exclusions averaged around 1 percent of items imported into Korea in South Korea’s other FTAs. The high level of exclusions was in part due to the rushed nature of the announcement, an important deliverable for Xi and Park achieved on the sidelines of the APEC meeting in Beijing.

Since Xi and Park’s initial push for the FTA in July, however, China and South Korea have made steady progress in strengthening commercial ties. South Korea’s Minister of Trade, Industry and Energy Yoon Sang-jick and PRC Minister of Industry and Information Technology Miao Wei held ministerial talks on Oct. 27 on industrial cooperation, an area that is expected to significantly deepen under the FTA. Samsung Electronics Vice Chairman and heir-apparent Lee Jay-yong also met President Xi and other leaders on Oct. 28 in Beijing; he pledged to expand Samsung’s business operations in China. Earlier in October, the Korea International Trade Association announced the creation of a consultative group aimed to promote South Korean business interests in the China-ROK FTA through regular working-level talks with policymakers. Comprised of 60 enterprises from various sectors, the group seeks to not only build trust and transparency in the FTA talks but also push forward the FTA’s ratification at the National Assembly once signed.

According to South Korea’s Financial Services Commission, Chinese investment in ROK shares and bonds reached 3.22 trillion won (\$3.11 billion) in January-September 2014, surpassing investment from the US and Japan and making China South Korea’s biggest source of foreign investment. Central bank governors Zhou Xiaochuan and Lee Ju-yeol on Oct. 11 secured a three-year extension of the RMB-won currency swap deal, as agreed at the Park-Xi summit in July. In an Oct. 23 *Yonhap News* interview, the Standard Chartered board chairman noted the banking group’s plans to develop South Korea as the center for RMB internationalization. The ROK Finance Ministry on Oct. 31 pledged Seoul’s long-term goal of expanding RMB transactions to make up to 20 percent of all China-ROK commercial transactions, 18.8 percent higher than the proportion last year. South Korea’s bilateral trade with China reached \$229 billion in 2013, of which about 95 percent was carried out with the US dollar. China’s proposed Asia Infrastructure Investment Bank (AIIB) dominated talks between Finance Ministers Lou Jiwei and Choi Kyung-hwan in October in Beijing, where Choi expressed Seoul’s concerns over the bank’s governance structure. Amid concerns in Washington over the initiative, South Korea did not join the MOU signing ceremony for the AIIB in Beijing on Oct. 24.

## **China-DPRK trade and economic relations**

China-DPRK trade and economic ties reflect continued political strain and Chinese skepticism over Pyongyang's joint pursuit of nuclear and economic development under Kim Jong Un. The week of the planned opening of the 2.2 billion RMB (\$359 million) Dandong-Sinuiju bridge, Chinese state media on Oct. 31 announced a delay, citing North Korea's failure to complete its share of construction on schedule. However, ROK Unification Ministry officials point to the resurgence in North Korea's jet fuel imports from China in January-September 2014 to 13,000 tons, which is less than half the volume in 2011 and 2012, but a 36-fold increase over the same period last year. South Korean lawmakers indicate that North Korean imports of luxury goods from China as well as Europe and Southeast Asia amounted to \$644 million in 2013 despite UN sanctions since the February 2013 nuclear test.

Faced with continued isolation, a major focus of Pyongyang's growth strategy is migrant labor. At the annual China-DPRK Economic, Trade, Culture and Tourism Expo in Dandong on Oct. 16-20, North Korea's National Economic Development General Bureau stepped up its efforts to draw Chinese investors by promoting North Korea's skilled workforce. The number of North Korean businesses attending this year's trade fair, however, declined by 30 percent from 2013. According to Chinese figures, the overall number of North Korean travelers to China declined for the first time in three years between January and September by 6.5 percent, compared to an average 16.5 percent increase in 2012-2013. Since Kim Jong Un's rise to power in late 2011, the annual number of DPRK defectors arriving in South Korea has also declined by up to 50 percent from 2,000-3,000 to 1,500. Employment and business accounted for a majority 47 percent and 19 percent of North Korean travel to China in 2014. South Korean diplomats in Northeast China estimate the current number of North Korean workers in Chinese border cities at about 7,000, including 4,500 in the Yanbian Korean Autonomous Prefecture (Hunchun and Tumen) and 2,500 in Dandong. North Korean labor remittances from China as well as Russia and the Middle East reportedly remain a major source of hard currency for the isolated regime in Pyongyang.

## **Conclusion**

Both China's high-level exchanges with South Korea and Pyongyang's diplomatic diversification are attributable to the souring of China-DPRK relations since North Korea's February 2013 nuclear test. Despite the "normalization" of the Sino-DPRK relationship from the previous "special status" that made the relationship exceptional for so long, China's strategic objective of maintaining stability has not yet been superseded by any other objective. Meanwhile, the expanding political and commercial relationship between China and the ROK has pushed forward their comprehensive partnership, but has not enabled a bridging of the gap between the two countries over North Korea. South Korea and the US will likely continue to push for greater Chinese cooperation to contain the effects of North Korea's provocative behavior in an attempt to exploit strains between Pyongyang and Beijing. But this approach remains beset by a fundamental dilemma: despite weakening Sino-DPRK ties Beijing's focus on stability caps the amount of pressure China is willing to put on North Korea. At the same time, the more distant the PRC-DPRK relationship, the less Beijing can be counted on to restrain Pyongyang.

## **Chronology of China-Korea Relations**

### **September – December 2014**

**Sept. 1-5, 2014:** The 5<sup>th</sup> round of China-ROK-Japan FTA talks is held in Beijing.

**Sept. 11, 2014:** Vice Foreign Ministers Liu Zhenmin, Lee Kyung-soo, and Sugiyama Shinsuke hold the ninth China-ROK-Japan senior-level diplomatic dialogue in Seoul.

**Sept. 19-23, 2014:** Hong Kong's Secretary for Home Affairs Tsang Tak-sing visits South Korea for the 17<sup>th</sup> Asian Games and meets ROK officials.

**Sept. 22-26, 2014:** The 13<sup>th</sup> round of China-ROK FTA talks is held in Beijing.

**Sept. 29, 2014:** China's *Global Times* criticizes Chinese internet rumors of a military coup in North Korea.

**Sept. 30, 2014:** PRC Ambassador to North Korea Liu Hongcai attends a ceremony in Pyongyang for the launching of renovations of a cemetery in Pyongyang for Chinese soldiers killed in the Korean War.

**Oct. 1, 2014:** Kim Jong Un sends a congratulatory message to Xi Jinping on the occasion of the 65<sup>th</sup> anniversary of the PRC's founding.

**Oct. 7, 2014:** New South Korean business consultative group on the China-ROK FTA holds its first working-level meeting.

**Oct. 8, 2014:** PRC Foreign Ministry spokesperson expresses China's support for the decision to resume inter-Korean high-level talks.

**Oct. 9, 2014:** *Global Times* editorial urges Pyongyang to abandon its nuclear program.

**Oct. 10, 2014:** The captain of a Chinese fishing boat is shot dead by a ROK Coast Guard in clashes in the Yellow Sea. PRC Assistant Foreign Minister Liu Jianchao holds emergency talks with ROK Ambassador to China Kwon Young-se in Beijing.

**Oct. 11, 2014:** PRC and ROK central bank Governors Zhou Xiaochuan and Lee Ju-yeol at a meeting in Washington agree to extend the RMB-won currency swap deal to 2017.

**Oct. 13, 2014:** South Korea's ruling Saenuri Party leader Kim Moo-sung leads a delegation of 12 ROK lawmakers for Party Policy Dialogue with the Communist Party of China in Beijing.

**Oct. 14, 2014:** Rep. Kim Moo-sung meets separately with President Xi Jinping and head of the CPC International Department, Wang Jiarui, in Beijing.

**Oct. 14, 2014:** ROK Ambassador to the UN Oh Joon expresses skepticism over the passing of a proposed UN resolution on DPRK human rights.

**Oct. 15, 2014:** PRC Assistant Foreign Minister Liu Jianchao at a security forum in Tianjin calls for the resumption of Six-Party Talks.

**Oct. 15, 2014:** South Korea's Coast Guard issues warrants for two Chinese fishermen on charges of illegal fishing in ROK waters resulting in the death of a Chinese skipper.

**Oct. 16, 2014:** President Park Geun-hye attends the Asia-Europe Meeting in Milan and meets Premier Li Keqiang on the sidelines.

**Oct. 16, 2014:** North Korea publishes a report on DPRK human rights in the Chinese media.

**Oct. 16-20, 2014:** Dandong hosts an annual China-DRPK trade fair.

**Oct. 17, 2014:** China's deputy chief envoy to the Six-Party Talks Xu Bu at a Peking University forum expresses China's concern over US missile defense in South Korea.

**Oct. 20, 2014:** ROK National Assembly holds a forum with PRC political leaders.

**Oct. 21, 2014:** DPRK top legislator Kim Yong Nam arrives in Beijing en route to visits to the Middle East and Africa.

**Oct. 21, 2014:** PRC and ROK Finance Ministers Lou Jiwei and Choi Kyung-hwan hold talks in Beijing a day ahead of the 21<sup>st</sup> APEC Finance Ministers Meeting.

**Oct. 21, 2014:** PRC and ROK officials hold counterterrorism talks in Seoul.

**Oct. 21, 2014:** China, ROK, and Japan hold first trilateral talks on cybersecurity in Beijing.

**Oct. 23, 2014:** Standard Chartered board chairman John Peace tells *Yonhap* the banking group aims to foster South Korea as the hub for RMB internationalization.

**Oct. 23, 2014:** PRC Foreign Ministry spokesperson voices China's opposition to referring North Korea to the International Crime Court over human rights.

**Oct. 27, 2014:** ROK Minister of Trade, Industry, and Energy Yoon Sang-jick and PRC counterpart Miao Wei hold talks on bilateral industrial cooperation.

**Oct. 28, 2014:** President Park Geun-hye in a budget speech in Seoul vows to secure FTA deals with China, New Zealand, and Vietnam.

**Oct. 28-Nov. 1, 2014:** ROK nuclear envoy Hwang Joon-kook visits China, where he meets Chinese experts in Shenyang and PRC counterpart Wu Dawei in Beijing on Oct. 31.

**Oct. 29, 2014:** Samsung Vice Chairman Lee Jay-yong meets Xi Jinping and others in Beijing.

**Oct. 29, 2014:** Foreign Minister Wang stresses China's commitment to DPRK denuclearization.

**Oct. 30, 2014:** Remains of more than 400 Chinese soldiers killed in the Korean War are buried at a state cemetery in Shenyang.

**Oct. 31, 2014:** ROK Vice Culture Minister Kim He-beom and PRC counterpart Ding Wei holds talks in Beijing.

**Oct. 31, 2014:** Seoul announces plans to promote yuan transactions among ROK businesses.

**Oct. 31, 2014:** *Global Times* reports that the opening of a new cross-border bridge linking Dandong and Sinuiju has been indefinitely delayed.

**Oct. 31, 2014:** PRC police arrest 11 DPRK defectors in Yunnan.

**Nov. 3, 2014:** ROK Ministry of Oceans and Fisheries announces that China and South Korea have agreed to launch joint inspections of illegal fishing in shared waters by the end of 2014.

**Nov. 4, 2014:** PRC Ambassador to the US Cui Tiankai in an interview with *Foreign Policy* expresses opposition to efforts to refer North Korea to the International Criminal Court for human rights abuses.

**Nov. 4, 2014:** Shanghai and Seoul Mayors Yang Xiong and Park Won-soon sign a MOU on bilateral cooperation between the two cities.

**Nov. 4, 2014:** US Secretary of State John Kerry in a speech at Johns Hopkins SAIS expresses hopes for closer cooperation with China on DPRK denuclearization.

**Nov. 4-5, 2014:** PRC and ROK chief FTA negotiators hold talks in Beijing.

**Nov. 6, 2014:** PRC Commerce Minister Gao Hucheng and ROK Trade Minister Yoon Sang-jick open the 14<sup>th</sup> round of FTA talks in Beijing.

**Nov. 7, 2014:** PRC and ROK Foreign Ministers Wang Yi and Yun Byung-se hold talks ahead of APEC meetings in Beijing.

**Nov. 7, 2014:** The head of Alibaba's ROK unit is indicted on charges of stealing the business of a local subcontractor.

**Nov. 9-12, 2014:** ROK President Park Geun-hye visits China for APEC meetings.

**Nov. 14, 2014:** PRC Foreign Ministry spokesperson urges Japan to take concrete steps toward realizing trilateral cooperation with China and South Korea.

**Nov. 18, 2014:** PRC Commerce Ministry spokesperson indicates that China-ROK-Japan FTA talks require stable political ties.

**Nov. 20, 2014:** PRC Foreign Ministry spokesperson calls for cooperation on the DPRK human rights issue after the passing of a UN resolution on Nov. 18.

**Nov. 21, 2014:** PRC Foreign Ministry spokesperson calls for resumption of the Six-Party Talks in response to Russian Foreign Minister Sergei Lavrov's indication after talks with Choe Ryong-hae that Pyongyang is prepared to resume talks without preconditions.

**Nov. 24-28, 2014:** Sixth round of China-Japan-ROK FTA talks are held in Tokyo.

**Dec. 15, 2014:** Jilin Provincial Archives and South Korea's Northeast Asian History Foundation sign a MOU on the study of comfort women during Japanese occupation in World War II.

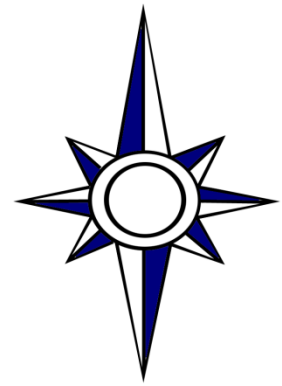
**Dec. 17, 2014:** Liu Yunshan, member of the CPC Political Bureau Standing Committee and CPC Secretariat attends a ceremony at the DPRK Embassy in Beijing marking the third anniversary of Kim Jong Il's death.

**Dec. 17-21, 2014:** ROK National Assembly Speaker Chung Ui-hwa visits China and meets top PRC legislator Zhang Dejiang and President Xi on the sidelines of the APEC Leaders Meeting.

**Dec 22, 2014:** PRC Permanent Representative to the UN Liu Jieyi expresses China's opposition to including North Korea on the Security Council's human rights agenda.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**Japan-China Relations:**

## **A Handshake at the Summit**

**James J. Przystup\***

**Institute for National Strategic Studies  
National Defense University**

Prime Minister Abe realized his long quest for a summit with President Xi during the APEC meeting in Beijing. The picture of the encounter – Xi’s averted gaze at the handshake – spoke volumes, underscoring the politically sensitive issues that trouble the relationship: disputed history, Yasukuni, and the Senkaku/Diaoyu Islands. China commemorated several anniversaries: the victory over Japan on Sept. 3, the Mukden Incident on Sept. 18, and the Nanjing massacre on Dec. 13. In the East China Sea, Chinese Coast Guard ships regularly operated in Japan’s contiguous zone, while asserting administrative jurisdiction and frequently entering Japan’s territorial waters. Meanwhile, Chinese fishing boats engaged in coral poaching within Japan’s EEZ. Polls in both countries revealed a continuation of mutually strong negative feelings.

### **Public opinion**

Public opinion in both countries continued to reflect negative views of the other. In early September, Japan’s Genron NPO and the *China Times* released the result of their joint public opinion poll taken during July and August. Asked of their opinion of China, 93 percent of Japanese respondents replied “not good,” marking an increase of 2.9 percent over 2013 and a record 10-year high of negative ratings. In contrast, Chinese negative impressions of Japan declined 6 percent to 86.8 percent, suggesting a slight improvement in their views of Japan. Asked of the reasons for their negative impressions, 55 percent of Japanese respondents cited Chinese behavior that differed from internationally accepted rules of conduct. Chinese respondents cited territorial issues (64 percent) and Japan’s failure to reflect on history (59.6 percent). Yet both Japanese (79.4 percent) and Chinese respondents (70.4) percent expressed concern with the negative feelings held of each other and the need to improve relations. When asked how best to deal with territorial issues, 63.7 percent of Chinese respondents favored strengthening “effective control.”

Surveys in Japan showed that while there was some recognition of the need to improve relations, there was not much optimism it would happen anytime soon. At the end of September, *Nihon Keizai Shimbun* and *TV Tokyo* released the results of a nationwide survey taken Sept. 26-28. Asked if Japan should hold summits with China and Korea, 50 percent responded “yes.” *Shukan Toyo Keizai* also published the findings of its opinion poll on China and South Korea. It showed that over 90 percent of respondents indicated that they did not have “friendly feelings toward

---

\* The views expressed in this article are the views of the author alone and do not necessarily represent the views or policy of the National Defense University, the Department of Defense, or the US government.

China” or did not have “friendly feelings to a certain degree.” In an Oct. 6 *Yomiuri Shimbun* poll Japanese were asked whether Japan should consider compromising with China and South Korea to realize a summit; 37 percent of respondents replied “yes” while 56 percent replied that not holding talks was “unavoidable as long as they continue to assert what is unacceptable to Japan.”

Similarly negative views were expressed in China. On Nov. 15, *Xinhua* released the results of a post-summit, smartphone public opinion poll in which 83 percent of respondents expressed anti-Japanese feelings; only 3 percent had friendly feelings toward Japan. Looking ahead to 2015 two-thirds thought relations will only worsen and that the summit had not changed their negative attitudes toward Japan.

## **History remembered**

On Sept. 3, President Xi Jinping attended ceremonies commemorating China’s victory over Japan at the Museum of the War of the Chinese People’s Resistance against Japan. In his remarks, Xi indicted Japan’s Imperial Army for its “barbaric conduct,” while celebrating Chinese patriotism and its historic victory in the war with Japan. At the same time, Xi expressed hope that Japan would address issues of history and the future from the broader perspective of advancing stability in the Asia-Pacific region.

Sept. 11 marked the second anniversary of Japan’s nationalization of the Senkaku Islands. Commenting on reports that Japan is considering the establishment of amphibious military units dedicated to protecting Japanese sovereignty, Foreign Ministry spokesperson Hua Chunying emphasized that the “Diaoyu Islands and the affiliated islands are China’s inherent territory. The Chinese government has the confidence and the capability to safeguard territorial sovereignty .... As for the security troops of the Diaoyu Islands, you mentioned, I’d like to say that Japan’s muscle-flexing can neither bluff nor help solve the problem.”

Sept. 18 marked the 83<sup>rd</sup> anniversary of the Manchurian Incident. China’s fifth-ranking member of the Central Committee, Liu Yunshan, attended commemorative ceremonies at the 9-18 Museum in Shenyang. Foreign Ministry Spokesperson Hong Lei used his press conference to urge Japan “to develop a correct view of that part of history, and properly deal with it, deliver on its solemn statement and commitment on historical issues, follow the path of peaceful development and win the trust of its Asian neighbors and the international community with concrete actions.” On the same day, the Nanjing Museum dedicated to the 1937 Nanjing Massacre opened a website that posted pictures and testimonial of survivors through Dec. 18.

In a Sept. 27 address to the United Nations General Assembly, China’s Foreign Minister Wang Yi referred to 2015 as marking the 70<sup>th</sup> anniversary of the end of World War II and warned against efforts to distort the reality of the war. Speaking directly of Japan, Wang emphasized that Japanese militarism had been responsible for the death or wounding of over 3.5 million Chinese soldiers and citizens.

On Sept. 30, China celebrated Martyrs Day as a national holiday for the first time. In February, the National People’s Congress adopted legislation creating three new national holidays: Sept. 3 to commemorate Japan’s surrender in 1945, Dec. 13 to remember the Nanjing Massacre of 1937,



and Sept. 30 as Martyrs Day to mark the beginning of construction in 1949 of the monument to the People's Heroes in Tiananmen Square.

On Oct. 17, Japan's Minister of Internal Affairs and Communications Takaichi Sanae, along with a supra-party delegation of 110 Diet members, visited the Yasukuni Shrine during the autumn festival. Prime Minister Abe did not visit the shrine, but sent an offering under his name as prime minister. A week later, on Oct. 23, Liberal Democratic Party (LDP) General Council Chairman Nikai Toshihiro in a speech delivered in Tokyo called for consideration of measures to effect the removal of the Class-A war criminals enshrined at Yasukuni. Chief Cabinet Secretary Suga Yoshihide emphasized the importance of studying the issue "carefully."

On Nov. 30, representatives of the Japanese and Chinese governments met in Donwha City in Jilin Province to mark the beginning of operations at the Habaling facility, built by Japan to dispose of approximately 300,000-400,000 chemical weapons abandoned by the Imperial Army at the end of the war. Destruction of the weapons began on Dec. 1, with a target date of 2022 for completion. Foreign Ministry Spokesperson Hua noted that "progress has been made in disposing Japanese-dumped chemical weapons in China over recent years," ... but "the whole process is still lagging far behind the destruction plan set by the Chinese and Japanese side."

As the December anniversary of the Nanjing Massacre drew near, a Chinese NGO, requested both an apology and compensation from Japan for the victims of the Nanjing massacre through the Japanese Embassy in Beijing. On Dec. 13, Xi Jinping became the first Chinese president to attend commemorative ceremonies in Nanjing. In his remarks, Xi proclaimed that "anyone who tries to deny the massacre will not be allowed by history, the souls of 300,000 deceased victims, 1.3 billion Chinese people, and all the people loving peace and justice in the world." He also told his audience that China should not "bear hatred against an entire nation just because a small minority of militarists launched aggressive wars."

### **The long and winding road to the summit**

Prime Minister Abe spent much effort in pursuing a summit with President Xi throughout the autumn months. On Sept. 3, he reshuffled his government and in the process appointed two lawmakers with close connections to China to key LDP posts: Tanigaki Sadakazu as secretary general and Nikai Toshihiro as chairman of the General Council. Commenting on relations with China, Nikai told reporters that "it's not good to be antagonistic. Rather than who is right and who is wrong, the people want the two countries to be good neighbors." In Beijing, Foreign Ministry spokesperson Qin Gang refrained from commenting on Abe's Cabinet reshuffle but observed "if the inclusion of these two people into the LDP executives can exert any influence on the Abe administration's policy toward China, we hope the influence is positive." During his visit to Bangladesh in early September, Abe told reporters that it is because there are problems in Japan-China relations that the door to dialogue must not be closed. During a Sept. 27 press conference, Abe again expressed his hopes for a summit with Xi at the APEC meeting. Responding to question during the Sept. 30 session of the Lower House, Abe took up the issue of Japan-China relations, again calling for a summit with Xi during the APEC meeting. Accordingly, he said the two countries needed "to persist in quiet efforts" toward this end. On Sept. 23, in remarks delivered in New York City, Abe expressed his regret that conditions had

not allowed for a meeting of Chinese and Japanese leaders and stressed the importance of both sides making quiet efforts toward that end. In his Sept. 29 policy address to the opening of the autumn session of the Diet, Abe echoed the theme. During a meeting of the Upper House Budget Committee on Oct. 8, Abe said that he felt that the Chinese side was more positive about improving relations and that it is important to actively promote cooperation and dialogue in broad areas. On Oct. 16 at Asia-Europe (ASEM) meeting in Italy, Abe exchanged greetings with Premier Li Keqiang.

Elsewhere, Foreign Minister Kishida Fumiko met Chinese counterpart Wang Yi in New York in late September. Afterward, he told reporters that the two had engaged in a lengthy and frank exchange of views over the present state of the bilateral relationship, but that nothing had been decided with respect to an Abe-Xi meeting. At the end of October, former Prime Minister Fukuda Yasuo, in his capacity as chairman of the Boao Forum, met President Xi in Beijing. While Japanese media speculated that the visit was aimed at advancing an Abe-Xi meeting, Fukuda told reporters that discussions were broad ranging and “good,” but did not touch on bilateral relations. China’s Central television carried a report of the meeting.

Meanwhile, China continued to insist that the responsibility for improved relations rested on Japan. Responding to questions about Abe’s remarks about the need for a summit, Foreign Ministry spokesperson Hua Chunying expressed the hope that Japan would take concrete actions to create conditions favorable to improved relations. In remarks delivered on Sept. 25 at a reception commemorating the 65<sup>th</sup> anniversary of the founding of the People’s Republic of China, Ambassador to Japan Cheng Yonghwa told guests that he hoped that Japan sees China not as a threat but as a partner for cooperation and expressed his hope that efforts to build a relationship of mutual trust will continue. He went on to note that Japan must in good faith and in concrete actions deal appropriately with issues related to history and the Diaoyu Islands to return relations to their proper path. On Sept. 29, Foreign Minister Wang addressed the issue of a possible Abe-Xi summit, telling reporters that “it is an objective fact that problems exist between China and Japan and that China hoped that Japan’s leaders would squarely face the issues and demonstrate their sincerity.” In an Oct. 15 speech delivered in Tokyo, Cheng said the APEC meeting represented a “great chance” and that diplomats of both countries were working toward that end. At the same time, he noted history and territorial issues continued to be large obstacles in the relationship. Accordingly, China wanted to see Japan’s true intentions and through its conduct to demonstrate that it is prepared to deal with the issues in a cooperative manner.

In what proved to be the final breakthrough, Tokyo and Beijing released the English translation of the text of a four-paragraph document on Nov. 7. On the critical issue of the Senkaku-Diaoyu Islands the texts differed. China’s version reads “The two sides have acknowledged that different positions exist between them regarding the tensions which have merged in recent years over the Diaoyu islands and some waters in the East China Sea.” Japan’s version reads “Both sides recognized that they had different views as to the emergence of tense situations in recent years in the waters of the East China Sea, including those around the Senkaku islands....” Questioned about the document on the issue related to Yasukuni and the Senkakus, Chief Cabinet Secretary Suga told reporters “our positions have not changed.” The day after the summit Foreign Minister Kishida told reporters the document did not reflect any change in Japan’s position, namely that a sovereignty issue with respect to the Senkakus “does not exist.” Kishida added that the sources

of tension in the region were the result of China's unilateral actions in the East China Sea – the declaration of the Chinese Air Defense Identification Zone and exploitations of seabed natural resources. The following day, China's Ambassador Cheng expressed "great concern and dissatisfaction" with Kishida's remarks.

### **At the summit**

Prime Minister Abe departed Tokyo for Beijing to attend the APEC Leaders Meeting on Nov. 9. At a pre-departure press conference, he told reporters that he wanted to advance relations with China and that if a summit with President Xi should occur he wanted to raise the issue of a maritime communication mechanism and to bring relations back to the foundation of a mutually beneficial strategic relationship.

On Nov. 10, Prime Minister Abe shook hands with a stone-faced President Xi. A 25-minute meeting followed. *Xinhua* reported that Xi told Abe that "historical issues concern the feelings of more than 1.3 billion Chinese people and urged Abe do more things that help enhance the mutual trust between Japan and its neighbors and play a constructive role in safeguarding the region's peace and stability." Abe reportedly assured Xi that Japan would continue to be a "peaceful country" and reaffirmed the 1995 Murayama Statement apologizing for the suffering and damage Japan had inflicted on the people of Asia during the war. Afterward, Abe told reporters that by "going back to the original point of a strategic relationship of mutual benefit, the first step was taken in improving relations." The two leaders, however, did not take up issues related to the Senkaku/Diaoyu Islands, disputed history, and Yasukuni. Subsequently, Abe told a *Fuji TV* audience that on meeting Xi, he had remarked that "even if we first meet as strangers, we will next meet as friends."

### **Post-summit: coral poaching in Japan's EEZ – finding common ground**

During October, as Chinese and Japanese diplomats worked toward a summit meeting, Chinese fishing boats swarmed into Japan's EEZ in the area of Ogasawara and Izu Islands. Japanese Coast Guard monitoring reported 212 Chinese ships in the area as of early November, reportedly poaching red coral. Their activities became front-page news and were highlighted on television broadcasts in Japan.

On Nov. 4, Foreign Minister Kishida told reporters that Japan had protested their actions and called on China to take appropriate actions to deal with the situation. Chief Cabinet Secretary Suga noted that China had recognized the importance of dealing with the situation and was taking appropriate actions to deal with the matter. During her Nov. 4 press conference, Foreign Ministry Spokesperson Hua replied that "The Chinese side always attaches importance to the protection of endangered marine living resources. We ask the fishermen to carry out production and operation at sea in accordance with law. We prohibit the illegal harvest of red coral. Competent authorities of the Chinese side will keep enhancing supervision and law enforcement. We also hope that the Japanese side will deal with the relevant issues in a civil, sensible, law-abiding, just and proper way." Two days later, spokesperson Hong hoped that "both China and Japan can enhance cooperation so as to properly address relevant issues."

Later, Foreign Minister Kishida told reporters that he had called the issue to the attention of his Chinese counterpart during their pre-summit meeting on Nov. 8 and Foreign Minister Wang had committed to taking the necessary actions. Kishida added that he had made clear the importance of seeing results. In a post-summit interview with *Sankei Shimbun*, Abe said he had raised the issue at the summit and had asked Xi to take actions to address the issue.

Less than two weeks later, on Nov. 15, Japanese Coast Guards observation planes found five Chinese fishing boats operating within Japan's territorial waters and 52 in Japan's EEZ. The following day, the Coast Guard found only one Chinese ship in Japan's territorial waters and 57 in Japan's EEZ. Meanwhile, Japan's Upper House approved an increase in fines for illegal fishing by foreign vessels to ¥4,000,000 within Japan's territorial waters and ¥10,000,000 yen for unlicensed fishing in Japan's EEZ. The new fines went into effect Dec. 7.

At a Nov. 21 press conference, Foreign Ministry Spokesperson Lei told reporters that China was taking a "serious and solemn" approach in dealing with issue," had "strengthened the administration by adopting a holistic approach," and that this was achieving "good results" in decreasing the number of fishing boats engaged in coral harvesting. On Nov. 27, the press officer at the Chinese Embassy in Tokyo said that China's strict enforcement of its laws had produced good results, China was strengthening cooperation with Japan, and management of related problems would be dealt with by enforcing existing laws. As of Dec. 11, the Yokohama prosecutor's office had indicted three captains of Chinese fishing boats for coral poaching within Japan's territorial waters.

### **Post-summit: new Japan-China Friendship Committee for the 21<sup>st</sup> Century**

After failing to meet for the past three years, the New Japan-China Friendship Committee for the 21<sup>st</sup> Century met in Beijing, Dec. 3-4. The co-chairs were Nishimuro Taizo, president of Japan Post Holdings Company, and former Chinese Foreign Minister Tang Jiaxuan. The Japanese delegation also met Premier Li, who emphasized the importance of the China-Japan relationship for regional peace and stability, the need to avoid taking actions that would work against mutual interests, and desirability of dealing with problems in good faith from a long-term perspective. He also noted the importance of building trust through people-to-people exchanges. Li did not address issues related to the Daiyu/Senkaku Islands or Yasukuni Shrine. Tang, however, reportedly told the Japanese that, looking ahead to 2015, China "as a neighbor" is "watching very closely what message the Japanese leaders will convey to the outside world on this occasion." At a press conference marking the conclusion of the meeting, Nishimuro said "the two sides agreed to continue discussion on what needs to be done to improve Japan-China relations." Speaking with reference to the pre-summit four-paragraph document, Tang commented that "For now, the important thing is to implement the four agreements."

On Dec. 19 former Chief Cabinet Secretary Kono Yohei met Yu Zhengsheng, fourth-ranking member of the Standing Committee in the Great Hall of the People. Referring to the Kono and Murayama Statements, Yu said that the two statements had clearly expressed Japan's views toward history and left a deep impression on the Chinese people.

## **Business and economics**

While there was further evidence of deterioration in economic ties, there were some signs that relations might be improving. China's Ministry of Commerce reported in mid-September that direct investment in August fell 14 percent over August 2013 to \$7.2 billion. The August decline followed a drop of nearly 17 percent in July. Japan's foreign direct investment (FDI) in China plummeted 43.3 percent in the January-August period. Economists attributed the fall-off to the decline in the value of the yen, while Japanese corporate leaders pointed to growing caution about investing in China due to strained political relations. On Nov. 18, China's Ministry of Commerce reported a 42.9 percent drop in Japanese direct investment in the period January-October over the same period in 2013. The *Asahi Shimbun* noted that the "rapid devaluation of the yen against the yuan has also resulted in a dramatic increase in operational costs in yen, which is inhibiting investment."

On Sept. 22-23, a Japan-China Economic Association delegation led by Sakakibara Sadayuki met in Beijing with Chinese economic policy officials from the National Development and Reform Commission and the Ministry of Commerce and the China Council for the Promotion of International Trade. After the meetings, Sakakibara told reporters that Chinese officials were particularly concerned by the fall in Japanese FDI. The Japanese delegation quoted Minister of Commerce Gao Hucheng as saying "we don't want to our economies affected by the chill in politics." On Nov. 21, 17 Japanese regional banks hosted a business fair in Dalian. The banks reported that 200 Chinese companies, a 40 percent increase over 2013, attended, while the number of Japanese companies increased from 90 to 124.

Meanwhile, yuan appreciation against the yen benefitted Japan's tourist industry. Japan's National Tourist Organization reported that Chinese tourists to Japan increased 80.3 percent to 2.0118 million in the January-October period over the same period in 2013.

## **Senkakus/Diaoyus**

Although the confrontation between Japan and China in the East China Sea continued in the final months of the year, there were signs that the nature of the confrontation might be changing. Over the past year, Japanese Coast Guard sources have noted a decline in the number of Chinese government ships entering the area. In the year after nationalization, a total of 216 Chinese Coast Guard ships entered Japan's territorial waters. From 2013 to 2014, the number declined to 101. Intrusions into Japan's territorial waters averaged approximately 5 times per month in 2012-2013, but declined to 2.8 times per month in 2013-2014. Incursions during this reporting period are included in the chronology. However, Japanese Coast Guard also noted a sharp increase in the number of Chinese fishing boats operating illegally in the area. In 2012, Japan's Coast Guard ordered 39 ships to leave the area. The number increased to 88 in 2013 and to date in 2014, the number stood at 207.

## **Security**

Japan and China held High-Level Consultations on Maritime Affairs in Qingdao on Sept. 23-24 and agreed in principle to resume talks on a maritime liaison mechanism. Both sides agreed to

resume the talks before the end of the year or early in 2015. Chief Cabinet Secretary Suga characterized the meeting as “of great significance in terms of crisis management.”

Control of the respective ADIZs remains a concern. On Oct. 3, Japan’s Air Self-Defense Force (JASDF) scrambled fighter aircraft in response to the flight of a Chinese Y-9 intelligence aircraft in the area of the East China Sea where the Japanese and Chinese ADIZs overlap. During the April-September period, JASDF scrambled 207 times in response to Chinese aircraft incursions into Japan’s ADIZ, an increase of 149 times over the same period in 2013. Taking a different perspective on the numbers, PLA Spokesperson Yang Yujun called on Japan “to stop such dangerous activities.”

## **Outlook**

Notwithstanding the Abe-Xi November summit, Japan-China relations are not likely to return soon to the “mutually beneficial relationship based on common strategic interests” of the past. The best that can be expected is very measured progress over the coming months.

## **Chronology of Japan – China Relations September – December 2014**

**Aug. 29, 2014:** Japan’s Ministry of Defense requests a 3.5 percent increase in the defense budget for FY 2015.

**Sept. 3, 2014:** Prime Minister Abe Shinzo reshuffles his Cabinet, appointing two lawmakers with close connections to China.

**Sept. 3, 2014:** China commemorates victory over Japan in World War II.

**Sept. 6, 2014:** PM Abe, while in Bangladesh, calls for summit with President Xi Jinping.

**Sept. 10, 2014:** Four Chinese Coast Guard ships *Haijian 2101*, *2166*, *2350*, and *2337* enter Japan’s territorial waters.

**Sept. 11, 2014:** Second anniversary of Japan’s nationalization of the Senkaku Islands.

**Sept. 16, 2014:** Japan, China, and ROK finance ministers meet for first time in two years on sidelines of G-20 in Australia.

**Sept. 19, 2014:** *Haijian 2101*, *2115*, *2151*, and *2401* operate in Japan’s contiguous zone near the Senkakus, marking the 42<sup>nd</sup> consecutive day of Chinese Coast Guard operations in the area.

**Sept. 19-25, 2014:** Former Taiwan President Lee Teng-hui visits Japan.

**Sept. 22-23, 2014:** Japan-China Economic Association delegation meets officials in Beijing.

**Sept. 23-24, 2014:** High-Level Consultations on Maritime Affairs meeting held in Qingdao.

**Sept. 23, 2014:** PM Abe calls for a summit with President Xi Jinping.

**Sept. 23-29, 2014:** *Haijian 2101, 2115, 2151, and 2410* operate in Japan's contiguous zone near the Senkakus.

**Sept. 25, 2014:** Foreign Ministers Kishida Fumiko and Wang Yi meet in New York City.

**Sept. 27, 2014:** PM Abe calls for a summit with President Xi.

**Sept. 29, 2014:** Symposium on Japan-China relations sponsored by Genrron NPO and *China Daily* is held in Tokyo.

**Sept. 30, 2014:** China celebrates Martyrs Day as a national holiday for the first time.

**Sept. 30, 2014:** PM Abe calls again for a summit with President Xi.

**Oct. 3, 2014:** Japan Air Self-Defense Force (JASDF) fighters scramble against flight of Chinese intelligence aircraft in the area of overlapping Japan-China ADIZs.

**Oct. 8, 2014:** PM Abe, during Upper House Budget Committee meeting, tells members that he senses China is positive to the idea of improving relations.

**Oct. 12, 2014:** Hong Kong authorities deny port clearance to Chinese civic group attempting to depart for Diaoyu Islands.

**Oct. 16, 2014:** PM Abe and Premier Li Keqiang shake hands at Asia-Europe Meeting in Italy.

**Oct. 17, 2014:** Minister of Internal Affairs and Communications Takaichi Sanae and 110 members of the Diet pay homage at Yasukuni Shrine during autumn festival.

**Oct. 17, 2014:** Japanese Coast Guard arrests captain of Chinese fishing boat for poaching red coral in Japan's EEZ.

**Oct. 17-21, 2014:** Chinese Coast Guard's *Haijian 2101, 2112, and 2305* operate in Japan's contiguous zone near the Senkakus; on Oct. 18, they enter Japan's territorial waters.

**Oct. 19, 2014:** Chinese ships conduct research in Japan EEZ without prior notification.

**Oct. 21, 2014:** China, Japan, and ROK hold consultations on cybersecurity in Beijing.

**Oct. 23, 2014:** Liberal Democratic Party General Council Chairman Nikai Toshihio broaches idea of removal of Class-A war criminals enshrined at Yasukuni Shrine.

**Oct. 24-Nov. 1, 2014:** Chinese Coast Guard *Haijian 2101, 2112, and 2305* operate in Japan's contiguous zone near the Senkakus; on Oct. 30 they enter Japan's territorial waters.

**Oct. 27, 2014:** Chinese ships conduct research in Japan EEZ with prior notification.

**Oct. 28, 2014:** Japanese and Chinese private-sector groups agree to establish foundation to provide financial support to Chinese suffering from exposure to chemical weapons abandoned by Japan's Imperial Army.

**Oct. 29, 2014:** Former Prime Minister Fukuda Yasuo meets President Xi in Beijing.

**Oct. 29, 2014:** Foreign Minister Wang tells reporters it is an "objective fact" that there are problems between China and Japan; he hopes Japan would face issues squarely with sincerity.

**Oct. 29-30, 2014:** Scholars and members of Chinese and Japanese NGOs meet in Beijing to discuss security issues.

**Nov. 3, 2014:** Chinese Coast Guard ships *Haijian 2305* and *2401* enter Japan's territorial waters near the Senkakus.

**Nov. 6, 2014:** PLA officers participate in an Asia-Pacific Multilateral Security Cooperation Program in Tokyo for the first time in two years.

**Nov. 6, 2014:** Japanese and Chinese police officials meet in Tokyo to discuss issues related to criminal activities related to drugs and cyber crime.

**Nov. 6-7, 2014:** National Security Advisor Yachi Shotaro meets State Councilor Yang Jiechi in Beijing to advance Abe-Xi summit.

**Nov. 7, 2014:** Chinese and Japanese governments release four-paragraph statement on bilateral relations.

**Nov. 8, 2014:** Foreign Ministers Kishida and Wang meet in Beijing; Kishida raises issue of coral poaching in Japan's EEZ.

**Nov. 10, 2014:** PM Abe and President Xi meet for 25 minutes at APEC forum in Beijing.

**Nov. 18, 2014:** China's Ministry of Commerce reports a 42.9 percent decline in Japanese investment in China for the period January-October 2014.

**Nov. 21, 2014:** Japanese regional banks hold business fair in Dalian.

**Nov. 23, 2014:** Japan, China, and ROK health ministers meet in Beijing.

**Nov. 28, 2014:** Japan, China, and ROK trade ministers meet in Tokyo.

**Nov. 20-29, 2014:** Chinese Coast Guard ships *Haijijian 2101*, *2151*, and *2337* operate in Japan's contiguous zone near the Senkakus; on Nov. 29, the ships entered Japan's territorial waters.



**Nov. 30, 2014:** Chinese and Japanese authorities attend ceremonies in Jilin province to mark opening of facility to dispose of chemical weapons abandoned by the Imperial Army.

**Dec. 2, 2014:** Japan-China Mekong policy dialogue meets in Beijing.

**Dec. 3-4, 2014:** New Japan-China Friendship Committee for the 21<sup>st</sup> Century meets in Beijing for the first time in three years; Japanese delegation meets Premier Li.

**Dec. 5-7, 2014:** Chinese Coast Guard ships *Haijian 2112*, *2113*, and *2305* operate in Japan's contiguous zone near the Senkakus. When warned by Japanese Coast Guard not to enter Japan's territorial waters, Chinese ships reply that the Japanese ships are in Chinese administered waters and ask Japanese ships to observe Chinese laws and regulations.

**Dec. 6, 2014:** Japan Ministry of Defense reports People's Liberation Army (PLA) ships pass through international waters between Okinawa and Miyakojima to conduct exercises in the western Pacific.

**Dec. 6-7, 2014:** JASDF scrambles in response to PLA Air Force (one *Y-9*, intelligence gathering aircraft; two *Y-8* early warning aircraft, and two *H-6* bombers) flights through international airspace between Okinawa and Miyakojima; PLA planes did not enter Japan's airspace.

**Dec. 13, 2014:** China commemorates 77<sup>th</sup> anniversary of the Nanjing Massacre.

**Dec. 13, 2014:** Japan's Ministry of Defense reports PLA ships return from exercises in western Pacific passing in international waters between Okinawa and Miyakojima.

**Dec. 14, 2014:** LDP-Komeito coalition wins election victory in Japan; *Xinhua* warns against "right-wing" trend in Japanese politics.

**Dec. 14, 2014:** Chinese Coast Guard ships *Haijian 2112*, *2113* and *2305* operate within Japan's contiguous zone near the Senkakus.

**Dec. 21, 2014:** Japan Coast Guard arrests Chinese ship captain for coral poaching in Japan's territorial waters.

**Dec. 22, 2014:** Chief Cabinet Secretary Suga Yoshihide refuses to comment on reports that China is constructing radar facilities 300 km from the Senkakus, but states that the government is paying careful attention to China's expanding maritime activities in the East China Sea.

**Dec 23, 2014:** Chinese Coast Guard ships *Haijian 2166* and *2401* enter Japan's territorial waters in the Senkakus, marking the 31<sup>st</sup> incursion in 2014.

**Dec. 24, 2014:** Nakatani Gen becomes Japan's minister of defense.

**Dec. 25, 2014:** Japan Ministry of Defense reports four PLA ships pass through Soya Strait between Sakhalin and Hokkaido into the northern Pacific; on Dec. 28, the ships return to East China Sea through Tsushima Strait.

**Dec. 25, 2014:** Japan Coast Guard observes Chinese research ship in Japan EEZ.

**Dec. 26, 2014:** Japan's Comprehensive Ocean Policy Office meets; commits to review policy to maintain remote islands territorial integrity.

**Dec. 26-27, 2014:** Chinese Coast Guard ships *Haijian 2102*, *2166*, and *2401* enter Japan's contiguous zone near the Senkakus.

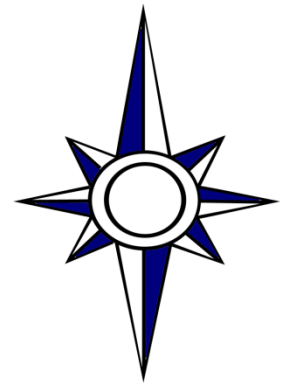
**Dec. 28, 2014:** Japan-China environment ministers meet in Beijing.

**Dec. 29, 2014:** *Sankei Shimbun* reports that Abe government will request funds for construction of three new Coast Guard ships in its supplemental budget.

**Dec. 30, 2014:** Chinese Coast Guard ships *Haijian 2102*, *2166*, and *2401* enter Japan's contiguous zone near the Senkakus; replies to Japan Coast Guard warning that they are carrying a regular patrol in Chinese administered waters.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## Japan-Korea Relations:

### How (Juicy) Tabloid News Subsumed Relations

David Kang, University of Southern California

Jiun Bang, University of Southern California

Despite continued political bickering between Japan and its neighbors, tourism to Japan reached record heights in 2014. Between January and November 2014, South Korean tourism to Japan increased 9.3 percent, and Chinese [tourism](#) to Japan increased an astonishing 82.2 percent. Evidently disagreement over political stances hasn't stopped vacations. While the increase in tourism can be partly attributed to the plunging value of the yen, it also emphasizes one fact: the people of Northeast Asia are deeply interconnected in a number of ways. It is ironic that while both Japan and South Korea use the same characters and pronunciation for both “past (過去)” and “future (未來),” there is little to suggest a consensus on either the past or the future. Nevertheless, the process of seeking some accord dominated the relationship in the final months of 2014, as evidenced by occasional meetings and brief encounters on the sidelines of multilateral conferences. To an optimist, there was no single dispute that consumed the bilateral relationship; to a cynic, there was no observable progress resulting from the meetings (unless one sees formalized interaction as a feat in and of itself).

### Game of thrones (but mostly political intrigue)

Before we discuss any (relatively) new developments in the relationship, we should revisit something that was first brought up in the [last assessment of Japan-Korea relations](#) (*Comparative Connections* Vol. 16, no. 2). Recall that Kato Tatsuya, *Sankei Shimbun*'s Seoul bureau chief, had just become the defendant in a defamation suit – of which criminal libel is punishable by up to seven years in jail – for an article in the paper that picked up rumors that South Korean President Park Geun-hye was partly inaccessible on the day of the sinking of the ferry (*Sewol*) in April, because she had been meeting a man (Mr. X). South Korean prosecutors indicted Kato in October, thereafter extending a travel ban on him, with preliminary hearings in November where Kato pleaded not guilty to the charges. At this point, there were two frames transposed onto the incident: the first was to interpret the issue as a potential violation of freedom of press (e.g., Anna Fifield, “[In South Korea, Journalists Fear a Government Clampdown on the Press](#),” *The Washington Post*, Dec. 10, 2014), while the second centered on the anti-Japanese angle. A frequent question was why only Kato was being judged despite the fact that he extensively quoted an initial column by Choi Bo-sik in the (Korean) *Chosun Ilbo*. During the first court hearing on Dec. 15, an argument (from the plaintiff) was that while Choi's tone was mainly one of advice in suggesting ways to effectively manage state affairs, Kato's piece supposedly relied on rumors in highlighting the vulgar nature of the incident. As for the anti-Japanese sentiment, there was definitely plenty as evidenced by the demonstrations by the rightist Hankyoreh Youth Organization (not to be confused with the left-leaning newspaper), which was founded in

October 2014 to fight for North Korean human rights, denuclearization, and reunification, but which was also clearly happy to demonstrate against this particular Japanese.

The rather simplistic veneer, however, quickly wears off when the incident is put into the context of a domestic investigation involving much fanfare (probably more so than the Kato trial) and intrigue. The Mr. X referenced above is suspected to be Jeong Yun-hoe, an ex-aide of President Park, who is scheduled to testify in the Kato hearing in January. Jeong is involved in a larger case where he is accused of wielding disproportionate influence in state affairs; he has already been interrogated by prosecutors. He has also filed a defamation suit against *Segye Ilbo* for a story based on a classified document leaked from the presidential office that accuses him of having such a role in decision-making. So, the domestic scandal has led to increased attention to the Kato, at least in South Korea, which may actually be a good for Japan-Korea relations since they attract less scrutiny overall. But it could also be a distraction in that the focus on Jeong may hinder any serious discussion of freedom of press or anti-Japanese sentiments and bias.

A rough parallel occurred regarding what seemed on the surface to be [hate speech](#) and anti-Korean sentiments in Japan. Soon after the Cabinet reshuffle in September, photos emerged of certain Cabinet members posing alongside individuals affiliated with the ultra-right *Zaitokukai*, which is known for its anti-Korean platform (this also spawned theorizing on the connection between [politicians and the Yakuza](#)). Interest swelled when the media noted that one of those officials was Yamatani Eriko, the chairwoman of the National Public Safety Commission, who later denied her association with *Zaitokukai* but also stopped short of passing any judgment about the group itself. The atmosphere was already tense as the United Nations Human Rights Committee in August had urged Japan to deal with hate speech in anti-Korea demonstrations in Japan. By September, President of the Democratic Party of Japan (DPJ) Kaieda Banri (who resigned after losing his seat at the general elections to the House of Representatives on Dec. 14) [called on](#) Prime Minister Abe Shinzo to publicly denounce such demonstrations.

Then came the [debate](#) (clip courtesy of *YouTube*) where Osaka Mayor Hashimoto Toru and the president of *Zaitokukai*, Sakurai Makoto, had an “exchange of ideas” on Oct. 20 at Osaka City Hall. For South Koreans who know Hashimoto for his remarks in 2013 in which he said comfort women/sex slaves during World War II were a necessary component in maintaining military discipline, it may be odd to see him on that side of the argument. Of course, not many likely heard Hashimoto given the conspicuous lack of coverage of the October debate by the Korean media. Nevertheless, the Osaka mayor had been critical of *Zaitokukai*’s actions and this was his chance to cement his position. Unfortunately, the debate only lasted 8-10 minutes rather than the scheduled 30; the [media](#) used words like “ugly,” “insults,” “bickering” to describe the encounter. In the exchange, Sakurai reportedly criticized the mayor for “rejecting freedom of speech.” The more interesting parallel, however, comes with what Sakurai yelled at Hashimoto: “Go back to *Tobita Shinchi*!” This was a reference to the red-light district in Osaka and Hashimoto’s role of legal adviser for the *Tobita Shinchi* Association prior to becoming mayor in 2011. Hashimoto has reportedly sued *Bungeisha*, which publishes weekly magazines/tabloids, for defamation over an article that accused him of frequenting “bathhouses” from the payment by the *Tobita Shinchi* Association. For both Korea and Japan, developments indicated an overall lack of transparency and public distrust behind contentions of freedom of press, hate speech, and defamation suits.

## Tough circumstances

There were notable bilateral meetings that occurred in the final months of the year. South Korean Foreign Minister Yun Byung-se met Japan's Ambassador to Korea Bessho Koro for the first time in mid-September to discuss bilateral relations on the sidelines of a Japan-Korea cultural event in Seoul (Shin Hyon-hee, "[Hopes for Korea-Japan Thaw Grow](#)," *The Korea Herald*, Sept. 15, 2014). Shortly thereafter, the two countries held their 16<sup>th</sup> meeting between directors general for cultural affairs in Tokyo, attended by delegations led by Korean Director General for Cultural Affairs Kim Dong-gi and Japanese counterpart Shimmi Jun. Items on the agenda included plans for information sharing on hosting Olympics (given that Korea will host the 2018 Winter Olympics and Japan the 2020 Summer Olympics) and preparations for commemorating the 50<sup>th</sup> anniversary of the normalization of relations in 2015. A day later, Prime Minister Abe's goodwill envoy, former Prime Minister Mori Yoshiro, delivered President Park a message calling for a Japan-Korea summit. While this call went unheeded, the two leaders did meet on the sidelines of the November APEC Leaders Meeting in Beijing.

The foreign ministers also met on the sidelines of the UN General Assembly in New York in late September, the vice-foreign ministers held a strategic dialogue in Tokyo in early October, the bilateral finance ministers meeting followed in mid-October, and South Korea's National Security Adviser Kim Kwan-jin met Japanese counterpart Yachi Shotaro in late October. Perhaps the development that attracted the most attention was a set of consultations regarding comfort women/sex slaves. The first round of talks for this particular period (the fourth overall since starting in April) occurred in September in Tokyo; the second round was in late November in Seoul. It was not entirely clear what the outcome of these talks was beyond reclarifying issues for each side. For example, *The Korea Times* reported that according to a Korean official, Tokyo had insisted that the "comfort girl" statue (also known as the "peace statue") located in front of the Japanese embassy in Seoul, be removed.

The challenge, of course, is reconciling the (mis)perception that the topic is narrow and singular with the fact that there are actually multiple battle fronts: nomenclature (comfort women vs. sex slaves), compensation, commemorative statues/monuments, the overall narrative (the direct or indirect role of the Japanese military, coercion vs. non-coercion etc.), and the matter of an apology (what does a sincere apology look like and has the Tokyo government already performed such an act?), to name just a few. Meanwhile, there were multiple incidents that detracted from the spirit of the consultations. As an example, the Japanese government requested that Radhika Coomaraswamy, former UN special rapporteur on violence against women (1994-2003), revise her [1996 report](#) that cited Yoshida Seiji, who had recounted his stories from the wartime where he would go on "slave raids" and round-up women for "comfort women" duties. As early as 1992, the authenticity of Yoshida's accounts were contested (see David E. Sanger, "[Japanese Veteran Presses Wartime-Brothel Issue](#)," *The New York Times*, Aug. 8, 1992) but it was only recently that the *Asahi Shimbun* retracted an article on the issue that relied on Yoshida's testimony ( see [Comparative Connections](#), Vol. 16, no. 2).

To make matters more complicated, the *Yomiuri Shimbun* released an [editorial](#) carrying an apology for using the nomenclature of "sex slave" and "other inappropriate expressions" in "a total of 97 articles from February 1992 to January 2013" in the *Daily Yomiuri* (DY, now *The*

*Japan News*). The following is an excerpt from the apology, which would make for an awkward ice-breaker at a cocktail party:

The expression “comfort women” was difficult to understand for non-Japanese who did not have knowledge of the subject. Therefore the DY, based on an inaccurate perception and using foreign news agencies’ reports as reference, added such explanations as “women who were forced into sexual slavery” that did not appear in The Yomiuri Shimbun’s original stories... There were also 12 articles that did not use “sex slave” or other words with that meaning, but defined comfort women in such terms as “forced into prostitution by the military,” as if coercion by the Japanese government or the army was an objective fact.

Awkward, because the statement contains certain assumptions that are contestable: for one, the idea that the differing levels of understanding of the expression is determined by nationality (Japanese and non-Japanese). It is not only dangerous to assume that all Japanese are naturally attuned to foreign policy issues, but also that Koreans, Chinese, and those from the Philippines (which would all fall under the non-Japanese category) would not be as aware, especially considering their status of “victimhood.” One could also argue that there is an undeniable hubris in treating the line separating “facts” from mere “perception” as so obvious. The meticulous listing of all the publications that contain the “inappropriate expressions” crowding the bottom of the posting creates the notion that settling on what is truth is as easy as the expunging that comes with routine “archival cleaning/re-alignment.”

In the end, one cannot help but recall the image of a typical cinematic police-room interrogation with this incident – the suspect (DY) being forced into a confession (apology) by the police (government?) after being pressured by some threats to X. Perhaps what this X entails and why *Yomiuri* buckled if/when it did is the more interesting piece of the story than the fact that this happened at all. In the ideal world, one is tempted to interpret this action as simply part of a larger and much more clever performance to actually invite more international attention (which it may have already accomplished) and poke fun at the irony of the situation – much like *The Onion* – but given that Japan’s new state secrets protection law kicked-in on Dec. 10 amid concerns from both within and outside Japan, the ideal world remains just that: ideal.

### **A sucker’s payoff?**

In game theory, there the “sucker’s payoff,” a term used to describe a situation where cooperation by a participant coincides with defection by the other player(s). Scholars have identified this fear of exploitation as a cause for low contributions to public goods. When it comes to North Korea, however, it is not clear how to determine what constitutes a bad bet – unless you stubbornly insist that any game (negotiation) is a bad bet. Hence, when dealing with the North there is always the risk of becoming the “sucker.” Japan may soon find itself on this path of self-doubt.

There was a sense of progress in relations between Japan and North Korea given the multiple opportunities for interaction between Tokyo and Pyongyang during the past months. Recall in the previous edition (*Comparative Connections* Vol. 16, no. 2) we noted that Japan had made inroads with North Korea on talks regarding the abduction of Japanese citizens, and that not only had Japan eased sanctions in response to the North’s cooperation, but had also been promised a

report on the abduction cases to be released in September. When September came and Song Il Ho, the North's chief negotiator for normalization of talks with Japan, sat across from Japanese counterpart Ihara Junichi, it was [reported](#) that Song declared that the release date was undecided.

Soon after, Ho Jong Man, the head of the General Association of Korean Residents in Japan (*Chongryon*) returned from a one-month stay in Pyongyang. His visit garnered much media attention since it was his first trip to the North in eight years – facilitated by Japan's easing of travel restrictions in July – and it was also during a period of speculation regarding the whereabouts of the North Korean leader Kim Jong Un, who had been off-the-radar for more than a month. Only later did it become clear that there was no meeting between Ho and Kim Jong Un, but also that Kim had not met any disastrous fate. A report by the South Korean National Intelligence Service (NIS) attributed the conspicuous absence of Kim to ankle surgery.

In late October, a Japanese delegation led by Ihara Junichi traveled to Pyongyang for a four-day visit in the hopes of receiving an update on the investigation into the abductions, but again came back empty-handed. By November, Japan cosponsored a UN resolution ([A/RES/68/183](#)) condemning North Korea's violation of human rights violations and seeking to refer the case to the International Criminal Court (ICC), which was approved by the Third Committee of the UN General Assembly on Nov. 18. The resolution includes a paragraph dedicated to the abduction issue, which clearly shows Japan's expectations for some tangible outcome from the initial consultations in May and thereafter. In response, North Korea submitted a [letter](#) to the UN Security Council (UNSC) that includes an annex with a statement by the spokesperson for the DPRK Ministry of Foreign Affairs, which accuses Japan (and the EU) of being “servants for adopting the resolution, disclosing themselves that their much touted efforts for human rights were not for a genuine improvement of human rights but for the pursuance of the United States hostile policy towards the DPRK and the sycophancy towards it.” This is relatively toned-down language compared to the [statement](#) released by the DPRK National Defense Commission (NDC), which states that “Japan should bear in mind that if it continues behaving as now, it will disappear from the world map for good, not just remaining a near yet distant country.” As of December, Japan is still waiting on the abduction report.

## **Fishery disputes**

An interesting [article](#) appeared in the Nov. 27 *Asahi Shimbun* about squid poaching by North Korean fishing vessels in Japanese waters. According to the report, the Japanese Fisheries Agency and the Coast Guard confirmed that the number of incidents tripled in 2014, with 400 boats in Japan's Exclusive Economic Zone (EEZ) between January and November, up from approximately 15 in 2011, 80 in 2012, and 110 in 2013. There is no fisheries agreement between Tokyo and Pyongyang and North Korea is not yet a party to the UN Convention on the Law of the Sea (UNCLOS), which complicates issues of jurisdiction.

Japan and South Korea also experienced disputes regarding fisheries. Ever since South Korea announced a ban in September 2013 on roughly 50 fishery products from multiple Japanese prefectures due to concerns about radiation contamination, Japan has repeatedly called for the ban to be lifted. On top of releasing [provisional translations](#) of reports that detail the contamination of fishery products from the Fukushima Daiichi nuclear power station, Japan has



allowed a team of South Korean radiation experts and food safety inspectors to collect data in Japan and review the lifting of current restrictions on food imports.

### **Tis the season for Korean FTAs (except with Japan)**

Amid [reports](#) that bilateral trade between Seoul and Tokyo decreased for the third consecutive year due to “frosty relations” and the weak Japanese yen against the Korean won, Seoul has been looking elsewhere for trade partners. In November, Seoul announced a *de facto* final deal in its Free Trade Agreement (FTA) talks with China and a separate deal with New Zealand. In December, it concluded FTA negotiations with Vietnam at a signing ceremony in Busan; the same month, Columbia’s Congress approved the FTA that it signed with Seoul back in 2013, the Korea-Canada FTA was ratified, and the Korea-Australia FTA came into effect. Reserving judgment for the time being about Seoul’s objectives, it was clear that engagement with Japan was not particularly high on its list of priorities, with the exception of punitive actions like import bans on fish products or duties of up to 21.79 percent on ethanolamine imports (levied against the US, Japan, Malaysia, and Thailand) that was announced by Seoul’s trade commission in September. Meanwhile, talks on the region’s trilateral trade framework continued: the fifth round of the China-Japan-Korea FTA negotiations were held in Beijing in early September, with the sixth such meeting in November in Tokyo. With that said, nothing substantive (to the extent that it would really push the talks forward) came out of those meetings.

### **Some thoughts on early 2015**

In the coming year, and in particular the first four months, we are likely to see continued sparring over a number of issues between Japan and South Korea. The issue of comfort women/sex slaves, commemorative statues, maritime disputes, and the overall poor tenor of Japan-ROK relations is not going away anytime soon. This is especially so given Prime Minister Abe’s resounding victory in the December elections. As Abe continues his attempts to revive the Japanese economy while simultaneously ending all doubts about Japan’s international ambitions and to reassert its status as a “first tier nation,” it is quite likely that he will bump heads with South Korean leaders who view his attempts in a different light. Whether both countries can find a *modus vivendi* that involves moving past these issues and focusing on the future remains a laudable, if as yet unlikely, goal.

## **Chronology of Japan-Korea Relations September – December 2014**

**Sept. 1-5, 2014:** Fifth round of negotiations on a China-Japan-Korea Free Trade Agreement (FTA) are held in Beijing.

**Sept. 11, 2014:** South Korean Deputy Foreign Minister for Political Affairs Lee Kyung-soo, Japanese Deputy Foreign Minister Sugiyama Shinsuke, and Chinese Vice Foreign Minister Liu Zhenmin meet in Seoul to discuss the state of trilateral relationship.



**Sept. 14, 2014:** South Korea's Foreign Minister Yun Byung-se meets Japanese Ambassador to Seoul Bessho Koro. Yun also meets officials from the Japan-Korea Cultural Foundation a few days later to discuss ways to promote cultural exchange between the two countries.

**Sept. 16, 2014:** Japan, China, and South Korean finance ministers meet for first time in two years on sidelines of G-20 in Australia.

**Sept. 18, 2014:** The 16<sup>th</sup> bilateral meeting of the directors general for cultural affairs takes place in Tokyo. This is the first such meeting in four years.

**Sept. 19, 2014:** Prime Minister Abe Shinzo's goodwill envoy Mori Yoshiro delivers a personal message to President Park Geun-hye, urging the leader to engage in top-level talks.

**Sept. 19, 2014:** Ihara Junichi, director general of Asian and Oceanian Affairs Bureau at Japan's Foreign Ministry, meets Lee Sang-deok, director general of Northeast Asian Affairs Bureau of the Korean Foreign Ministry to resume talks on the comfort women/sex slaves issue in Tokyo. The first round of talks began April (Seoul) with the second and third rounds occurring in May (Tokyo) and July (Seoul), respectively.

**Sept. 20-21, 2014:** Finance ministers of China, Japan, and South Korea meet and agree to greater trilateral cooperation on the sidelines of the G-20 Finance and Central Bank Governors meeting in Cairns, Australia.

**Sept. 23, 2014:** Ultra-right wing group, *Zaitokukai*, clashes with anti-racism groups in Tokyo.

**Sept. 24, 2014:** US Congressional Research Service (CRS) releases a [report](#) on US-Japan relations, containing a grim assessment of Japan's ties with South Korea.

**Sept. 24, 2014:** South Korean First Vice Foreign Minister Cho Tae-yong meets Japanese counterpart Saiki Akitaka in Tokyo for a strategic dialogue for the first time in nearly two years.

**Sept. 25, 2014:** South Korean Foreign Minister Yun Byung-se and Japanese Foreign Minister Kishida Fumio meet on the sidelines of the UN General Assembly in New York.

**Sept. 26, 2014:** South Korea's trade commission announces that it will levy punitive duties of up to 21.79 percent on ethanolamine imports from four countries including Japan.

**Sept. 29, 2014:** Japan and North Korea hold talks in Shenyang as part of the negotiations over the abduction of Japanese nationals.

**Sept. 30, 2014:** Leader of the Democratic Party of Japan (DPJ) Kaieda Banri urges Prime Minister Abe to denounce demonstrations, particularly by ultra-nationalists groups in Japan.

**Oct. 1, 2014:** Tokyo and Seoul hold a strategic dialogue in Tokyo to discuss issues including the denuclearization of North Korea.

**Oct. 6, 2014:** Coalition of the Korean Federation for Environmental Movements and the South Korean chapter of the Friends of the Earth International urge the South Korean government to maintain its import ban on Japanese fishery products due to concerns of contamination.

**Oct. 7, 2014:** *Japan Times* reports that Ho Jong Man, head of the General Association of Korean Residents in Japan (*Chongryon*), has concluded a one-month trip to Pyongyang.

**Oct. 8, 2014:** South Korea's prosecutors indict Kato Tatsuya, the head of the Seoul bureau of Japan's *Sankei Shimbun*, on charges of defamation.

**Oct. 10, 2014:** Japan's Deputy Prime Minister and Minister of Finance Aso Taro, meets South Korea's Finance Minister Choi Kyung-hwan on the sidelines of the International Monetary Fund (IMF) meeting in Washington. This marks the first such bilateral meeting in almost two years.

**Oct. 14, 2014:** Seoul announces that it has extended a travel ban on Kato Tatsuya.

**Oct. 16, 2014:** Japanese government calls for revisions to the 1996 UN report condemning the comfort women/sex slaves issues in light of the recent retraction by *Asahi Shimbun* that relied on questionable wartime accounts by Yoshida Seiji.

**Oct. 17, 2014:** ROK Foreign Ministry denounces PM Abe's ritual offering to Yasukuni Shrine.

**Oct. 21, 2014:** South Korea's National Security Advisor Kim Kwan-jin meets Japanese counterpart Yachi Shotaro in Seoul.

**Oct. 21, 2014:** Mayor of Osaka Hashimoto Toru and Sakurai Makoto, leader of *Zaitokukai*, meet for an "exchange of ideas" at Osaka city hall amidst concerns of rising hate speech.

**Oct. 21, 2014:** Representatives from China, Japan, and South Korea gather in Beijing to discuss issues of cyber security.

**Oct. 24, 2014:** President Park greets a Japanese delegation headed by Nukaga Fukushima at the presidential office in Seoul.

**Oct. 27, 2014:** PM Abe meets South Korea's National Assembly speaker Chung Ui-hwa in Tokyo. According to *Kyodo News*, Abe expresses hopes for a one-on-one meeting with President Park in the near future.

**Oct. 29-31, 2014:** 2014 Seoul Defense Dialogue (SDD) is held in Seoul. *Yonhap News* reports that South Korea's Vice Defense Minister Baek Seung-joo meets Tokuchi Hideshi, Japan's vice defense minister for international affairs, and expresses concern over Japan's assertions of the right to collective self-defense and exercising its rights in situations on the Korean Peninsula.

**Oct. 29, 2014:** Japanese delegation headed by Ihara Junichi, director general of the Japanese Foreign Ministry's Asian and Oceanian Affairs Bureau, travels to Pyongyang in hopes of receiving an update from the North about progress on the abduction issue.

**Oct. 30, 2014:** Seoul court rules that Japanese company Nichi-Fujikoshi Corp. must pay 80-100 million won (\$75,800-94,800) to 31 former laborers and their family members as compensation for forced labor during World War II.

**Nov. 2, 2014:** *Yonhap* reports that Japanese lenders represent more than half the market (56.2 percent) for small private lending in South Korea, despite their higher interest rates.

**Nov. 3, 2014:** Group of family members of Koreans drafted into the Japanese Imperial Army during World War II file a lawsuit with the South Korean government for compensation.

**Nov. 4, 2014:** South Korean government [announces](#) cancellation of plans to establish a safety support center on Dokdo, claiming “a further review is necessary in terms of safety management, environment, and the scenery of the cultural property.” The decision incurs a backlash from Korean public amid concerns of its ramifications for Japan-Korea diplomatic relations.

**Nov. 5, 2014:** Figures released by the Korea Trade-Investment Promotion Agency (KOTRA) show that Japan-South Korea bilateral trade has decreased for three consecutive years.

**Nov. 6, 2014:** *JoongAng Daily* reports that the South Korean Foreign Ministry has rejected remarks by Japanese Chief Cabinet Secretary Suga Yoshihide in response to Seoul’s decision to scrap plans of a safety support center on Dokdo/Takeshima, which he claimed reflected Japan’s continued sovereignty of the island.

**Nov. 6, 2014:** Prime Minister Abe delivers a message through Ambassador to Korea Bessho Koro urging President Park to agree to a bilateral summit.

**Nov. 7, 2014:** *Reuters* quotes Korean central bank chief that South Korea will take action to reduce the impact of the falling yen, which is undercutting South Korean exports.

**Nov. 10, 2014:** Japan denies entry to Lee Seung-chul, a well-known South Korean singer, in retaliation for his performance on Dokdo/Takeshima in August, according to a release by the singer’s management.

**Nov. 10, 2014:** Prime Minister Abe and President Park talk when they sit beside one another at the APEC dinner hosted by China’s President Xi Jinping in Beijing.

**Nov. 23, 2014:** *The Japan Times* reports that North Korea has denounced a recent UN resolution that condemns Pyongyang for human rights violations, claiming that it will retaliate against Japan, one of the bill’s sponsors.

**Nov. 23, 2014:** Japan, China, and South Korea health ministers meet in Beijing.

**Nov. 24, 2014:** Tokyo lodges protest against Seoul for military drill carried out by the South Korean military near the waters of Dokdo/Takeshima.

**Nov. 24, 2014:** Sixth round of China, Japan, and South Korea FTA talks are held in Tokyo.

**Nov. 27, 2014:** Preliminary hearings begin for Kato Tatsuya, head of the Seoul bureau of the *Sankei Shimbun*, who was indicted over article about President Park's whereabouts on the day the *Sewol* ferry sank.

**Nov. 27, 2014:** Lee Sang-deok, director general for Northeast Asia affairs at the South Korean Foreign Ministry, and Japanese counterpart Ihara Junichi meet in Seoul for consultations.

**Nov. 27, 2014:** *Asahi Shimbun* reports that figures for North Korean squid poaching in Japan's Exclusive Economic Zone (EEZ) has increased by three-fold in 2014.

**Nov. 28, 2014:** *Yomiuri Shimbun* releases an apology for using the term "sex slaves" for women who were forced to work in brothels operated by the Japanese military during World War II.

**Nov. 28, 2014:** Japan, China, and South Korea trade ministers meet in Tokyo.

**Dec. 3, 2014:** *The Japan Times* announces that Japan's National Police Agency describes the anti-Korean group, *Zaitokukai*, as a potential threat to law and order in its annual security report, claiming the group is "one of the rightist civic groups operating based on radical nationalistic and anti-foreigner assertions."

**Dec. 9, 2014:** Supreme Court in Japan dismisses appeal by *Zaitokukai* of ruling that it engaged in hate speech against a Korean school in Kyoto, which finalizes a ruling that banned the group from demonstrating near the school and ordered it to pay compensation to the school's operator.

**Dec. 10, 2014:** Japan urges North Korea to release an update of its investigation into the abduction of Japanese citizens.

**Dec. 15, 2014:** Court hearing for Kato Tatsuya begins.

**Dec. 15, 2014:** South Korean experts arrive in Japan to start investigation into food safety.

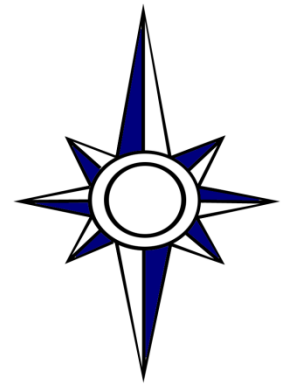
**Dec. 17, 2014:** South Korea's Vice Defense Minister Baek Seung-joo and Japanese counterpart Tokuchi Hideshi meet for talks in Seoul.

**Dec. 20, 2014:** Japan's *NHK* reports on the findings of the annual poll conducted by the Japanese government on views of the Japanese people toward their neighbors. A total of 66.4 percent reported no affinity toward South Koreans, an increase of 8.4 percent from 2013.

**Dec. 29, 2014:** United States, Japan, and South Korea sign a trilateral agreement on intelligence sharing about North Korea's nuclear and missile programs.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## China-Russia Relations: Russia's Pride and China's Power

Yu Bin  
Wittenberg University

For Russia and China, the last four months of 2014 began with the welding of the first joint of the 4,000-km East Siberian-China gas line near Yakutsk, which could deliver 38 billion cubic meters of Russian gas to China for 30 years. At yearend, both countries were relieved by the safe return of a Siberian tiger to Russia after two months of roaming in China. In between, top leaders met several times at multilateral events (SCO, APEC and G-20) against the backdrop of deepening crises in Ukraine, Syria, and Iraq. Most interactions between Moscow and Beijing were business as usual as the two countries cooperated, competed, and compromised over a range of issues. Increased Western sanctions against Russia, plus a steep drop in oil prices, led to a lively debate in China about how should help Russia. In the end, this public discourse was partly “reset” with Russian Ambassador to Beijing Sergey Razov telling his Chinese audience that Russia needs China’s diplomatic support, not its economic assistance. Stay tuned for more dynamics resulting from China’s growing power and Russia’s pride in the timeless game of the rise and decline of the great powers.

### **SCO Dushanbe Summit: expansion, internet security, and economic development**

The 14<sup>th</sup> Shanghai Cooperation Organization (SCO) Summit was held in Dushanbe, Tajikistan on Sept. 11-12 against the backdrop of general instability and uncertainty around the world: the deepening of the Ukraine crisis, the seemingly unstoppable growth of the Islamic State (IS), and the end of International Security Assistance Force operations in Afghanistan.

One of the major accomplishments in Dushanbe was the adoption of the “Order for Granting the Status of SCO Member State” and the revised “Model Memorandum of Commitments by the Applicant State for Obtaining SCO Member State Status.” The creation of this legal framework paves the way for the systematic expansion of the SCO. For several years, Iran, Pakistan, and India have expressed their intention to become SCO members. By the time of SCO’s next summit in Russia, India and Pakistan are likely to become formal members, while the admission of Iran will likely be postponed due to UN sanctions.

Another notable accomplishment at this summit was the emphasis on security and stability of the “information space,” as the heads of state jointly declared:

The SCO Member States step up joint efforts to create a peaceful, secure, fair and open information space, based on the principles of respect for national sovereignty and non-interference in the internal affairs of other countries. They will cooperate in preventing the use of information and communications technologies which intend to undermine the political,

economic and public safety and stability of the Member States, as well as the universal moral foundations of social life, in order to stop the promotion of the ideas of terrorism, extremism, separatism, radicalism, fascism and chauvinism by the use of the Internet.

The Member States advocate equal rights of all countries in Internet governance and the sovereign right of states to govern the Internet in their respective national segments, including the provision of security.

The Member States support the development of universal rules, principles and norms of responsible behavior of states in the information space, and they consider the “Code of Conduct in the Field of Ensuring International Information Security,” disseminated on behalf of the Member States as an official document of the UN, to be an important step in that direction.

Over the past few years, the SCO has been increasingly concerned with the security of the information space. While much of the first paragraph of the above quote from the 2014 Dushanbe Declaration (Clause #5) was identical to the wording of the 2013 Bishkek Declaration, the inclusion of “radicalism, fascism and chauvinism” clearly indicates Russian and Chinese regarding internet security in the aftermath of the Snowden affair, the US National Security Administration (NSA) disclosure, color revolutions, and the perceived revival of European fascism and Japanese militarism. This time, internet security was ranked ahead of the Afghan issue in the final declaration (#5 over #7).

The Dushanbe Declaration only briefly touched on the Afghan issue, stating that the SCO supported the implementation of an “Afghan-led and Afghan-owned” reconciliation and reconstruction process. The symbolic treatment may have been because Afghan President Harmid Karzai pointed out that terrorism and extremism were serious threats to the security, stability, and prosperity of the entire region, and that stability in his country was in the interest of the whole region. Karzai’s view was shared by President Vladimir Putin, who called for more attention to the Afghan issue not only by SCO member states, but also the observer countries.

In his formal speech, President Xi Jinping did not mention Afghanistan. It was not clear if this omission reflected a wait-and-see attitude regarding Afghanistan’s future. Xi began his speech with some general references to the SCO’s usual concerns about the “three forces” (terrorism, extremism, and separatism), drug-trafficking, organized cross-border crimes, and cybercrimes. “We need to root out the sources and block the channels of dissemination of terrorist and extremist ideologies, enforce stronger vigilance and surveillance against attempts of infiltration, and prevent them from being manipulated by external forces for the purpose of sabotaging regional security and stability and stirring up social unrest,” remarked Xi. He called for a group effort to “negotiate and sign a convention against extremism, look into the establishment of mechanism for taking actions against cyber terrorism and hold regular, practical joint counter-terrorism exercises so as to build up our joint counter-terrorism capability.”

The bulk of Xi’s speech dealt with economic issues, which has been the weakest link for the regional group. “We need to take common development and prosperity as our goal. The primary task of governance is to enrich the people,” said Xi. To achieve this goal, Xi produced a long “to-do” list: expand cooperation in trade and investment, grant each other Most Favored Nation status, promote regional economic integration, adopt an “international road transportation

facilitation agreement,” establish an SCO financial institution to support SCO’s large-scale projects, create an SCO Energy Club, safeguard the security of energy infrastructure, coordinate food policy and security, etc. China would provide a loan of \$5 billion to SCO member states to finance cooperation projects. Additionally, Xi also announced that China would increase the \$1 billion China-Eurasia Economic Cooperation Fund, which was launched in 2013, to \$5 billion.

President Xi’s effort to put the SCO into economic overdrive had at least one partner. In his speech, President Putin also called for closer trade and economic cooperation within the SCO, especially in view of an increasing number of “various restrictions and barriers” being put up, presumably in reference to Western sanctions imposed against Russia. Putin did not directly embrace Xi’s offer of financial assistance. Instead, he proposed to update again the SCO trade and economic cooperation program of 2003, updated the first time in 2008. In fact, the program has been stalled since 2008. For Russia and other SCO members, the challenge is dealing with China’s economic power and ambition using an outdated framework.

Putin, however, had his own calculation. With Russia being constrained by the West and Japan, economic development of either the SCO as an entity or even its member states would benefit Russia at least for the next few years as Western sanctions continue. Russian Foreign Minister Sergei Lavrov made it clear during the summit that under the pending Russian chairmanship of the SCO, which started immediately after the Dushanbe summit, it would strive for more coordinated steps of the SCO in the field of economic, financial, energy, and food security. The emphasis would be on broader use of national currencies in mutual settlement, multilateral projects in transport, energy, science, and technology, said Lavrov.

### **Bilateral economic cooperation**

Economic issues were also prioritized in a sideline meeting between the two presidents prior to the summit. Beyond bilateral issues, Xi and Putin also discussed regional and global issues. After Putin gave Russia’s assessment of the Ukrainian crisis, Xi responded that the responsible parties should deal with the roots of the problem, and that China supported a comprehensive political solution of the Ukraine crisis. This was the fourth meeting between the two leaders following the February meeting at the Sochi Winter Olympic Games, the May meeting during the fourth meeting of the Conference on Interaction and Confidence Building Measures in Asia in Shanghai, and the July meeting ahead of a BRICS summit in Brazil.

Just 10 days before the SCO Summit, construction of the East Siberia-China gas pipeline was launched. In contrast to the decade-long talks for this pipeline, the execution of the agreement reached in May in Shanghai was swift. “We always have things to talk about,” said Putin at the start of his sideline meeting with Xi. Putin went to say that “Only recently, as you may know, we have launched a new major project in the Russian Far East .... I am certain, [it] will proceed in the same business-like manner and will be efficiently carried through by both parties.” For Xi, the most important issue was to cooperate on the “major projects of strategic importance,” such as the construction of high-speed railways, satellite navigation systems, joint development of commercial jets and heavy helicopters, etc. Of these strategic items, Xi urged the initiation of the West-Siberian gas pipeline “at the earliest possible time, as well as cooperation in currency swapping and financial coordination.”

Several projects are under consideration. In early September, Alexander Misharin, first deputy president of state-owned monopoly Russian Railways, was quoted as saying that China was ready to invest \$10.7 billion in the construction of an 800-km high speed railway linking Moscow with Kazan (the capital city of the Republic of Tatarstan in Western Russia). The design allows trains with a top speed of 400 kph, cutting the journey time from about 14 hours on regular trains to just 3 1/2 hours between the two cities. A bilateral working group for feasibility studies is working on both the design and financing of the project.

The Sino-Russian economic drive was in full speed in October when Chinese Premier Li Keqiang visited Russia for the 19<sup>th</sup> regular meeting of the Russian and Chinese prime ministers, who are supposed to hammer out specific outcomes within the general outlines drawn by Xi and Putin. Li and Russian counterpart Dmitry Medvedev signed 38 agreements covering a wide range of sectors including energy, banking, aerospace, custom, rail, and infrastructure. In Moscow, Li also met President Putin, Chairman of Russian State Duma Sergey Naryshkin, and Russian Federation Council speaker Valentina Matviyenko. One of the major issues discussed was Russia's gas delivery through the "west line," which would provide China with 30 billion cubic meters (bcm) of gas in its initial stage with a potential of 100 bcm. Apparently, the talks went quite well as Medvedev disclosed that a preliminary framework could be reached as early as November.

Progress on these "major strategic projects" is against the backdrop of a new round of sanctions against Russia by the EU, including export to Russia of deep-sea and shale drilling equipment and technology, certain dual-use technology, and credit lending for five Russian state banks and three Russian energy firms. These new sanctions target Russia's energy, banking, and military sectors. Russia's "turn to China," therefore, was expected, at least to certain degree, to offset Western sanctions.

### **SCO Prime Ministerial Meeting**

Economic issues also dominated the agenda for the annual SCO Prime Ministerial Meeting in Astana on Dec. 14-15, which was the last top-level meeting between Russian and Chinese leaders in 2014. In their formal speeches and separate bilateral meetings, Premier Li Keqiang and Prime Minister Medvedev seemed to have consensus on SCO's funding/finance, transportation, and energy security. In his speech, Medvedev stressed a "result-driven" approach, instead of signing agreements and photo ops with weak implementation, which have plagued the SCO for years. In fact, Beijing has also been frustrated with the lack of progress in the economic sphere of the SCO, which it has attributed to Russia's lack of interest. As a result, China has dealt with individual Central Asian states. This time, Li's trip to Astana for the SCO meeting coincided with a state visit to Kazakhstan, during which Li and his host signed multiple agreements worth \$14 billion. In his SCO speech, Li cited this achievement, apparently to leverage the rest of the SCO for more actions.

In Astana, the SCO's Central Asian leaders showed impatience with Russia's inaction, if not obstruction, regarding SCO's economic development. In his turn, Prime Minister Medvedev attached extra importance to the issue of a financing mechanism for the SCO. "The SCO project



activities should have financing backing, it should have a set of financial instruments that we need to create, and this issue is very urgent. The presence of mechanisms and financial facilitation is an indispensable condition of successful implementation of projects, and therefore the countries should complete the consultations on their creation and decide how, on the basis of what structure – the Eurasian Development Bank or some other structure – they will be created, but the decision needs to be made soon, it’s perfectly obvious,” urged Medvedev in his speech. With Western sanctions targeting major Russian banks, China’s financial power is a potential offset for Russia’s financial predicament. In the past few years China initiated several huge funding packages, including the \$40 billion Silk Road Fund, and a \$5 billion loan to SCO member states, a \$5 billion China-Eurasia Economic Cooperation Fund. China is also the major driver for the launching in 2014 of an Asian Infrastructure Investment Bank (AIIB) and a BRICS Development Bank.

Despite their growing common interest in SCO’s economic development, Li and Medvedev had different ideas for tapping the SCO’s economic potential. The Joint Statement issued at the end of the Astana meeting did welcome China’s Silk Road Economic Belt initiative, but Medvedev tried to raise the possibility of establishing some formal connection between the SCO and the Eurasian Economic Union (EEU) that will start functioning in 2015. It remains to be seen how Russia will be able to influence the SCO in 2015 when it takes over the SCO presidency.

### **The Mongolian “pivot”**

The Putin-Xi meeting on the sideline of the SCO’s Dushanbe summit reveals a growing trend: while formal SCO gatherings have become routine, predictable, if not boring, the meetings on the sidelines generate interesting and even substantive stuff. This was demonstrated in Dushanbe where Xi and Putin met Mongolia President Tsakhia Elbegdorj ahead of the summit. During the meeting, Xi was quoted as saying that the developmental strategies of China, Russia, and Mongolia were highly complementary and that China’s Silk Road Economic Belt, Russia’s trans-Siberia railroad, and Mongolia’s “passage to grassland initiative” can be integrated into a Sino-Russian-Mongolian economic corridor. He also urged the three countries to beef up interconnectivity by rail and road, facilitate customs clearance, and study the construction of cross-border power grids. Putin expressed his belief that the three countries could construct a long-term and stable cooperative relationship in the areas of energy, mineral exploration, and transportation. Elbegdorj said his country attaches strategic importance to developing closer good-neighborly friendship and cooperation with China and Russia. The three leaders also decided to establish a consultation mechanism at the vice foreign minister-level to coordinate and promote trilateral cooperation.

Behind these publicly articulated agreements, there has been considerable dissonance between the three parties regarding Mongolia’s “connectivity” to Russia and China. Despite its traditional ties with Russia and China, which receives 80 percent of its export and provides nearly half its imports, the landlocked Mongolia has opted for a so-called “third neighbor policy.” It prioritizes cooperation with Western countries (including Japan and South Korea) over relations with its immediate neighbors (Russia and China). At the political and strategic level, Mongolia has been among the most pro-West formal Soviet “satellite” nations, contributing troops to both the Iraq and Afghan wars.

Mongolia's "China skip" strategy has gone as far as to toy with the idea of building a 5,683-km broad-gauge (1,520 mm) railway to Russian seaports for exporting minerals to other countries, rather than a much shorter route through China. This would be more than 3,000 km longer than a direct line from Tavan Tolgoi mine, the largest coking coal mine deposit, and the nearest Chinese seaport, Tianjin, and triple the transport costs. In dealing with its large neighbor in the south, Mongolia pays lip service to China's "three-in-one" cooperation mechanism that integrates mineral exploration, infrastructure construction and financial cooperation, while maximizing investment from others, particularly, Western countries.

Against these "structural" constraints, the Sino-Russia-Mongolian trilateral mini-summit was proposed by the Mongolian side during Xi's visit to Mongolia in August 2014. Ulan Bator's move had several considerations. One was not to miss the "caravan" of China's ambitious New Silk Road Economic Belt initiative kicked off in September 2013. Part of China's effort to revive the old Silk Road was not only to connect China and Europe through rail and roads, but also to tap the economic potential of the vast Eurasian landmass. For this purpose, China announced in November 2014 a \$40 billion Silk Road Infrastructure Fund. It was unclear how the fund would be allocated. Mongolia had to compete with at least two alternative transportation corridors across Eurasia: the west line (Xinjiang-Kazakhstan-Russia-Belarus-Poland-Europe) and the east line (China's Manzhouli-Trans Siberian Railroad-Belarus-Poland-Europe). Already in 2014, the west line had run 100 trains to Europe, which is 15-25 days faster than sea transportation and 80 percent cheaper than air cargo.

Three additional factors also affected Mongolia's calculation. With the completion of Russia's Eastern Siberia-Pacific Ocean oil pipeline (ESPO) in 2011-12, its branch line from Russia's Skovorodino to China's border city Mohe had diverted over 75 percent of the trans-Mongolian rail oil shipment from Russia to China (from its peak of 6 million tons of oil dropping to just 1.4 million tons per year). Obviously, Mongolia needs to utilize its surplus rail capacity. Mongolia's mineral-based economy, despite phenomenal growth in the past 15 years, was experiencing its weakest growth as a result of sharp drops in commodity prices following the 2008 financial crisis. The local currency had also dropped some 40 percent against the US dollar. In the first half of 2014, foreign investment fell by 70 percent. In the longer-term, Mongolia's mineral export-based economy is constrained by the lack of infrastructure both within the country and its connectivity through Russia and/or China to the outside world.

Mongolia's "new thinking" was not missed by its two large neighbors. While Moscow sees Mongolia's "opening" as an opportunity to boost Russia's less-developed Far East region, China considered Mongolia not only as a market and resource provider, but also more security along China's northern border. China and Mongolia share the longest common borders (4,710 km). Ultimately, a more balanced posture by Mongolia between its immediate neighbors and those Western countries is in the interest of both Moscow and Beijing.

Mongolia's initiative was particularly attractive to Russia for several reasons. Despite its "third neighbor" mindset, Mongolia tilts to Moscow if it has to choose between its two large neighbors. In the face of Western sanctions, Mongolia would facilitate Russia's eastward "pivot" for more diplomatic and strategic space. At the heart of Mongolia's economic development is

transportation infrastructure, which is where Russia occupies a pivotal position. For example, Ulaanbaatar Railways (UR), the largest transportation firm in Mongolia, is a joint venture with a 50 percent Russian stake formed under an agreement between the USSR and Mongolia in 1949. Its 1,815-km rail lines accounts for roughly 80 percent of Mongolia's domestic freight turnover and up to 100 percent of its exports and imports.

For Moscow, an immediate concern was to reverse the downward trend in economic relations in two consecutive years (16 percent in 2013 and 13 percent for the first half of 2014). During his one-day "working visit" to Mongolia on Sept. 2, President Putin signed 13 agreements, including an agreement on visa-free travel and an agreement to upgrade and develop the railway, which means to electrify and double track a host of UR rail lines by 2020. Not only will this facilitate Mongolia's mineral exports, but also makes it easier for Chinese cargos to access Russia's trans-Siberia railways to Europe. Strategically, a Mongolia with elevated status may even "balance" Moscow's tilt toward Beijing in the context of the Ukraine crisis.

For Beijing, economic interconnectivity is always a preferred choice to bypassing, if not overcoming, political, cultural and social hurdles. On Aug. 21-22, President Xi visited Mongolia, which was the first visit by a Chinese president in 11 years. It was described as "visiting relatives" in the Chinese media. A major move was to elevate the Sino-Mongolian strategic partnership relations to a "comprehensive" one. For this, the two sides inked 26 cooperative agreements covering rail, highway, mineral, infrastructure, transportation, banking, and investment. As Mongolia's largest trading partner and investor, China continues to promote its "three-in-one" investment-infrastructure-finance mechanism, which was the focus of both the 2013 prime ministerial meeting in Beijing and Xi's 2014 Mongolia visit. In the end, Mongolia would have to balance between its aspiration (third neighbor diplomacy) and interests in working with its large neighbors, particularly China. "It will be difficult for Mongolia to revive its sluggish economy and improve its international status if it continues sticking to its third neighbor policy," remarked Chen Yurong, a senior researcher at the China Institute of International Studies shortly after the meeting in Dushanbe. For Mongolia, however, perhaps it is time to rebalance with Moscow and Beijing after securing relations with Western partners.

Whatever the case, a trilateral consultation mechanism at the deputy foreign minister-level started in early November in Ulanbataar, as a follow-up to the trilateral mini-summit. The talks focused on economic and technical issues. Prior to this, Mongolia proposed that Russia's western gas pipeline, now being discussed between Moscow and Beijing, could go through Mongolia instead of through Russia's Altai natural reservation area. This would cut its length and please environmentalists. The next trilateral consultation will be in Beijing in the first half of 2015.

### **From Beijing to Brisbane: tales of two Eurasian powers**

In November, Presidents Xi and Putin met twice: on the sidelines of the Beijing APEC meeting and the G-20 Summit in Brisbane, Australia. Prior to the APEC meeting on Nov. 10-11, Putin made a state visit to China. "Many things have been done for the development of Russian-Chinese strategic relations. I want to stress that they are developing in practically all directions. I am referring to high-level cooperation at the political level, military and military-technical cooperation, and the economy," Putin remarked at the onset of formal talks. In his response, Xi

described bilateral relations as “evergreen” friendship and cooperation saying, “No matter how the international landscape shifts, we must insist on giving priority to the development of Sino-Russian ties in our diplomatic endeavors, constantly boost political and strategic mutual trust, and keep expanding and deepening comprehensive cooperation.”

Aside from a discussion of the global and regional issues, Putin and Xi witnessed the signing of 17 bilateral cooperation agreements, including a MOU for the Sino-Russia Western Route natural gas pipeline and a framework agreement between China National Petroleum Corporation (CNPC) and Russia’s Gazprom. This was potentially the second gigantic energy/gas deal within six months between the two large Eurasian powers, though it is still in its initial stage with an open-ended negotiating process for details before it is finalized. This route envisions shipments of 30 bcm of gas from the Western Siberia field to China via the Altai gas pipeline. In May 2014, Gazprom and China’s CNPC signed a 30-year deal worth \$400 billion to supply up to 38 bcm of gas per year to China, starting from 2018, via the Eastern Route. Once the Altai gas line is completed, Russia’s gas supply to China will be 68 bcm per year, surpassing the current level of Russia gas export to Germany at 40 bcm annually.

In Beijing, President Putin also expressed support for China’s Silk Road Initiative, though with his preferred twist that Russia would like to see China’s New Silk Road connect to the trans-Siberian and Baikal-Amur rail lines. “We had plenty of infrastructural capacity for building a part of that route across Russia,” Putin was quoted as saying on Nov. 9. Russia’s role in the trilateral effort between China, Russia, and Mongolia discussed earlier, is also part of Moscow’s Asia pivot. “The connection of the Silk Road to these rail lines will expand the possibility of transit of Chinese commodities to Europe and our commodities to Southeast Asia and that will revive the economy,” Kremlin administration chief Sergei Ivanov said in Beijing in July.

Those huge energy deals between Moscow and Beijing, both signed and envisioned, are indeed unprecedented, considering that it took more than 10 years of hard negotiation to reach the current stage. It is debatable to what extent that the current Ukraine crisis and Western sanctions accelerated those deals. The increasingly closer strategic, diplomatic, and economic coordination between Russia and China has been a sustained process.

President Putin enjoyed a visible profile at the APEC meeting, not only because of a warm reception by his Chinese host and the huge energy deals, but also because of Russia’s continuous and active engagement with the economies of Asia-Pacific. In his speech at the APEC meeting, Putin said that Russia was planning to increase its trade share with Asia from the current 26 percent up to 40 percent and “we are taking specific steps to broaden the geography of our exports and raise the proportion of non-energy and high-tech goods.”

Xi Jinping, however, was the clear driver at the Beijing APEC meeting. One major success was Xi’s ability to win consensus from the 21 other heads of state to study the establishment of the Free Trade Area of the Asia-Pacific, or FTAAP. The leaders also decided to step up efforts to fight corruption and strengthen infrastructure development to further regional economic growth, according to a joint declaration released after the meeting. These APEC decisions were not easy, considering that the influence of APEC in the world economy had diminished due to the stalled progress on trade agreements.

A few days later in Brisbane for the ninth G-20 Summit the mood shifted. President Putin faced a chilly reception from Western leaders regarding Ukraine and Crimea and made an early exit, saying he needed rest and had to get back to work in Moscow on the coming Monday. Curiously, Putin's trip to Australia was coincided with an appearance of four Russian navy ships off Australia's northern coast (a guided missile cruiser, a destroyer, a tug boat, and a refueling vessel). These ships were never in Australian territorial waters and departed after Putin left for home.

Unlike Putin's "escorted G20-only visit, President Xi complemented his travel to the G-20 with three state visits (Australia, New Zealand, and Fiji) and meetings with eight Pacific island nations' leaders in Fiji (Fiji, Samoa, Vanuatu, Niue, Tonga, Papua New Guinea, Cook Islands, and the Federated States of Micronesia), leading to the signing of more than 50 agreements. Perhaps the biggest contrast for the two leaders was that the same Australian Prime Minister Tony Abbott, who made rather undiplomatic remarks as he "shirtfronted" Putin at the G-20, concluded an historical free trade pact with Xi Jinping days later. Xi also signed cooperation agreements regarding Antarctica with both Australia and New Zealand.

While at the G-20 meeting, Xi and Putin met again for a BRICS get-together, held ahead of the G-20. The five heads of state discussed the launch of the new BRICS Development Bank and the pool of contingent currency reserves with a total capital of \$200 billion. They also discussed reform of international financial institutions, specifically, redistribution of IMF quotas. Currently, the BRICS countries produce 30 percent of the world's GDP, make up 40 percent of the world's population, and possess \$5 trillion the gold and currency reserves. Yet their IMF voting share is disproportionately small. Western countries, particularly the US, have been reluctant to reform the current system. This was the reason behind the BRICS' 2014 decision to create its own version of the IMF and World Bank, though not intending to replace the Western institutions. Russia is the next chair of the organization and the next BRICS Summit will be held at Russian city of Ufa on July 8-9, 2015, simultaneously with the SCO Summit.

For both Xi and Putin, their south Pacific trip was the last foreign travel they would undertake in 2014. It was the 11<sup>th</sup> time they met as heads of state since early 2013, which significantly enhanced their personal ties. The two large nations they have led, however, seem to be heading in different directions in relations with the West-dominated world. It has been a huge challenge for both to adjust their respective strategies at home and abroad.

### **Beijing's new discovery: Moscow does not believe in tears**

The issue of the emergence of a Sino-Russian alliance has been a recurring topic in both China and Russia. The current Ukraine crisis and Western sanctions against Russia have led to another round of debates in the two countries.

In response to the Western sanctions imposed on Russia as a result of the Ukraine crisis, quite a few commentators have raised the idea of Russia pivoting away from Europe and the West toward Asia, particularly China, observed Carnegie Moscow Center Director Dmitri Trenin in mid-October. As a result, China is viewed in Moscow as a potential source of investment and

even some advanced technologies. Trenin, however, pointed out that despite some very promising prospects for deepening bilateral economic ties, China's economy is slowing, leading to lower oil prices. Further, borrowing costs in China are significantly higher than in Europe and major Chinese banks do incur risk if they make loans to those Russian banks sanctioned by the West. In the long run, Russians do not understand Chinese market or Chinese culture. The lack of competent Sinologists in Russia may be a long-term hindrance to crack the Chinese market. In the final analysis, this "growing China connection" in Russia won't turn the Eurasian giant into an Asian country. "In any event, Russia will undoubtedly maintain close economic, but also cultural ties with the European Union," argued Trenin. A simple fact is that the Russia-EU trade is several times bigger than the Sino-Russian exchange.

At the policy level, the "Trenin doctrine" regarding China seems in active operation. Russian political and opinion elites always toy with the idea of Russia's inevitable turn to Asia; the same people also dismiss the possibility that Russia would become dependent on China, and/or at the expense of its relations with the West. Moreover, they deny that Russia's turn to Asia has anything to do with Western sanctions. In late October, Foreign Minister Lavrov said that "Russia is developing relations with Eastern partners but this is not an alternative to relations with the West." Lavrov continued, "Indeed, the sanctions spur on relations with partners in the East but we would like to do so not as a replacement but as a process simultaneous with the normal development of traditional interaction with the West."

Meanwhile, President Putin also stated that Russia did not intend to end its relations with its traditional partners, including Europe, and that expansion of cooperation with China was a global trend. Russia's relations with China "didn't begin ... yesterday or due to some sanctions or political restrictions. We have been talking about it for a long time. Why did we create the SCO and BRICS?" asked Putin. His view was echoed by an editorial in Beijing's *Global Times* on Oct. 14, but blaming a West-centric bias. "Many Western media outlets hold that it's Western sanctions that have pushed Moscow to side with Beijing, making China the biggest beneficiary of the West-Russia confrontation.... But noticeably, this was the 19th China-Russia Prime Ministers' Regular Meeting. If the West merely takes China-Russian cooperation as subordinate to the Western attitude toward the two, it is ridden in excessive Western centralism," noted the editorial. It further pointed out that "Western countries fail to learn from how China and Russia overcame a myriad of conundrums to enter into overall cooperation. Instead, they keep calculating how China and Russia benefit from them. They are more willing to believe China and Russia should be entangled into cooperation, competition, and even confrontation as are the relationships between China and the US, or between China and Japan." As a result, "Western countries fail to grasp the essence of the China-Russia relationship. They are laboring under the misperception that the two countries are engaged in a temporary courtship."

It is true that the current state of China-Russia relations is not driven solely by Western sanctions. It is also true that Russia is hurting because of the sanctions, which affects its ability to do business with China. For various reasons, China is still being sanctioned by the West; it is therefore sympathetic with Russia's predicament and has repeatedly said that it opposes Western sanctions. In September, President Xi told the visiting Russian Federation Council Speaker Valentina Matviyenko that sanctions against Russia are "unacceptable" and China will never participate in these sanctions. Discussing Chinese aid to Russia, the Chinese Foreign Ministry on

Dec. 18 said that China believed that Russia was able to overcome the current difficulties given its large foreign reserve and its fine industrial basis.

Beyond the official line, experts and scholars in China have been actively debating both the format and degree of China's support for Russia, or the possibility of an alliance with Moscow. Despite a louder cry for some sort of alliance with Russia with the deepening of the Ukraine crisis, Gen. Wang Haiyun reiterated his argument that China should take a middle road of a "quasi alliance" with Russia, which is different from either "fighting alone" or moving toward formal alliance with Russia. Wang seemed mainly concerned about possible repercussions from the West, which may jeopardize China's grand strategy and historical rise. He believed that the term and format of "strategic partners," or "quasi-alliance" is less alarming to third parties. Such ties "bear no obligations and are not imbued with strong military meaning," argued Wang. With this baseline, China should adopt a more proactive posture to enhance its strategic partnership relations with others including Russia, adopt a more proactive approach to creating and building up multilateral institutions such as the SCO and BRICS. This would be conducive to creating the necessary conditions for alliance formation if there is such a need in the future. At a practical level, Wang warned that a China-Russia alliance, even if it includes several smaller members, would inevitably be a weak alliance in comparison with its Western counterpart. Besides, such an alliance would require real ability to protect its small and weaker members, which is a question that strong and leading alliance members must take into consideration.

It should be pointed out that Wang has promoted his quasi-alliance model for China and Russia for several years. As a former military attaché to Russia, Wang understands, perhaps more than any pure academic, the potential and limits of the China-Russia relationship. His quasi-alliance model, however, has yet to be part of the official vocabulary in China. Part of the reason may well be that the current strategic partnership relationship between Moscow and Beijing is still adequate as well as flexible for the current world situation. Its basic components include mutual respect for each other's national interests, the principle of equality, inclusiveness, non-confrontational, not against any third party, etc. Any degree of alliance between the two would change, if not undermine, some of these key components for the current bilateral relations. For this writer, the only scenario in which Moscow and Beijing may move toward a formal alliance is that the core interests of both China and Russia are violated at the same time by the same enemy. The current state of world affairs is not producing a clear picture.

How to alleviate Russia's current predicament remained a topic in Chinese media. Such a discussion became ubiquitous toward the yearend when the ruble nosedived (down 20 percent against the dollar) by Dec. 16. An editorial in the *Global Times*, however, seemed more optimistic about Russia's self-help ability. It noted that Russia's current situation was actually better than the 1990s when the Soviet system collapsed. Besides, Russian society is more realistic and more rational after that catastrophe. Russia's internal cohesion and its \$400 billion foreign reserve would help sustain, at least for a while, the current living standard for Russians. Still, they are not facing a strong, fast-moving storm, but a long and cold winter. China does not want to see Russia fail, which is well known. It is capable of assisting Russia at crucial times and in crucial sectors. Even so, any help China provides must first and foremost be requested by Moscow. To avoid any misunderstanding, China must have high respect of Russia and help maintain Putin's prestige among Russians.

Chinese Foreign Ministry spokesman Qin Gang said on Dec. 18 that the China-Russia currency swap agreement had not yet been affected by the ruble's slide. "We are confident in the Sino-Russian economic and trade cooperation outlook. The two countries' governments and enterprises are motivated to further improve bilateral trade and investments," said Qin. The articulated official view apparently failed to quell the debate in China. Two days later, two researchers at the Chinese Academy of Social Sciences (CASS) discussed the pros and cons of helping Russia. Li Jianmin, a fellow at CASS' Institute of Russia and Central Asian Studies, believed that the Russian economy was in serious trouble. If Russia did need help, China should provide it. This was the right thing to do politically, ethically, strategically, and economically. Helping Russia was to help China. In addition to helping Russia through bilateral channels, China could utilize multilateral mechanism such as SCO, BRICS, etc.

Wen Yi, a scholar from CASS' Institute of World History, strongly disagreed with Wang. He believed that China was simply unable to "put off such a huge fire thousands of kilometers away." What is happening in Russia was not simply caused by Western sanctions or oil price declines, but by an economic turmoil with deep social, political and even military causes, and is affecting every sector of Russia's economy. It was beyond the cure of token assistance. There was no case in world history when a country's economic crisis was relieved by another's help. "Do we have the ability to raise the oil price to the level that meets Russia's national interests? Even if we could, is that price in China's interests? Is it wise to put huge investment in Russia today? Are we capable of keeping the ruble from declining and inflation from going up in Russia?" asked Wen. The CASS historian also pointed out that some in China tended to see that strategic partnership with China was Russia's only choice, which, ironically, was not Russia's view. Putin's eastern policy was a huge arch-shaped strategy that covered those in the post-Soviet space, India, and Vietnam. With these hugely different perceptions about the current bilateral relationship, Wen questioned the wisdom of helping Russia by importing large quantity of oil and gas. "Will Russia be happy if China imports so much oil from Russia with so low a price?" asked Wen. Beyond that, Wen seriously doubted if China would be able to assist Russia to oppose Western sanctions as well as support Russia in its own sanctions against those "speculators who undermine Russian economy." "Is there any good for China if China does this for Russia? Would Russia genuinely reciprocate with us?" and "When Putin safeguards Russian interests, one should not forget China's interests," argued Wen at the end.

Despite Wen's warning, official position was leaning to doing something for Russia. On Dec. 20, Commerce Minister Gao Hucheng was quoted as saying that "China is prepared to offer assistance to Russia within China's capacity." Two days later, Chinese Foreign Minister Wang Yi also reiterated that "If the Russian side needs, we will provide necessary assistance within our capacity." Guo believed that a currency swap agreement between China and Russia and a broader use of the yuan in bilateral trade would be the most important form of assistance to Russia. In October 2014, China and Russia signed a three-year currency-swap line of 150 billion yuan (\$24 billion). The agreement may be broadened by mutual consent. Meanwhile, an official *People's Daily* commentary stressed that relations with Russia "is not swayed by the international situation, and equal and mutually beneficial cooperation between the two countries is even more important in the present situation." "The historic mission of China-Russia



development and invigoration will not change, and the social and popular will basis for their friendship will not change,” assured the commentary.

To a large extent, these reassurances by top Chinese policy makers was targeted at the domestic audience, particularly those sectors of the economy with growing interactions with the Russian market. By Christmas time, the ruble rebounded sharply (34 percent) after Russian central bank’s intervention with an interest hike to 17 percent.

On Dec. 25, Beijing’s *Global Times* carried a special interview with Russian Ambassador to China Sergey Razov who declared that “Russia does not need China’s assistance but support.” Razov believed that the current economic crisis in Russia was largely structural, and Russia would be able to overcome it in two years. He pointed to several bright spots in the Russian economy: it was still growing though at a slow pace; Russia still enjoyed a significant trade surplus; agriculture was in good shape with an export capacity of 30 million tons of grain. Despite its economic difficulties, Russia remained a global diplomatic player, not a second-rank nation, remarked Razov. It was unclear if the Russian ambassador requested the interview. This replay of the 1979 prize-winning Soviet movie “Moscow Does Not Believe in Tears,” seems to be a timely reset for the ongoing “Russia” debate in China as public discourse on the subject noticeable subsided.

Curiously, the Razov interview was followed by two “over-corrections” or counter-trends in China’s assessment of the relationship. In an op-ed piece in Shanghai’s online *Observer*, Feng Yujun of the China Institute of Contemporary International Relations (CICIR) tried to break the impasse by exploring deep-seated “defects” in the Chinese culture regarding Russia. One of these beliefs was to perceive others through China’s own tainted lens, while ignoring cultural differences. As a nation with strong national pride and more than 300 years of major power diplomacy, Russia would never beg others for help even if it was genuinely in need. Instead, Russia would find ways to “cooperate” with those givers to the extent that it is Russia that actually assisted the givers.

Another mistaken belief was the lack of confidence that China needs the Russian “shield” in world politics. One needed to realize, however, Russia was both unable and unwilling to be China’s shield. Nor would the US let China go because of its tense relations with Russia. In this regard, traditional Sino-Russo-US triangulation had outlived its usefulness. Each of the three bilateral pairs (Sino-US, Sino-Russia, and US-Russia) has its own dynamics and values. China, therefore, should pursue a new type of major power relationship with the US for its own sake regardless of the Russian factor.

The goal of diplomacy is national interests, argued Feng. One needed to be absolutely sober when helping others. China should not forget about its “brotherly” assistance to North Korea, Vietnam, and Albania. Besides, China was still a developing country and more resources should be diverted to domestic needs. Diplomacy is an art in that doers may not be talkers, or vice versa.

In the final analysis, only the Russians could save Russia. One should not overestimate the current crisis between Russia and the West. Putin is by no means a rough adventurer, but a shrewd pragmatist constantly calculating how to compromise with the West while saving face.

Given these considerations, what China should do was simple: do not join the West in sanctioning Russia and deepen pragmatic cooperation with Russia on the basis of equality, mutually beneficial relations, and win-win outcomes.

Feng's view paralleled with a few, but rarely seen, critical assessments of Russia. One day after Razov's interview was published in *Global Times*, an op-ed in Shanghai's online *Observer* went so far as to use the title "What's Wrong with Putin's Policies?" It argued that Putin was impatient in dealing with the West, particularly in the Crimea case. On Jan. 3, while focusing on the US in their assessment of the South China Sea situation, Du Wenlong and Li Li, two military analysts for China's *Central TV* Channel 4, used strong words about Russia's sale of *Kilo*-class submarines to Vietnam as well as Russia's deepening involvement in the South China Sea issue, which is quite rare in China's official media outlets.

### **Putin's tigers in China: wild and well-fed**

In the last few months of 2014, what grabbed the attention of most Chinese were not Western sanctions against Russia or the Russian-China gas deal of the century. Aside from the occasion downing of airlines based in Malaysia, it was Kuzya, Ilona, and Ustin, (Putin's tigers) that attracted the attention of many Chinese, including President Xi. The Chinese host reportedly promised President Putin at the APEC meeting on Nov. 9 that the Russian tiger would have a good time in China. The giant cat was released into the wild by Putin in May and left Russia for China by swimming across the Amur River in early October. The Russian side informed the Taipinggou nature reserve in Luobei County in northeast China's Heilongjiang Province that the Siberian tiger, tagged with a tracking device, was near the China-Russia border river. The Chinese set up more than 60 cameras in the hope of capturing its image and removed traps. Meanwhile, forestry police officers notified local farmers about the tiger's presence. Shortly after Kuzya's "defection" to China, Ilona, another of Putin's tigers and a female, was also found along the Sino-Russian border; by early November, Ilona was found on the Chinese side. Sighting of the third tiger, Ustin, on the Chinese side of the border followed. All three giant cats were part of a five-cub litter found orphaned in Russia's Far East in 2013. The cubs were nursed to health and released into the wild with the blessing of Putin, a noted animal lover.

The Russians believed that these two-year old tigers ventured into China in search of food, love (sex), or "territorial" purposes. The Chinese replied that Putin's tigers should not have to worry about food because there were various kinds of wild animals inside the protection zone. If necessary, forestry officials in the reserve area would release cattle. As for their "nature" need (sex), China is perhaps less helpful because only 18-22 wild Siberian tigers remain on the Chinese side of the border while there are about 500 giant cats on the Russian side. As to their "territorial" ambition, China may not be a hospitable place because of many animal traps.

In the next two months, the Siberian cats left a trail on the Chinese side of the river, including killed wild and domestic animals and captured photos by remote cameras. Some Chinese specialists claimed that Kuzya had gained a lot of weight, indicating an adequate diet while in China. By Dec. 10, Kuzya was back to Russia after two months in China. "Kuzya is very likely to visit China again as it marked the areas he visited with his urine, designating his 'territory'," said Zhang Minghai, vice director of the State Forestry Administration's Feline Research Center.

Regardless of what comes out of a “clash” between the enduring pride of the largest Eurasian landmass (Russia) and an ever growing Chinese power, Putin’s tigers have marked China as their adopted hunting/living space with plenty of food and attention.

### **Chronology of China-Russia Relations September – December 2014**

**Sept. 1, 2014:** President Putin and Chinese Vice Premier Zhang Gaoli witnessed the welding of the first roll of pipes on the Russian part of the China-Russia East Route natural gas pipeline in Yakutsk. Prior to this, Zhang co-chaired the 11<sup>th</sup> meeting of the China-Russia Energy Cooperation Committee in Moscow with Deputy Prime Minister Arkady Dvorkovich.

**Sept. 11, 2014:** President Xi Jinping and President Putin meet in Dushanbe ahead of the 14<sup>th</sup> Shanghai Cooperation Organization (SCO) Summit. Later, they meet Mongolian President Tsakhiagiin Elbegdorj to discuss economic cooperation among the three neighbors.

**Sept. 11-12, 2014:** The 14<sup>th</sup> SCO Summit is held in Dushanbe.

**Sept. 13-15, 2014:** Chinese Vice Premier Liu Yandong visits Russia and co-chairs, with Deputy Prime Minister Olga Golodets, the 15th session of the China-Russia Committee on Humanities Cooperation in Moscow.

**Sept. 21-23, 2014:** Valentina Matviyenko, chairwoman of the Russian Federation Council, the upper chamber of Parliament, visits China at the invitation of China’s top legislator Zhang Dejiang. They co-chair the 8<sup>th</sup> meeting of the Sino-Russian legislative committee and sign a document on deepening legislative cooperation between the two countries.

**Sept. 26, 2014:** President Xi meets a delegation from the Russian Communist Party headed by the party leader Gennady Zyuganov in Beijing.

**Sept. 26, 2014:** Chinese Foreign Minister Wang Yi meets Russian counterpart Sergei Lavrov in New York City on the sidelines of the annual UN General Assembly meeting.

**Oct. 1, 2014:** President Putin sends a telegram to President Xi on the occasion of the 65th anniversary of the foundation of the People’s Republic of China.

**Oct. 12-14, 2014:** Chinese Prime Minister Li Keqiang visits Moscow, his first visit as Chinese premier. On Oct. 13, Li and Russian Prime Minister Dmitry Medvedev co-chair the 19th regular meeting between the Russian and Chinese prime ministers.

**Oct. 20, 2014:** Russian and Chinese police hold an anti-terror and riot-control drill, code-named *Lijian-2014 (Sharp Sword-2014)* in Manzhouli City, North China’s Inner Mongolia Autonomous Region. It involves hostage rescues and physical competitions between the two police units.

**Oct. 20-26, 2014:** A 100-member Russian youth delegation led by Sergey Pospelov, head of Federal Agency for Youth Affairs of Russian Federation, visits China. The group is part of the Year of Youth Exchange between China and Russia in 2014-15.

**Oct. 31, 2014:** China hosts the fourth Foreign Ministerial Conference of the Istanbul Process on Afghanistan in Beijing. The Istanbul Process was launched in November 2011 by China, Russia, Afghanistan and Central Asian countries and now has 14 members and 28 supporting parties including the US, UK, UN, and SCO.

**Oct. 31, 2014:** Russian and Chinese border defense units from China's Huichun area and Russia's Khasan area conduct *Border Defense Cooperation-2014* joint exercise against cross-border criminal and terrorist activities. They practice operations such as early warning, ambush laying, area sealing and control, catching terrorists.

**Oct. 31-Nov. 1, 2014:** Russian Deputy Foreign Minister Igor Morgulov meets China's North Korea envoy Wu Dawei in Beijing to discuss the situation in Northeast Asia. Morgulov also meets Deputy Foreign Minister Cheng Gouping to discuss SCO related issues.

**Nov. 4-11, 2014:** Deputy Chief of the PLA General Staff Wang Guanzhong visits Russia and Belarus. On Nov. 5, Wang and Russian Deputy Chief of the General Staff Kartapolov co-chair the 17th round of strategic consultations in Moscow.

**Nov. 9-11, 2014:** President Putin visits China for a state visit and to attend the APEC meeting.

**Nov. 9, 2014:** Foreign Minister Lavrov meets Chinese counterpart Wang Yi in Beijing. They discussed world and regional affairs, as well as the Korean Peninsula and Iran nuclear issues.

**Nov. 15, 2014:** Leaders of the BRICS countries (Brazil, Russia, India, China, and South Africa) meet on the sidelines of the G-20 Summit in Brisbane.

**Nov. 17-19, 2014:** Russian Minister of Defense Sergey Shoygu visits China and co-chairs a session of the Russia-China Intergovernmental Committee on Military-Technical Cooperation with Chinese counterpart Col. Gen. Chang Wanquan. The two militaries agree to hold a joint naval exercise in the Mediterranean Sea in the spring of 2015.

**Nov. 24, 2014:** Foreign Minister Lavrov and Chinese counterpart Wang Yi meet in Vienna on the sidelines of the Iran nuclear negotiations.

**Nov. 27, 2014:** Russian Deputy Defense Minister Anatoliy Antonov and PLA's Deputy Chief of the General Staff Wang Ning meet on the sidelines of the first session of the South and Southeast Asian (SASEAN) Defense Chiefs' Dialogue in Colombo, Sri-Lanka.

**Dec. 5, 2014:** Foreign Minister Wang Yi sends a letter of condolence to Russian counterpart Lavrov over the terrorist attack in the Chechnya Republic, which killed at least 17 people.

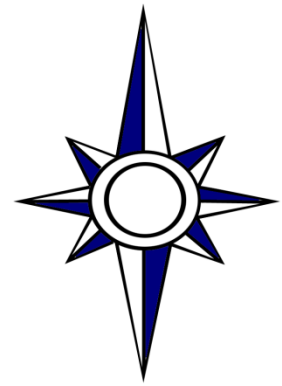
**Dec. 14-15, 2014:** The 13<sup>th</sup> SCO Prime Ministerial Meeting is held in Astana. Premier Li Keqiang and Prime Minister Dmitry Medvedev meet on the sidelines.

**Dec. 31, 2014:** Chinese and Russian presidents exchange New Year's greetings.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



Satu Limaye  
East-West Center

## India-East Asia Relations:

### Acting East under Prime Minister Modi?

India-East Asia relations from May 2014 (when the last article in this series was published) through December 2014 are distinctive for two main reasons. First, Narendra Modi was inaugurated as India's new prime minister on May 26 following a landmark and landslide election. In the months since, the Modi-led government has conducted robust and wide-ranging bilateral meetings with East Asian leaders and attended multilateral summits such as the East Asia Summit (EAS), the India-ASEAN Summit, and the G-20 Summit. Modi is seeking to create a new narrative for India-East Asia relations, saying at the EAS that "[s]ince entering office six months ago, my government has moved with a great sense of priority and speed to turn our 'Look East Policy' into 'Act East Policy'." The adoption of this theme itself acknowledges criticism in East Asia and the US that India's East Asia role has so far been limited and inconsistent. A second distinctive element of the present period of India-East Asia relations is that it marks the third decade of India's "Look East" policy launched in the early 1990s. This is, then, the third decade of India's "third incarnation" as an Asian player – the first incarnation covering the millennia of historical, religious, and civilizational connections and the second incarnation covering the immediate post-1947 independence period until the early 1960s.

### India-China: "INCH towards MILES" or India-China millennium of exceptional synergy

Among Prime Minister Modi's first telephone calls with a foreign leader upon taking office was with China's Premier Li Keqiang. China followed up by sending Wang Yi, foreign minister and special envoy of President Xi Jinping, to India in early June to engage the new government. And from June 26-30, India's Vice President Hamid Ansari visited China to mark the 60<sup>th</sup> anniversary of *Panchsheel* (Sanskrit: five virtues) or the five principles of mutual co-existence. But the most important event of the period was President Xi's state visit to India in mid-September. (Modi and Xi had met briefly on the sidelines of the BRICS Summit earlier). This was Xi's third visit to India – the first in 1996 and the second in 2006. Instead of a decade between such visits, the frequency has fallen to eight years. In 2013, officials noted that for the first time both the Indian prime minister and the Chinese premier exchanged visits in the same calendar year.

In a pre-visit briefing to Chinese journalists, PM Modi provided a mix of symbols to describe relations, saying the "arithmetic and chemistry of our relations convince me that together we can script history and create a better tomorrow for all of mankind." He declared, "I would like to give a new terminology to my tomorrow's meeting with the Chinese President. I call it 'Inch towards Miles'. INCH that is 'India-China'; towards MILES that is – 'Millennium of Exceptional Synergy'."

The prime minister articulated what could be construed as India's general principles for bilateral relations, telling Chinese media representatives that "For enhancing and further strengthening bilateral relations, we should *show mutual sensitivity to each other's concerns and aspirations, follow the principle of mutual and equal security, seek closer developmental partnership and enhance people-to-people exchanges to create better understanding* [emphases added]."

### ***India-China economic relations***

Prime Minister Modi's focus on India's economy is seen as the key driver of his approach to China. Modi told Chinese media that "We seek a closer developmental partnership. India can benefit from China's strength in hardware such as creation of infrastructure and development of our manufacturing sector. These are the areas where India wants to make rapid progress. On the other hand, India's strength in software can help Chinese companies to become more efficient and competitive. It offers opportunity for Indian companies to export services to China." This emphasis was evident in the 28-point joint statement in which roughly the first 10 substantive points were about economic relations (the border dispute was addressed in points 16 and 17). However, no new or substantive trade and investment agreements were announced. Bilateral trade is currently about \$65 billion with India's deficit at some \$30 billion. The long-running trade imbalance issue was dealt with only generally with the joint statement saying "The two sides agreed to take positive steps towards rebalancing bilateral trade and addressing the existing structural imbalance in trade that has a bearing on its sustainability." The "positive steps" include addressing Indian complaints about access for its pharmaceutical and information technology exports – though nothing specific was announced. More concretely, India did express appreciation for "China's willingness to import a greater number of Indian films for commercial release in its market." Meanwhile, China announced the establishment of two industrial parks – one in PM Modi's home state of Gujarat and the other in neighboring Maharashtra. The industrial parks outcome follows up on a Memorandum of Understanding (MoU) that had been signed during Indian Vice President Hamid Ansari's visit to Beijing in June.

China seemed to respond to PM Modi's appeal for more infrastructure investment. The joint statement noted that the "Chinese side would endeavor to realize an investment of US\$20 billion in India in the next five years in various industrial and infrastructure development projects." Speaking separately, India's Ambassador to China [Ashok Kantha](#), said "There is a happy convergence of Chinese policy of escalating overseas investments and the 'Make in India' campaign that is focused on attracting large-scale foreign investments."

### ***India-China border issues***

The border dispute continued as a topic during the period under review with several press allegations of mutual incursions. But there was apparently no further progress on how to handle the issue much less resolve these tensions. It is telling that the two points in the September joint statement focused only on acknowledging various already-existing mechanisms (e.g., Agreement on the Political Parameters and Guiding Principles for Settlement of the Boundary Question from 2005, the "utility and significance" of the mechanism of Special Representatives, and the Working Mechanism for Consultation and Coordination on India-China Border Affairs or WMCC). Surprisingly, no reference was made in the joint statement to the Border Defense



Cooperation Agreement (BDCA) that was signed during PM Manmohan Singh's October 2013 visit to Beijing. In an Indian Ministry of External Affairs (MEA) briefing prior to President Xi's arrival, a journalist asked, "Do you think that the BDCA between India and China has failed to check repeated intrusions by the Chinese?" An unnamed official replied simply "I do not think so." Later, in October, India's newly appointed defense minister told Parliament that a hotline between the two countries' military headquarters was being considered as called for in the 2013 BDCA and that the matter had been discussed on previous occasions "including during the visit of Chairman, Chiefs of Staff Committee to China in July 2014 and 7th meeting of the Working Mechanism for Consultation and Coordination (WMCC) held in New Delhi on 16–17 October 2014." In late-November, the newly appointed Indian defense minister made a statement in the Rajya Sabha explaining that while "China is carrying out infrastructure development including upgradation [sic] and construction of roads upto [sic] and along Line of Actual Control (LAC)," it was not a matter of great concern because "there is no commonly delineated LAC and there are differing perceptions of the LAC" and in fact "[t]ransgressions occur on account of both sides undertaking patrolling upto their respective perception of the LAC." The bottom line seems to be that notwithstanding the multiple mechanisms that exist to discuss and resolve the border issue, very little progress is being made and mutual incursions will continue in the absence of a demarcated border.

Overall, India-China relations remain suffused with suspicion – especially from the Indian side. One former diplomat noted "Xi's desire to pull India away from the American and Japanese strategic orbits" and further attributed China's desire for improved India ties as "either a sign of the transforming power matrix in Asia or a way to keep the border quiescent while China seizes small islands and reefs with multiple claimants in the South and East China seas." Even Beijing's invitation to India to attend the Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting was deemed by this commentator as "significant only if Beijing discontinues its tactics of obstructing India's membership in multilateral and regional institutions, including the United Nations Security Council." India is still not a member of APEC and did not take up the Chinese invitation to be an observer at the Beijing-hosted meeting in November 2014.

### **India-Japan relations: a "visit of great expectations"**

Prime Minister Modi's first trip outside South Asia was to Japan in late-August and early-September. On the eve of his departure he was effusive about Japan and India-Japan relations, telling a group of Japanese journalists that Japan is the land of the rising sun and India the land of the shining sun and that the two countries have the "relationship of an umbilical cord." He recalled Japan's participation in the Vibrant Gujarat Summits, and noted that it was the only country partner for all the Vibrant Gujarat Summits. He said "It is important to know that Japan even as a big country, would still encourage the small state of Gujarat and partner with it. This I think is a result of the visionary leadership of Japan." Before departing India he also tweeted – in Japanese – "Excited to meet PM Shinzo Abe."

The primary impetus for PM Modi's attention to Japan, as he explained, is because "Japan is a vital partner for India's transformation ...." But in Japan's case a strategic component was also clearly evident in his comment that "India and Japan as two peace-loving and democratic nations can play an influential role in shaping the future of Asia and the world." While there were no

ground breaking developments in bilateral relations, there was progress as laid out in the 39-point Tokyo Declaration.

It is worth noting that political, defense, and security relations was the first subject area highlighted in the Tokyo Declaration; a contrast with the heavily economic focus of the September India-China joint statement. PM Modi declared “[w]e intend to give a new thrust and direction to our defense cooperation, including collaboration in defense technology and equipment....” A specific result was Japan’s decision to “remove six of India’s space and defense-related entities from Japan’s Foreign End User List” that prohibits certain technology from being exported to these entities.

Another agreement was a MoU on defense exchanges. The “fruit” of this particular MoU was visible in the visit of India’s chief of Air Staff to Tokyo in October to participate in events marking the 60<sup>th</sup> anniversary of the Japanese Air Self-Defense Force (JASDF). Such relatively modest progress was declared to “reflect the new level of mutual trust and commitment to deepen our strategic partnership in all directions.” There are now several mechanisms for India-Japan security and defense discussions including the Foreign Ministers Strategic Dialogue and Defense Ministers Dialogue, a new dialogue between the respective national security advisors – launched following the establishment of Japan’s National Security Secretariat, and a so-called 2+2 Dialogue amongst their foreign and defense secretary levels (i.e., not at full ministerial level). At a lower level, there is an existing dialogue mechanism and joint exercises between Indian and Japanese Coast Guards and a working group focusing on cooperation regarding the Japanese-produced *US-2* amphibious aircraft. The latter working group was called on to accelerate its deliberations. Additional efforts are supposed to be made regarding “regularization of bilateral maritime exercises.” Both sides welcomed “Japan’s continued participation in India-US *Malabar* series of exercises” and the launching of “working-level consultations ... to promot[e] defense equipment and technology cooperation.” While these represent useful new directions in the relationship, it has been process-oriented rather than delivering outcomes.

Unlike modest progress on defense and security ties, less progress was made on reaching an agreement on civilian nuclear cooperation. A pre-visit brief by an Indian Foreign Ministry official hinted at exasperation saying that “you are all aware that the Civil Nuclear Agreement talks started in 2010. It’s now four years of engagement. More recently that engagement has speeded up.” While claiming “substantive results,” he attributed the lack of progress to the “immense technical complexity” and made no reference to long-standing sticking points that are primarily political, not technical. PM Modi himself stated that “in recent months, we have made significant progress ... reached better understanding of each other’s positions ... [and] agreed to instruct our negotiators to work expeditiously to conclude the negotiations at an early date so that we can further strengthen our strategic partnership.” The Tokyo Declaration issued at the end of the visit noted that “Prime Minister Abe commended India’s efforts in the field of non-proliferation including the affirmation that goods and technologies transferred from Japan would not be used for delivery systems for WMD.”

Given PM Modi’s repeated declarations of Japan’s importance to India’s economic transformation and development, a heavy emphasis and important results were achieved on the economic front. Modi told a press briefing that “Today, Prime Minister Abe has pledged a

qualitatively new level of Japanese support and partnership for India's inclusive development, including transformation of India's manufacturing and infrastructure sectors." Abe "announced his intention to realize [sic] ... \$35 billion in public and private investment and financing to India over the next five years." Meanwhile, Modi pledged to "introduce special mechanisms like Japan Fast Track Channel for Japanese Investors in India."

The bonhomie between Abe and Modi and verbal commitments on Japan's economic assistance to India constitute key features of India-Japan relations. Concrete results in other areas have yet to materialize. Especially noteworthy is the long, slow discussion of civil nuclear cooperation, India's apparent continuing resistance to holding a 2 + 2 dialogue at the minister-level (as opposed the vice-minister-/secretary-level), and the ongoing talks on sales of defense-related equipment. The full potential of the India-Japan Special Strategic and Global Partnership remains to be fulfilled.

### **India-South Korea relations: a "friction-free relationship"**

The main event for India-South Korea relations in the eight months since PM Modi took office has been the November meeting between Modi and President Park Geun-hye on the sidelines of the East Asia Summit in Nay Pyi Taw, Myanmar. This was their first bilateral meeting and follows a very recent tradition of prime ministerial and presidential visits – including by Park to India in January 2014. Prior to the meeting, the fourth round of the Foreign Policy and Security Dialogue (FPSD) was held in August. "Both sides reiterated their commitment to speed up the implementation of other decisions [having implemented, for example, Indian visa on arrival for Korean tourists], including upgradation of CEPA [Comprehensive Economic Partnership Agreement], setting up CEOs Forum and other investment projects." The CEO Forum was agreed to during Park's January 2014 visit to India.

Another important visit was by India's EAM Sushma Swaraj to Seoul from Dec. 28-30 for the eighth meeting of the India-South Korea Joint Commission. This was the highest-level Indian visit to Korea since PM Modi took office.

Economic relations continue to be active following operationalization of the CEPA at the beginning of January 2010. Bilateral trade is about \$16 billion. On the investment side, each country has invested about \$3 billion in the other. In a press briefing, Indian officials said about 300 Korean companies operate in India, employing some 40,000 people. During EAM Swaraj's late-December 2014 visit, Indian officials downplayed a running trade deficit, saying "... Korea is a major exporting country. It has surplus with a large number of countries including India. The effort is to seek Korean investments in India, request Korean companies to consider building in India, manufacturing in India as part of the Make in India campaign." Clearly, as with China and Japan, India's focus is on attracting foreign direct investment (FDI) from Korea.

On defense relations, a five-member Indian delegation at the secretary-level (i.e., vice minister) travelled to Seoul for the fifth Joint Commission Meeting in November. The JCM is designed to improve bilateral cooperation in the field of defense industries and logistics. But clearly there are limits on cooperation. At the time of EAM Swaraj's visit to Seoul, a journalist noted that "India had recently canceled a proposed defence deal with South Korea for eight minesweeper vessels

from the Kangnam Corporation, and the Koreans were really upset about it ...” and asked about India’s plans. An Indian official replied that India is “extremely keen that Korean shipyards participate in our shipbuilding activities including in the defence sector as again part of what I have mentioned to you specifically – the Make in India campaign which also provides for 49 per cent foreign investment in the defence sector. Therefore, we welcome Korean participation in defence manufacturing joint ventures and to participate in our defence acquisition programmes. We feel that such cooperation will engender an ecosystem that will help both India and Korea in this important sector.” Clearly, the focus is on joint production and development rather than direct purchases.

Finally, on civil nuclear cooperation, Indian officials stated that under the existing bilateral agreement areas identified for cooperation include research and development, training of Indian scientific personnel, and working together on next-generation reactors. However, no specific plan to conduct these activities was announced.

### **India-Southeast Asia relations**

PM Modi took office just months before important ASEAN-led gatherings such as the ninth East Asia Summit and the 12<sup>th</sup> India-ASEAN Summit, both of which were held in Nay Pyi Taw, Myanmar – the 2014 chair of ASEAN – in November 2014. Earlier in the year, India’s EAM Swaraj travelled to Myanmar for the 21<sup>st</sup> ASEAN Regional Forum (ARF), the 12<sup>th</sup> ASEAN-India Foreign Ministers Meeting, and the fourth East Asia Summit (EAS) Foreign Ministers Meeting to pave the way for Modi’s attendance and provided useful indications of India’s agendas and priorities in Southeast Asia.

During EAM Swaraj’s visit, she noted that there are now 26 dialogue mechanisms in seven topic areas between India and ASEAN. She suggested that science and technology cooperation should be elevated to the Senior Officials Meeting (SOM)-level in 2014 and then to full ministerial-level in 2015, and she also proposed that the existing Joint Working Group (JWG)-level dialogue on small- and medium-size enterprises should graduate to the SOM-level. She also announced plans to open India’s new mission to ASEAN before the November summits and explore seconding an officer to the ASEAN secretariat. India’s decision to create a separate mission to ASEAN and appoint a resident ambassador had been announced in April 2014. Swaraj expressed “hope that our Economic and Trade Ministers will be able to sign the FTA on Services and Investment” and “agree on the modalities for setting up a dedicated ASEAN India Trade and Investment Centre.” She also called for India, Myanmar, and Thailand to “begin negotiations on a Transit Transport Agreement at the earliest so that this can be concluded by the time the Trilateral Highway completes in 2016. A final specific area of focus was enhancing “visa facilitation for business purposes, including grant of long-term (5-10 years) multiple entry business visas and stay permits for professionals and their families.”

PM Modi’s own interactions with Southeast came both at the ninth EAS and the 12<sup>th</sup> India-ASEAN Summit, as well as in a series of bilateral meetings held on the sidelines of those summits. Bilateral meetings were held with Malaysia’s Prime Minister Najib Razak, Thailand’s Prime Minister Gen. Prayut Chan-o-cha, Singapore’s Prime Minister Lee Hsien Loong, Sultan of Brunei Haji Hassanal Bolkiah, and Daw Aung San Suu Kyi. An Indian Foreign Ministry

statement reported that Modi “referred to the possibility of cooperation between India and the ASEAN countries in the field of solar energy ... stressed on the need for India and ASEAN to collaboratively tackle terrorism, drug-trafficking and gun-running ... specifically mention[ing] the example of security intelligence sharing between India and Malaysia ... [as] a model which could be followed with other ASEAN member countries as well.” Modi self-reported in his blog that he had discussed “affordable housing with Razak, energy issues with the Sultan of Brunei and urban development issues with Lee.”

India-ASEAN economic relations are progressing at a successful if measured pace. Total trade is just under \$68 billion and a \$100 billion target has been set for 2015. On the investment side, inflows from ASEAN in the 14 years since 2000 is about \$28 billion or about 12.5 percent of the total. Meanwhile Indian investment in ASEAN reached \$32.4 billion during 2006-2014. In this context, PM Modi “welcomed the signing of two milestone agreements: the Agreement on Trade in Services and the Agreement on Investment of the Framework Agreement on Comprehensive Economic Cooperation” in August. He said he “looked forward to the early operationalization of these Agreements.” Modi also “underscored the need to expedite the ongoing Regional Comprehensive Economic Partnership (RCEP) negotiations and timely implementation of the ASEAN-India FTA.” On the other hand, Modi, in his remarks to ASEAN leaders, also suggested “we conduct a review of our free trade agreement on goods to improve it further and make it beneficial to all” and reiterated a call that now that the FTA on Services and Investment had been signed it “be brought into force at the earliest.” Given how fraught and lengthy the process was to achieve the FTA on goods, it is difficult to imagine that ASEAN leaders received the suggestion with enthusiasm.

Indeed, there are many mutterings across Southeast Asian ministries that India will be a major impediment to the RCEP because of Delhi’s concerns with China having further advantages in its markets on top of the current \$30 billion trade deficit it runs with that country. PM Modi seemed to allude to India’s concerns about RCEP in saying that while it could be a “springboard for economic integration and prosperity in the region ... we should aim for a balanced Agreement, which is beneficial to all; and, is truly comprehensive in nature, by an equally ambitious agenda with similar timelines for goods and services.”

### ***India-Vietnam relations***

India-Vietnam relations have been quite active since PM Modi took office. This might be explained by the fact that Hanoi will become the country coordinator for India-ASEAN relations in 2015. The high point of India-Vietnam relations were the state visit of Prime Minister Nguyen Tan Dung in October. Dung visited India in 2007 and then again in 2012 – the latter visit as part of the India-ASEAN Commemorative Summit. The October 2014 visit followed the visit of India’s President Pranab Mukherjee to Hanoi in September, which itself followed the visit of EAM Swaraj in August to inaugurate the third Roundtable of the ASEAN-India Network of Think Tanks. The September 2014 visit to Hanoi of India’s President Pranab Mukherjee was significant for the signing of an MoU providing a \$100 million concessional line of credit for the purchase by Vietnam of defense equipment from India. Interestingly, the MoU was signed between India’s Exim Bank and Vietnam’s Ministry of Finance, not the two defense ministries.

The India-Vietnam Joint Statement issued during the October 2014 state visit was notable for its focus on defense and military cooperation in the context of the two countries' Strategic Partnership. Indeed, defense was the first substantive point addressed in the Joint Statement – as well as in PM Modi's opening remarks at a joint media conference. The Joint Statement expressed "satisfaction at the progress made in defence cooperation" and called for "early implementation of the \$100 million Line of Credit Agreement" extended by India to Vietnam. While utilization of the credit line for defense purchases has been an ongoing bilateral issue, there are few public details as to why it has taken so long. Still "early implementation" appears to suggest that the gap may have been closed regarding what earlier – during the November 2013 visit to India of Vietnam's General Secretary of the Communist Party – were described as "suitable terms and conditions ..." Modi was more specific at the joint media appearance in October 2014, saying that "[w]e will quickly operationalize the 100 million dollars Line of Credit that will enable Vietnam to acquire new naval vessels from India." Modi also stated that for India "defence cooperation with Vietnam is among our most important ones. India remains committed to the modernization of Vietnam's defence and security forces. This will include expansion of our training programme, which is already very substantial, joint-exercises and cooperation in defence equipment." However, Vietnam's prime minister was more circumspect, saying only that "[b]oth sides agreed to move forward concrete cooperation in national defence and security an important pillar of the Vietnam-India Strategic Partnership..." Earlier in the year, in July, the first-ever India-Vietnam defense industry cooperation seminar was held in Hanoi.

On the South China Sea, New Delhi and Vietnam largely reiterated language from previous joint statements; though specific mention by PM Modi of Vietnam possibly acquiring naval vessels from India suggested that India and Vietnam are moving beyond the carefully worded appeals for "freedom of navigation and overflight in the East Sea/South China Sea." Still, the issue was not signaled prominently; it was referenced as the 15<sup>th</sup> of 17 items in the October 2014 Joint Statement. PM Dung, in a joint media appearance with Modi, and in the context of discussing both countries' approach to the South China Sea issue, stated that "Vietnam highly appreciated India's position regarding the East Sea issue and India's continued cooperation with Vietnam in oil and gas exploration and extraction in the exclusive economic zone and continental shelf of Vietnam in the East Sea." While past Indian statements have emphasized the purely commercial nature of this involvement, Dung's statement sought to imply that both countries see this as a de facto acknowledgement that the joint oil and gas exploration buttresses Vietnam's claims. India meanwhile continued to emphasize that its involvement was commercially motivated. In reply to a media question whether China would be an impediment to taking up such joint exploration, an Indian diplomat stated that India was examining the blocks offered by Vietnam and "if they are commercially viable for us, certainly we will ... proceed further." He noted that the "India and Vietnam relationship is not contingent on other countries."

On India-Vietnam economic issues, there is an acknowledgement that cooperation is below potential. Indeed, prior to PM Dung's visit, an Indian Foreign Ministry official stated, "I think the real big focus of this visit is really the economic engagement." During the visit, PM Modi stated that "[w]e emphasized the need for stronger economic relationship as an essential component of a strong strategic partnership" suggesting that economic ties have not kept pace with diplomatic and defense ties. Modi went on to say that he saw "great opportunities for increased trade and enhanced Indian participation" in a range of Vietnam's business sectors

“such energy, infrastructure, textiles, chemicals, machinery, agro-processing and information technology...” And he noted that India has “offered to discuss additional lines of credit to support Vietnam’s efforts to diversify its industry and economic linkages.” The two countries reiterated a trade target of \$15 billion by 2020. Nevertheless, bilateral commercial ties have made progress. Trade in 2013-2014 reached almost \$8 billion more than the \$7 billion target set for 2015. Trade grew by 30 percent over the previous year. India runs a surplus of about \$3 billion. Investment constitutes a very small share of the economic relationship with India’s investments in Vietnam totaling about \$1 billion. An Indian diplomat briefing the press prior to the October visit stated that India’s investment strategy for Vietnam is a priority for Indian companies because of ASEAN’s integration and move toward the ASEAN Economic Community (AEC), but also because Vietnam is negotiating the Trans-Pacific Partnership (TPP). In the context of these developments “those Indian companies that establish a presence in Vietnam will actually have a huge advantage in this new integrated Asia and also in the Pacific partnership.”

Overall, India-Vietnam ties are proceeding smoothly but both countries implied there is room for further progress by including in the joint statement a call for “more intensive exchanges at all levels under the established dialogue mechanisms and urged effective implementation of agreements concluded between both countries.”

### ***India-Singapore relations***

India and Singapore continued their tradition of close ties. Following the July 2014 visit of Singapore Foreign Minister K. Shanmugam to India, EAM Swaraj visited Singapore in August where she inaugurated the “Year of India” in Singapore and declared the country “our closest partner in our enhanced Look East Policy ....” Swaraj acknowledged that Singapore is India’s largest trading and investment partner in Southeast Asia. The existing Comprehensive Economic Cooperation Agreement signed a decade ago appears to have paid benefits with bilateral trade having risen from about \$4.2 billion in 2003-4 to \$19.4 billion in 2013-2014. Swaraj also announced the awkwardly titled “5S plank” initiative to build further ties including scaling up trade and investment, speeding up connectivity, small cities, skill development, and state-level focus by Singapore in India. She called on Singapore to launch air-connectivity between itself and northeast India. In 2015, Singapore’s President Tony Tan is expected to visit India to launch the Festival of Singapore and President Mukherjee to travel to Singapore for the Year of India.

Meanwhile defense exchanges and cooperation continue. In November, Singapore Air Force Chief Maj. Gen. Hoo Cher Mou travelled to India. Singapore’s Minister of Defense Ng Eng Hen also visited India to discuss ongoing and potential cooperation.

### ***India-Thailand relations***

Thailand experienced a military coup the week prior to PM Modi taking office. Relations since have been limited. Modi met Prime Minister Gen. Prayuth Chan-ocha on the sidelines of the EAS and India-ASEAN Summit in November. Previously, in July Supreme Commander of the Royal Thai Armed Forces Gen. Thanasak Patimaprakorn visited India for meetings with the defense minister and military officials. Reportedly, the meeting had been scheduled months before the coup, and was seen as a professional military visit and not a political visit. In the midst

of the coup, India cancelled its participation in the *Maitree* exercise. A small detachment of Indian soldiers was already in Thailand and the opening ceremony for the exercise had been held. But the government of India decided to recall the troops without completing the exercise. The only other significant bilateral visit was by Indian Minister of State for Home Affairs Kiren Rijiju who travelled to Bangkok regarding cooperation in apprehending criminals wanted in India, but who had fled to Thailand. Rijiju also informed his Thai counterparts that many insurgent groups from India's northeast flee to Southeast Asia, especially Myanmar and Thailand and the government of India "would approach the Thai authorities for assistance in curtailing their activities." However, "General Anupong Paochinda informed that Thai Prime Minister was very clear that no militant activity takes place in Thailand."

### ***India-Indonesia relations***

PM Modi met Indonesia's President Joko Widodo on the sidelines of the EAS in Myanmar in November. According to press reports, the two leaders discussed how to develop stronger economic ties and improve cooperation on defense systems. Current bilateral trade stands at about \$20 billion, but the two countries have very minimal mutual investment stakes. Later in the same month, India's Air Chief Marshal Arup Raha made a four-day visit to Jakarta for visits with his counterpart and the new Indonesian defense minister. According to an Indian statement the visit "plans in seizing the opportunity to bridge gaps in laying a foundation for a long lasting defense relations between India and Indonesia" and "expressed India's commitment to support the Indonesian Defence Industry."

### ***India-Myanmar relations***

The main event of India-Myanmar relations after PM Modi took office was a short 45-minute bilateral meeting with Myanmar President Thein Sein during his visit to the country for the EAS and the India-ASEAN Summit. The discussions focused on the "3Cs of culture, commerce and connectivity." The two leaders "reviewed the progress of major connectivity projects between the two countries including the India Myanmar Thailand trilateral highway, and Kaladan transport project." They also "sought to explore the possibility of setting up industrial parks along the highway ..." and discussed the Imphal-Mandala bus service." Other forms of economic cooperation discussed included the possibility of India investing in Special Economic Zones and oil and gas sectors in Myanmar. Development projects in agriculture and skill development were also reportedly discussed. Modi also met Aung San Suu Kyi separately, describing "her as a symbol of democracy, and [referring] to the enormous effort and sacrifice she has made for democracy." Meanwhile, "Daw Aung San Suu Kyi described India as her second home."

Earlier, in May, India and Myanmar signed an MoU on Border Cooperation with India's ambassador to Myanmar signing for his country and Defense Minister Maj. Gen. Kyaw Nyunt signing for Myanmar. According to press reports, a "key provision is that of conduct of coordinated patrols on their respective sides of the international border and the maritime boundary by the Armed Forces of the countries." At the end of October, during a two-day meeting on boundary issues, officials of the Survey Department of the two countries signed a MoU to resolve border discrepancies.



## India-Australia relations

India-Australia relations in the May-December 2014 timeframe saw two important visits. Prime Minister Tony Abbott traveled to India in September as the first state visit during the Modi administration. PM Modi went to Australia in November for the G-20 Summit and a bilateral state visit – becoming the first Indian prime minister to visit Australia since 1986. There were other high elements of symbolism – such as Modi becoming the first Indian prime minister to address a joint session of Parliament. This was also the first time leaders of the two countries have exchanged visits in the same year.

The big success of PM Abbott's trip was the signing of a MoU on civilian nuclear cooperation; formal negotiations had been initiated in January 2013. PM Modi was effusive in announcing the agreement, saying "The signing of the civil nuclear cooperation agreement is a historic milestone in our relationship. It is a reflection of a new level of mutual trust and confidence in our relationship and will open a new chapter in our bilateral cooperation." According to the joint statement, the agreement "would enable the sale of Australian uranium to support India's growing energy needs" and the two leaders directed negotiators to conclude administrative arrangements at an early date. As of this writing it is unclear if and when the first sale of uranium will be made.

On the defense side, the two countries announced a decision to hold their first bilateral naval exercise in 2015. However, there was no reference to South China Sea or East China Sea maritime disputes in the joint statement. In response to a pre-trip media briefing question regarding possible quadrilateral naval exercises among the US, Japan, Australia, and India, an Indian diplomat said "frankly there has been no move on that." Further, according to the joint statement "[the two leaders] welcomed growing cooperation in defence, counter-terrorism, cyber policy, transnational crime, disarmament and non-proliferation, humanitarian assistance, disaster management and peacekeeping. They [also] called for deepening the framework of defence and security cooperation to guide the bilateral engagement in these and other priority areas."

On the economic side, PM Modi expressed concern about the decline in bilateral trade during the past two years and reiterated a commitment to conclude a Comprehensive Economic Cooperation Agreement (CECA) as early as possible. Current bilateral trade stands at about \$15 billion – far below the \$40 billion target set by the two countries. The bilateral investment picture is a bit better, with an Indian diplomat explaining in a pre-visit briefing that Indian investments equal about \$10 billion in the Australian resource sector "and there are many more that are in the pipeline." He also expressed Indian interest in Australia engaging in India's resource sector through exploration, supply of machinery, and technology. An important agreement was an accord on social security that would "ensure that the social security payments made by numerous Indian professionals working in western countries are repaid when they leave that country permanently." The agreement with Australia is important to India, which seeks a similar agreement with the United States. The two leaders also decided to "reconstitute" the Australia-India CEO Forum to give a boost to private-sector ties.

## **India-South Pacific/Fiji relations**

An unusual element of PM Modi's Asia-Pacific outreach was a November visit to Fiji where he addressed the Parliament – the first Indian prime minister to do so, and the first world leader to do so. This was the first visit by an Indian prime minister since Indira Gandhi visited in 1981. In his speech, Modi said that he regards Fiji as an important partner that “could serve as a hub for stronger Indian engagement with Pacific Islands.” Importantly, the visit followed the holding of parliamentary elections in September – the first elections since a military coup in 2006.

Modi also agreed to several assistance projects for Fiji including a parliamentary library, a \$5 million fund for promoting small business and village enterprises, a \$70 million credit line for co-generation power plant, and a doubling of scholarships and training in India for Fijians. He also announced a visa on arrival for Fijians. Modi also thanked Fiji for hosting Indian scientists while they tracked India's successful Mars Mission earlier in the year.

At a meeting of Pacific Island leaders, PM Modi proposed to hold a Forum for India-Pacific Islands Cooperation (FIPIC) meeting in 2015 at a coastal Indian location. He also announced the establishment of a \$1 million Special Adaptation Fund to address climate change that could draw on Indian technical assistance and training. As for Fiji, the prime minister announced “visa on arrival” for all 14 Pacific island countries. He also proposed a \$200,000 grant to each Pacific island country for community projects selected by the country and the establishment of a trade office in India that has been “a long time request.”

## **Conclusions**

The eight months since PM Modi has taken office in India has included a robust set of exchanges and visits across the Asia-Pacific region. By announcing an “Act East” policy, the prime minister has created high expectations. It remains to be seen whether thorny issues ranging from a civilian nuclear cooperation agreement with Japan or a border dispute settlement with China can be achieved during his tenure.

Perhaps more immediately important to India is how it will expand what are growing but still limited trade and investment ties to the region as ASEAN and wider Asian integration evolves. It is clear that India under PM Modi is putting emphasis on reviving and developing India's economy – especially attracting investment in industry and manufacturing to support the “Make in India” campaign and infrastructure. India will therefore need not only capital from the region and especially China (reflected in India's decision to join the still embryonic China-led Asian Infrastructure Investment Bank or AIIB) and Japan, but also deeper trade and investment ties to regional countries as they move forward with both formal and business-led integration. India is quite reticent about the RCEP initiative largely due to concerns that such an arrangement will further disadvantage India in economic relations with China – its most crucial trade partner in Asia. Hence, Modi's carefully worded support for RCEP. Also, his call to review the existing India-ASEAN FTA in goods bears watching for specific details. That agreement was achieved after lengthy and difficult negotiations and it is not clear yet whether regional countries will welcome a reopening of those discussions while RCEP (and TPP) talks are also underway.

Another important issue will be how the US-India relationship develops in the Asia-Pacific context. During PM Modi's visit to Washington in late September, the joint statement sought to highlight the convergence of India's "Act East" policy and the US "rebalance to Asia" and the US and India "committed to work more closely with other Asia-Pacific countries through consultations, dialogues and joint exercises." They specifically "underlined the importance of their trilateral dialogue with Japan ..." With President Obama now scheduled to be India's chief guest at Republic Day in January 2015, the visit bears close watching for evidence of how several months of active Indian engagement across East Asia and the wider Asia-Pacific under the new Modi administration lines up with US-India cooperation including in the Asia-Pacific region.

### **Chronology of India-US Relations May 2014 – December 2014**

**May 26, 2014:** Narendra Modi is sworn in as India's new prime minister following a landslide victory in India's national elections.

**June 8-10, 2014:** China's Foreign Minister Wang Yi visits New Delhi.

**June 26-30, 2014:** India's Vice President Hamid Ansari visits China primarily to mark the 60<sup>th</sup> anniversary of *Panchsheel* or the five principles of mutual co-existence.

**June 30-July 6, 2014:** Singapore Foreign Minister K. Shanmugam visits India.

**Aug. 9-10, 2014:** India's External Affairs Minister Sushma Swaraj travels to Myanmar for the 21<sup>st</sup> ASEAN Regional Forum (ARF), the 12<sup>th</sup> ASEAN-India Foreign Ministers Meeting, the fourth East Asia Summit (EAS) Foreign Ministers meeting,

**Aug. 15-17, 2014:** India's External Affairs Minister visits Singapore for meetings.

**Aug. 25, 2014:** EAM Swaraj travels to Vietnam to inaugurate the third Roundtable of the ASEAN India Network of Think Tanks.

**Aug. 31-Sept 3, 2014:** Prime Minister Modi visits Japan.

**Sept. 4-5, 2014:** Australia's Prime Minister Tony Abbott visits India.

**Sept. 14-17, 2014:** India's President Pranab Mukherjee visits Vietnam; a Letter of Credit for \$100 million from India to Vietnam for defense purchases is signed.

**Sept. 17-19, 2014:** President Xi Jinping makes a state visit to India.

**Oct. 27-28, 2014:** Vietnam's President Nguyen Tan Dung makes state visit – his third – to India.

**Nov. 11-13, 2014:** PM Modi travels to Myanmar for the EAS and India-ASEAN Summit.

**Nov. 14-18, 2014:** PM Modi visits Australia.

**Nov. 15, 2014:** PM Modi participates in the BRICS Summit held in Brisbane, Australia on the sidelines of the G-20 Summit.

**Nov. 19, 2014:** PM Modi visits Fiji.

**Dec 2, 2014:** Gen. Peter Cosgrove, governor general of Australia, and Lady Cosgrove visit India and meet President Pranab Mukherjee.

**Dec 28-30, 2014:** EAM Swaraj visits South Korea for the eighth meeting of the India-South Korea Joint Commission.

## About The Contributors

**Carl Baker** is the director of programs and co-editor of *Comparative Connections* at Pacific Forum, CSIS and an adjunct professor with the International Studies Department at Hawaii Pacific University. Previously he was on the faculty at the Asia-Pacific Center for Security Studies. He has extensive experience in the Republic of Korea, having served with the UN Military Armistice Commission and as a political and economic intelligence analyst. He also served seven years in a variety of military staff assignments in Japan, the Philippines and Guam. A graduate of the Air War College, he has an M.A. in public administration from the University of Oklahoma and a B.A. in anthropology from the University of Iowa.

**Jiun Bang** is a Ph.D. candidate in Political Science at the University of Southern California. From 2008-2010, she was an associate at the Korea Institute for Defense Analyses (KIDA), a government-affiliated research institute in Seoul. During that time, she was the assistant editor of *The Korean Journal of Defense Analysis*. Before joining KIDA, she worked on Middle East issues at a research institute located in Washington DC. She received her M.A. in Security Studies at Georgetown University, and her B.A. in international Relations from Ewha Womans University in Seoul, her hometown.

**David G. Brown** is an adjunct professor in the China Studies Program at the Johns Hopkins School of Advanced International Studies (SAIS). His 30-year diplomatic career focused on Asia and included assignments in Tokyo, Beijing, Taipei, Hong Kong, and Saigon as well as tours in Vienna and Oslo. After leaving government in 1996, Mr. Brown served as senior associate at the Asia Pacific Policy Center, a nonprofit institution in Washington DC. During 1996-2000, Mr. Brown served concurrently as the Chair of the East Asian Area Studies course at the State Department's Foreign Service Institute. He joined SAIS in 1999. He has a degree in East Asian Studies from Princeton University.

**See-Won Byun** is a PhD student in political science at The George Washington University and non-resident Kelly Fellow of Pacific Forum CSIS. Her research interests include Chinese domestic and foreign policy and Northeast Asian relations. Previously, she was a Research Associate at The Asia Foundation's Center for U.S.-Korea Policy in Washington DC. She has provided research and program support to the Freeman Chair in China Studies at the Center for Strategic and International Studies and the Center for Northeast Asian Policy Studies at The Brookings Institution. She was a Brent Scowcroft Award Fellow of the Aspen Institute's Aspen Strategy Group in spring 2007. Ms. Byun received a B.A. in economics from Brown University, an M.A. in Chinese area studies from Yonsei University, and an M.A. in international affairs from The George Washington University. She studied international politics at Peking University in Beijing.

**Aidan Foster-Carter** is an honorary senior research fellow in Sociology and Modern Korea at Leeds. He is also a freelance analyst and consultant: covering the politics and economics of both South and North Korea for, amongst others, the *Economist Intelligence Unit*, *Oxford Analytica*,

and *BBC World Service*. Between 1991 and 1997 he lectured on sociology at the universities of Hull, Dar es Salaam (Tanzania), and Leeds. A prolific writer on and frequent visitor to the Korean Peninsula, he has lectured on Korean and kindred topics to varied audiences in 20 countries on every continent. He studied Classics at Eton, Philosophy, Politics, and Economics at Balliol College Oxford, and Sociology at Hull.

**Ralph A. Cossa** is President of the Pacific Forum CSIS in Honolulu, a non-profit, foreign policy research institute affiliated with the Center for Strategic and International Studies (CSIS) in Washington, D.C. He is senior editor of the Forum's quarterly electronic journal, *Comparative Connections*. Mr. Cossa is a member of the ASEAN Regional Forum (ARF) Experts and Eminent Persons Group. He is a founding member of the multinational track two Council for Security Cooperation in the Asia Pacific (CSCAP). He co-chairs the CSCAP study group aimed at halting the proliferation of weapons of mass destruction in the Asia Pacific region and also serves as Executive Director of the US Member Committee (USCSCAP). He also serves on the Board of the Council on US-Korean Security Studies and the National Committee on US-China Relations (NY) and is a member of the International Institute for Strategic Studies (London). He is a frequent contributor to regional newspapers, including the *Japan Times*, *Korea Times*, and *International Herald Tribune*. His most recent works are *The United States and the Asia-Pacific Region: Security Strategy for the Obama Administration* (Washington DC: Center for a New American Security, 2009); "US-Japan Relations: What Should Washington Do?" in *America's Role in Asia: Recommendations for US Policy from Both Sides of the Pacific* (San Francisco: Asia Foundation, 2008), pp. 207-218; and *An East Asian Community and the United States*, Ralph A. Cossa and Akihiko Tanaka, eds., (Washington, D.C.: CSIS Press, 2007).

**Bonnie Glaser** is a senior fellow with the CSIS Freeman Chair in China Studies, where she works on issues related to Chinese foreign and security policy. She is concomitantly a senior associate with Pacific Forum CSIS. From 2003 to mid-2008, Ms. Glaser was a senior associate in the CSIS International Security Program. Prior to joining CSIS, she served as a consultant for various US government offices, including the Departments of Defense and State. Ms. Glaser has written extensively on Chinese security issues and threat perceptions, China's foreign policy, Sino-US relations, cross-strait relations, Chinese assessments of the Korean Peninsula, and Chinese perspectives on multilateral security in Asia. Her writings have been published in the *Washington Quarterly*, *China Quarterly*, *Asian Survey*, *International Security*, *Problems of Communism*, *Contemporary Southeast Asia*, *American Foreign Policy Interests*, *Far Eastern Economic Review*, *Korean Journal of Defense Analysis*, *New York Times*, and *International Herald Tribune*, as well as various edited volumes on Asian security. She is currently a board member of the US Committee of the Council for Security Cooperation in the Asia Pacific and a member of the Council on Foreign Relations, and she served as a member of the Defense Department's Defense Policy Board China Panel. Ms. Glaser received her B.A. in political science from Boston University and her M.A. with concentrations in international economics and Chinese studies from the Johns Hopkins School of Advanced International Studies.

**Brad Glosserman** is executive director at Pacific Forum CSIS and co-editor of *Comparative Connections*. He is also the director of the Pacific Forum's Young Leaders Program. Mr. Glosserman is the former director of research at Pacific Forum. He has authored dozens of monographs on topics related to US foreign policy and Asian security. His opinion articles and

commentary have appeared in media around the world. Prior to joining Pacific Forum, he was, for 10 years, a member of The Japan Times editorial board, and continues to serve as a contributing editor for the newspaper. Mr. Glosserman has a J.D. from George Washington University, an M.A. from Johns Hopkins University's School of Advanced International Studies (SAIS) and a B.A. from Reed College.

**Michael J. Green** is senior vice president for Asia and Japan Chair at the Center for Strategic and International Studies (CSIS) and an associate professor at the Edmund A. Walsh School of Foreign Service at Georgetown University. He served as special assistant to the president for national security affairs and senior director for Asian affairs at the National Security Council (2001-2005). From 1997-2000, he was senior fellow at the Council on Foreign Relations; he also served as senior adviser at the Department of Defense. He was a research staff member at the Institute for Defense Analyses (1995-1997) and an assistant professor at the Johns Hopkins School of Advanced International Studies (SAIS) (1994-1995). Dr. Green spent over five years working as a staff member of the Japanese Diet, as a journalist for Japanese and American newspapers, and as a consultant for US business. Dr. Green received his Ph.D. (1994) and M.A. (1987) from SAIS. He graduated from Kenyon College.

**Chin-Hao Huang** is a Ph.D candidate in Political Science at the University of Southern California. From 2007-2009 he was a researcher at the Stockholm International Peace Research Institute (SIPRI). Until 2007, he worked at the Freeman Chair in China Studies at the Center for Strategic and International Studies (CSIS). He has written on China's role in international peacekeeping and on China-Africa-US relations, including *China's Expanding Role in Peacekeeping: Prospects and Policy Implications*, (SIPRI: Stockholm, October 2009) (with Bates Gill); "China's Renewed Partnership with Africa: Implications for the United States," *China into Africa: Trade, Aid and Influence* (Brookings Institution Press, 2008); and "US-China Relations and Darfur," *Fordham International Law Journal*, vol. 31, no. 4, 2008.

**David Kang** is Professor of International Relations and Business, and director of the Korean Studies Institute, at the University of Southern California. Kang is author of *China Rising: Peace, Power, and Order in East Asia* (Columbia University Press, 2007); *Crony Capitalism: Corruption and Development in South Korea and the Philippines* (Cambridge University Press, 2002), and *Nuclear North Korea: A Debate on Engagement Strategies* (co-authored with Victor Cha) (Columbia University Press, 2003). He has published numerous scholarly articles in journals such as *International Organization* and *International Security*, as well as opinion pieces in leading newspapers around the world. Kang is also a regular consultant for both multinational corporations and US government agencies. Professor Kang was previously Professor of Government and Adjunct Professor at the Tuck School of Business, Dartmouth College and has been a visiting professor at Stanford University, Yale University, Seoul National University, Korea University, and the University of Geneva. He received an A.B. with honors from Stanford University and his Ph.D. from Berkeley.

**Satu Limaye** is the Director, East-West Center in Washington. From October 2005 to February 2007, he was a Research Staff Member at the Institute for Defense Analyses (IDA) and from 1998-2005 Director of Research and Publications at the Asia-Pacific Center for Security Studies (APCSS), a direct reporting unit of U.S. Pacific Command. He has been a Research Fellow at the

Japan Institute of International Affairs (JIJA). His research and publications focus on U.S.-Asia relations. He is a graduate of Georgetown University and received his doctorate from Oxford University (Magdalen College) where he was a George C. Marshall Scholar.

**Stephen Noerper** is a Korea and Northeast Asia specialist with more than two and a half decades in non-profits, academe, the private sector, and public service. He served with New York University, the US State Department, Asia-Pacific Center for Security Studies and Nautilus Institute, among others. He has taught at American University, the National University of Mongolia, where he was a Fulbright Senior Scholar, and Japan's Waseda University, and was a fellow at Korea's National Diplomatic Academy (formerly IFANS), the East West Center, EastWest Institute and Edward R. Murrow Center. He has appeared on CNN, Bloomberg, BBC, MSNBC, Reuters, VOA and NHK television, BBC, ABC and National Public Radio, and in *Newsweek*, journals and print. He holds graduate degrees from the LSE and Fletcher School.

**James J. Przystup** is senior fellow and research professor in the Institute of National Strategic Studies at the National Defense University. Previously, he was Director of the Asian Studies Center at The Heritage Foundation, a staff member on the US House of Representatives' Subcommittee on Asian and Pacific Affairs, and director for Regional Security Strategies on the Policy Planning Staff in the Office of the Secretary of Defense. He worked in the private sector at Itochu and IBM. Dr. Przystup graduated from the University of Detroit and holds an M.A. in International Relations and a Ph.D. in Diplomatic History from the University of Chicago.

**Kevin C. Scott** is associate director of the Center for Northeast Asian Policy Studies (CNAPS) at the Brookings Institution, where he has worked since 2002. He is responsible for program and publication management, and a variety of administrative tasks. His substantive interests include the history of U.S. relations with Taiwan and Asia, and he has written previously on political relations between China and the Vatican. He holds a B.A. in government from the University of Notre Dame and an M.A. in Asian studies from the University of Pittsburgh.

**Sheldon Simon** (Ph.D., University of Minnesota) is professor in the School of Politics & Global Studies at Arizona State University where he has been a faculty member since 1975. A specialist in Asian international politics and US national security, he has also held faculty appointments at George Washington University, University of Kentucky, Carleton University (Ottawa), University of Hawaii, University of British Columbia, Monterey Institute of International Studies, American Graduate School of International Management, and US Naval War College. Professor Simon is the author or editor of ten books and approximately 200 scholarly articles and book chapters in such journals as *Asian Survey*, *Pacific Affairs*, *The Pacific Review*, *NBR Analysis*, *The Australian Journal of International Affairs*, *China Quarterly*, *Asian Security*, *Orbis*, and *Current History*. He has also been a consultant to the US Departments of State and Defense and is senior advisor to The National Bureau of Asian Research.

**Scott Snyder** is senior fellow for Korea studies and director of the program on US-Korea policy at the Council on Foreign Relations (CFR). His program examines South Korea's efforts to contribute on the international stage, its potential influence and contributions as a middle power, and the implications of North Korean instability. He is also a contributor for the blog, "Asia Unbound" and previously served as the project director for the CFR's Independent Task Force



on policy toward the Korean Peninsula. Previously, Snyder was a senior associate at The Asia Foundation, where he founded and directed the Center for US-Korea Policy and served as The Asia Foundation's representative in Korea. He was also a senior associate at Pacific Forum CSIS. Mr. Snyder has worked in the research and studies program of the US Institute of Peace and as acting director of Asia Society's contemporary affairs program. Mr. Snyder has authored numerous books including *The U.S.-South Korea Alliance: Meeting New Security Challenges* (editor, forthcoming, Lynne Rienner Publishers), *China's Rise and the Two Koreas: Politics, Economics, Security* (2009), *Paved with Good Intentions: The NGO Experience in North Korea* (co-editor, 2003), and *Negotiating on the Edge: North Korean Negotiating Behavior* (1999). He serves on the advisory council of the National Committee on North Korea and Global Resource Services. Snyder received a B.A. from Rice University and an M.A. from the regional studies East Asia program at Harvard University. He was a Thomas G. Watson fellow at Yonsei University in South Korea, a Pantech visiting fellow at Stanford University's Shorenstein Asia-Pacific Research Center during 2005-06, and received an Abe fellowship, administered by the Social Sciences Research Council, in 1998-99.

**Robert Sutter** is Professor of Practice of International Affairs at the Elliott School of George Washington University. His earlier full-time position was Visiting Professor of Asian Studies at Georgetown University (2001-2011). A Ph.D. graduate in History and East Asian Languages from Harvard University, Sutter has published 19 books, over 200 articles and several hundred government reports dealing with contemporary East Asian and Pacific countries and their relations with the United States. His most recent book is *U.S.-Chinese Relations: Perilous Past, Pragmatic Present* (Rowman and Littlefield 2010). Sutter's government career (1968-2001) saw service as the director of the Foreign Affairs and National Defense Division of the Congressional Research Service, the National Intelligence Officer for East Asia and the Pacific at the US Government's National Intelligence Council, and the China division director at the Department of State's Bureau of Intelligence and Research.

**Nicholas Szechenyi** is Deputy Director and Fellow, Japan Chair at CSIS. Prior to joining CSIS, he was a news producer for *Fuji Television* in Washington, D.C. In 2000, he served as editor of an annual overview of US-Japan relations published by the Edwin O. Reischauer Center at the Johns Hopkins University School of Advanced International Studies (SAIS). From 1994 to 1998, he was a program associate at the Japan Foundation Center for Global Partnership, where he administered more than 30 policy-oriented research projects on East Asian affairs. He received an M.A. in international economics and Japan studies from SAIS and a B.A. in Asian studies from Connecticut College.

**Jacqueline Vitello** is a research associate and program coordinator with the Freeman Chair in China Studies at CSIS, where she works on projects that pertain to Chinese foreign and security policy, US-China bilateral relations, and cross-strait relations. Prior to joining CSIS, she completed a Boren Fellowship in Taiwan, where she conducted research on US-Taiwan relations. She also interned with the MacArthur Center for Security Studies in Taipei, as well as with the CSIS Freeman Chair in 2012. Vitello graduated with an M.A. in international security from the University of Denver's Josef Korbel School of International Studies in 2013. She received a B.A. in international affairs and a B.S. in chemistry from Florida State University.

**Yu Bin** is Professor of Political Science and Director of East Asian Studies at Wittenberg University (Ohio, USA), and senior fellow of the Shanghai Association of American Studies. Yu is the author and co-author of six books and more than 100 book chapters and articles in journals including *World Politics*, *Strategic Review*, *China and Eurasia Forum Quarterly*, *Asia Policy*, *Asian Survey*, *International Journal of Korean Studies*, *Journal of Chinese Political Science*, *Harvard International Review*, *Asian Thought and Society*, etc. A senior writer of *Asia Times* and co-editor of the Beijing based *Foreign Affairs Observer* (外交观察), Yu has also published numerous opinion pieces in many leading English and Chinese language media outlets around the world such as *International Herald Tribune* (Paris), *People's Daily* (Beijing), *Foreign Policy In Focus* (online), *Yale Global* (online), the BBC, Public Radio, Radio Beijing, Radio Australia, etc. Previously, he was a fellow at the East-West Center in Honolulu, president of Chinese Scholars of Political Science and International Studies, a MacArthur fellow at the Center of International Security and Arms Control at Stanford and a research fellow at the Center of International Studies of the State Council in Beijing. He received a B.A. from the Beijing University of Foreign Studies, a M.A. from the Chinese Academy of Social Sciences, and his Ph.D. from Stanford.



**1003 Bishop Street, Suite 1150, Honolulu, Hawaii 96813**  
**Phone: (808) 521-6745 Facsimile: (808) 599-8690**  
**Email: [pacificforum@pacforum.org](mailto:pacificforum@pacforum.org) Web: [www.pacforum.org](http://www.pacforum.org)**