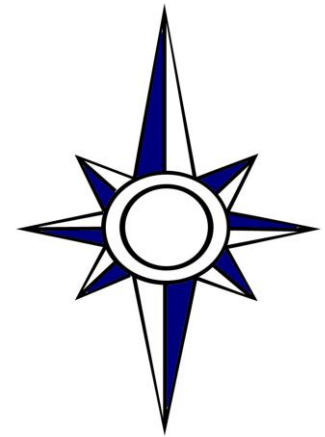




P a c i f i c F o r u m C S I S



Comparative Connections



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

edited by

Carl Baker
Brad Glosserman

January – April 2012
Vol. 14, No.1
May 2012

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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.

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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.

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

There is an old Japanese saying that one should be prepared “to wait even three years sitting on the rock” (“*ishi no ue ni mo sannen*”). After three tumultuous and frustrating years as the Democratic Party of Japan (DPJ) tried to find its sea legs, Prime Minister Noda Yoshihiko finally made the first official visit to Washington of a Japanese prime minister since the spring 2009. Noda had his hands full this quarter: pursuing an increase in the consumption tax, trying to convince a wary public to support some continuation of nuclear power, cobbling together domestic support to move ahead with Japanese participation in the Trans-Pacific Partnership (TPP) negotiations, and facing the perennial struggle to make progress on relocating Marine Corps Air Station Futenma on Okinawa. By the time of his Washington visit, Noda had started to line up support for the consumption tax, backed off temporarily on TPP, and waited on restarting nuclear plants. However, he did manage to complete an agreement to move ahead with de-linking the move of about 9,000 US Marines to Guam and other locations in the Pacific and setting aside (but not giving up on) the Futenma Relocation Facility (FRF). That announcement was a rare victory and set a positive tone for the summit and the joint statement Noda and President Obama made pledging to revitalize the US-Japan alliance. The prime minister returned home on May 1 facing the same stack of difficult domestic political challenges, but with an important if limited accomplishment in foreign policy.

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by Bonnie Glaser, CSIS/Pacific Forum and Brittany Billingsley, CSIS

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by Victor Cha, CSIS/Georgetown University and Ellen Kim, CSIS

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by Catharin Dalpino, Simmons College

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

Chinese interchange with Southeast Asia featured President Hu Jintao's visit to Cambodia, displaying positive diplomacy laced with economic incentives. The unusual high-level attention to Cambodia was related to China's efforts to manage disputes with Southeast Asian claimants in the South China Sea and Cambodia's appointment as the chair of ASEAN. Playing host at the Boao International Forum, Vice Premier Li Kejiang in a meeting with Vietnamese Deputy Prime Minister Hoang Trung Hai supported Hu's emphasis in Cambodia on managing disputes diplomatically. Several Chinese leaders endeavored to solidify Chinese relations during meetings in China with senior officials from several regional governments, emphasizing in particular the mutual importance of growing economic ties. Chinese commentary generally supported China's South China Sea claims in carefully measured terms, though a widely publicized faceoff in April between Chinese and Philippine government ships over fishing rights in a disputed area of the South China Sea was accompanied by strong Chinese warnings to the Philippines as well as Vietnam, and repeated charges against the US along with accusations against Russia and India.

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by David G. Brown, The Johns Hopkins School of Advanced International Studies

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by Aidan Foster-Carter, University of Leeds, UK

Covering inter-Korean relations for *Comparative Connections* has been a roller-coaster ride, given the peninsula's changeable political weather. Even so, the current state of affairs is unprecedented. Pyongyang has spent the whole of 2012 hurling ever ruder and angrier jibes at ROK President Lee; plumbing the depths even by North Korean standards. In April, *KCNA* published and trumpeted a set of vicious cartoons that depict Lee as a rat being gorily done to death. From the viewpoint of inter-Korean relations, the past four months essentially saw almost no interaction except this one-sided name-calling. Unsurprisingly Seoul did have a few words to say in response, which only served to rile Pyongyang more. Wading through filth is no fun, but duty must be done as we describe and try to interpret North Korea's slander campaign, which showed ominous signs of escalating from words to deeds. In some obscure way, one intended function may be to boost the callow Kim Jong Un, so we also briefly report his formal accession to the DPRK's top leadership posts.

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

The 20-year anniversary of diplomatic relations between China and South Korea may provide a pretext for more active diplomacy to meet a growing list of potential disputes in the relationship, including China's handling of North Korean refugees, illegal fishing in Korean territorial waters, territorial claims, and mutual suspicions regarding approaches toward North Korea. Presidents Hu Jintao and Lee Myung-bak have held two summits this year and there has been increased interaction among other senior leaders as well. These diplomatic exchanges have sharpened attention on the prospects for the bilateral partnership in the aftermath of Kim Jong Il's death. Meanwhile, high-level contacts between China and North Korea have stalled since December. Beijing made renewed calls for restraint on the Korean Peninsula following North Korea's failed launch of an "earth observation satellite" and a UN Security Council (UNSC) President's Statement strongly condemning the launch. This has dampened China's hopes for regional engagement. Marking the 100th birthday of Kim Il Sung, the attempted launch was made two days after Kim Jong Un's appointment as First Secretary of the Workers' Party of Korea (WPK).

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Happy 40th Anniversary

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

With both Tokyo and Beijing intent on celebrating the 40th anniversary of normalization, bilateral relations started well in 2012 – and quickly went downhill. Contested history retuned in a controversy sparked by Nagoya Mayor Kawamura Takashi's remarks questioning the reality of the Nanjing massacre. Repeated incidents in the Senkaku/Diaoyu Islands involving ships of China's State Oceanic Administration Agency and Japan's Coast Guard kept the volatile issue of sovereignty claims politically alive. Both sides engaged in island naming games to enhance sovereignty and EEZ claims in the region. In April, Tokyo Gov. Ishihara Shintaro announced plans for the Tokyo Municipal Government to purchase three of the Senkaku Islands. With that, the relationship moved into May and Prime Minister Noda's visit to China.

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by David Kang and Jiun Bang, University of Southern California

The most dramatic events affecting relations in early 2012 concerned North Korea. The power transition appears to be proceeding smoothly, although mixed signals give signs that a clear foreign policy has not yet been worked out by the leadership in Pyongyang. Meanwhile, relations between South Korea and Japan continued on their seemingly disconnected tracks. In economic relations and day-to-day issues, they continue to move closer together on issues from dealing with tax evasion to joint disaster relief planning. Yet, territorial claims or claims about history are a constant irritant that threaten to derail relations at any time. Both sides seemingly wanted relations to worsen by picking fights over Dokdo/Takeshima and making claims about history. One could dismiss the squabbling as peripheral to the main relationship, but these disputes hinder coordination and planning over important issues, divert diplomatic attention, and remain salient for domestic politics of both sides.

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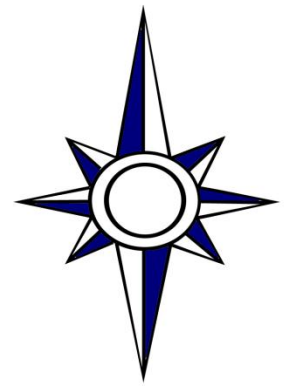
by Yu Bin, Wittenberg University

By any standard, the first four months were a rough start to the year for both Russia and China. While succession politics gripped first Russia and then China, Moscow and Beijing coordinated closely over the crises beyond their borders (Syria, Iran, and North Korea) and promoted enhanced multilateralism through summitry with the BRICS and the SCO. Toward the end of April, the Russian and Chinese navies held the largest joint bilateral exercise in seven years, codenamed *Maritime Cooperation-2012* (海上联合-2012; *Morskoye Vzaïmodeystviye-2012*), in the Yellow Sea. Meanwhile, China's future premier Li Keqiang traveled to Moscow to meet Russia's future-and-past President Putin in Moscow.

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Regional Overview:

At a Time of Uncertainty, Count on North Korea

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There was a brief period during the past four months – 16 days to be precise – when it looked like a breakthrough was possible in the longstanding nuclear stalemate with North Korea; then Pyongyang reverted to form. Shortly after pledging to freeze all nuclear and missile tests, Pyongyang announced a satellite launch, pulling the rug out from under Washington (and itself) and business as usual (or unusual) returned to the Peninsula. The announcement also cast a shadow over the second Nuclear Security Summit hosted by Seoul while providing additional rationale for Washington’s “pivot” toward Asia.

While hopes for a new round of Six-Party Talks were seemingly dashed, other multilateral initiatives seem alive and well. The BRICS met, mostly to complain once again about being under-represented in global financial institutions, while ASEAN’s leaders gathered in Phnom Penh to pat themselves on the back over Myanmar’s “free, fair, and transparent” elections. 2012 has long been proclaimed as the year of elections. In Taiwan, continuity prevailed, as it did in Korea’s National Assembly elections (much to the surprise of most pundits) and Russia (to no one’s surprise). The Plus Three (China, Japan, and South Korea) took a step forward by reaching agreement on a trilateral investment treaty, while Beijing seems to have taken a few steps back as a result of the Bo Xilai and Chen Guancheng affairs, although the impact of both on Chinese attempts to smoothly transfer power to the fifth generation remains to be seen.

US-DPRK Agreement raises (false) hopes for change

The so-called Feb. 29 Leap Day “food for freeze” agreement between the United States and North Korea appeared to open the door for a resumption of Six-Party Talks. It ushered in an all-too-brief period of optimism that perhaps the new leadership in Pyongyang was prepared to move their country in a more positive direction, even though from the onset the State Department noted that the agreement reflected “important, if limited, progress” and cautioned that much remained to be done in the seemingly endless march toward Korean Peninsula denuclearization after more than three years of stalemate, which began when the Six-Party Talks broke down, during the Bush administration, in the fall of 2008. The agreement was a “test” of Pyongyang’s sincerity. Alas, it all too quickly flunked.

There were warning bells ringing from the outset. The “agreement” was actually two unilateral (and not exactly alike) statements, that essentially had the same bottom line: the US was going to provide the North with 240,000 metric tons of nutritional assistance “with the prospect of additional assistance based on continued need” and the North would implement a moratorium on long-range missile launches, nuclear tests, and nuclear activities at Yongbyon, including uranium

enrichment activities “while productive dialogues continue.” The US said the North agreed to the moratorium “to improve the atmosphere for dialogue and demonstrate its commitment to denuclearization,” while the North said it was doing it “upon request by the US and with a view to maintaining positive atmosphere for the DPRK-US high-level talks.” The North did acknowledge, however, that both sides would “push ahead with the denuclearization through dialogue and negotiations.”

Pyongyang seemed comfortable from the start with the linkage between the freeze and the food aid as a *quid pro quo*. Washington on the other hand attempted, largely in vain, to initially de-link the two, asserting that food aid was based on humanitarian, not political, concerns and needs. This posed a slight dilemma for the Obama administration once the deal was broken, one that it overcame by announcing that any country that could not be trusted to honor its freeze agreement could also not be trusted to honor food aid restrictions.

Both statements noted the return of IAEA inspectors to monitor the moratorium on uranium enrichment activities at Yongbyon, but only Washington’s statement said they will also “confirm the disablement of the 5-MW reactor and associated facilities.” The IAEA’s return, in any form or fashion, would have been a major step forward, especially given the DPRK’s strongly expressed distrust for this organization in the past.

In its statement, the US “reaffirms that it does not have hostile intent toward the DPRK.” The North claimed that the US “reaffirmed that it *no longer* has hostile intent toward the DPRK.” [emphasis added] A minor point, but significant to Pyongyang, given its prior accusations. More importantly, both reaffirmed their commitment to the Sept. 19, 2005 Joint Statement that laid out the original framework for denuclearization; both also cited the 1953 Armistice Agreement as the “cornerstone” of peace and stability on the Korean Peninsula, although the North added “until the conclusion of a peace treaty.” This is significant given various statements by the North in the past few years claiming that the Armistice no longer applied.

The US statement made no reference to a peace treaty. Nor did it specifically discuss the resumption of Six-Party Talks – administration spokesmen were clear that a number of important (unspecified) steps remain before such talks could resume. The North’s statement made several references to the resumption of the Six-Party Talks. Going a step further, it stated that once they are resumed, “priority will be given to the discussion of issues concerning the lifting of sanctions on the DPRK and provision of light water reactors” (LWRs). Previously, Washington had made it clear that providing LWRs was not in the cards, at least not in the near term.

While there are some unilateral US sanctions, which the Obama administration would have had great difficulty lifting in an election year absent significant gestures on Pyongyang’s part, the major sanctions were put in place by the UN Security Council and would require its approval to lift. Curiously, Pyongyang insisted and Washington agreed that US sanctions “are not targeted against the livelihood of the DPRK people.” We should expect to hear these words again.

There are a number of other areas where the two statements differ in content or emphasis. But it’s more important to focus on the issues not addressed in either one. The US statement did acknowledge that “profound concerns” remained “across a wide range of areas,” but did not

articulate them. One would hope the issue of verification would be high on the list since it was the straw that broke the camel's back when it became clear that Pyongyang's 2008 "complete and correct declaration of all its nuclear programs" was neither complete nor correct. Recall that former US Six-Party Talks negotiator Chris Hill thought he had a verification accord worked out with the North, only to have the rug pulled out from under him at the final round of talks that December.

Also conspicuously missing from either statement was any reference to South Korea. The US has made it clear that "the road to improve [US-DPRK] relations runs through Seoul for North Korea." There was immediate concern expressed in Seoul that Pyongyang was seeking a shortcut.

Most importantly, there was no reference to halting satellite launches, an action that Washington (and the rest of the world, save one country) saw as illegal, but which Pyongyang steadfastly proclaimed as a "sovereign right." US negotiators say that they made it abundantly clear to their DPRK counterparts that any attempted satellite launch would be seen as a clear violation of the Leap Day agreement, not to mention UNSC resolutions that ban "all missile activity" by North Korea, including "any launch using ballistic missile technology." While Pyongyang would like to believe their distinction makes a difference, clearly they understood, post UNSC resolutions 1718 and 1874, that the US (and the rest of the international community) would not buy this argument.

Nonetheless, on March 16 the North announced its intention to launch a satellite from its new west coast launch facility sometime between April 12-16 to commemorate North Korean founder and "Great Leader" Kim Il Sung's 100th birthday. The attempted launch took place on April 13. The fact that it failed was not totally surprising (two previous attempts likewise ended in failure); their acknowledgment that the satellite failed to reach orbit was (they falsely proclaimed success in the past). Perhaps the presence of international media – brought in as an apparent attempt to legitimize the launch – caused this rare case of transparency. Failure or not, the launch invalidated the Leap Day agreement and sent everyone back to square one.

What's going on?

So what is Pyongyang up to? Nobody knows for sure, of course, but many are speculating that the contradiction between its Feb. 29 declaration of a moratorium on nuclear and missile tests and the satellite launch reflects a power struggle of sorts within the leadership, with some accusing the North's Foreign Ministry of having gotten too far out in front of the military and party leadership. That's possible, but the Leap Day announcement came a week after bilateral US-DPRK negotiations; the Foreign Ministry had plenty of time to vet the agreement before making the announcement.

It is at least equally possible that this was the plan all along. Raise hopes and then test the others by trying to fly a rocket through a (real or imagined) loophole in the agreement. This action may have been designed to prompt heated debates – especially within South Korean political circles but within the US, between Beijing and Washington, and elsewhere as well – over whether to yield to the North's interpretation and turn a blind eye to UNSC resolutions or to allow the Feb.

29 “breakthrough” to break down. Sound familiar? Creating divisions within and between its interlocutors has long been a DPRK ploy and with presidential elections in both the US and ROK this fall, what better time to play another round of this time-honored game?

If the intent was to divide and conquer, the tactic largely failed. The Lee administration in Seoul quickly branded the North’s announcement a “grave provocative act against peace and stability” and there were few voices raised in defense of this clear provocation. The conservatives, as discussed later, even eked out a victory in the National Assembly elections although it is hard to tie the results to the North’s behavior. At a minimum, it did nothing to help the progressive cause. The Russians were also quite direct and to the point in condemning the launch.

Even Beijing, which normally protects Pyongyang and couches all its comments in calls for “all parties” to remain calm, quickly agreed to an April 16 UNSC President’s Statement which “strongly condemns” the launch and “deplores that such a launch has caused grave security concerns in the region.” More importantly, the Security Council Statement “demands that the DPRK immediately comply fully with its obligations under Security Council Resolutions 1718 (2006) and 1874 (2009), including that it: abandon all nuclear weapons and existing nuclear programs in a complete, verifiable and irreversible manner; immediately cease all related activities; and not conduct any further launches that use ballistic missile technology, nuclear tests or any further provocation.”

The UNSC President’s Statement also promised to “designate additional entities and items” to be sanctioned. The United States, European Union, South Korea, and Japan submitted a list of about 40 North Korean companies to the UNSC Sanctions Committee for possible blacklisting. More true to form, China said initially it would only consent to adding two entities to the UN list of banned North Korean firms. On May 2, they reached a “compromise”: three firms were added to the list. Who says Beijing isn’t flexible?

The UNSC President’s Statement ends with a warning: “The Security Council expresses its determination to take action accordingly in the event of a further DPRK launch or nuclear test.” Of course, also true to form, members were not prepared to state in advance what type of “action” would be taken if, as most experts now speculate, the North follows its failed satellite launch attempt with either another missile launch or, more likely, a third nuclear test. Given China’s tendency to block or water down sanctions and its failure to vigorously enforce those it approves, it seems likely that such warnings by themselves will be insufficient to deter Pyongyang from conducting another nuclear test if this is indeed already in their game plan.

While there are indeed reports of “preparations” underway at the North’s nuclear test facility, Pyongyang has been vague about what it’s going to do next, although it’s been crystal clear that it will be Washington’s fault: “The U.S. finally reneged on its promise that ‘it respects the sovereignty of the DPRK and has no hostile intent toward it’ in practice, totally violating the Feb. 29 agreement. We have thus become able to take necessary retaliatory measures, free from the agreement. The U.S. will be held wholly accountable for all the ensuing consequences.”

Pyongyang previously declared that 2012 was going to be the year it demonstrated to the world, on the 100th anniversary of the birth of its founder, that it had become a “prosperous and strong

nation.” While “prosperous” remains a bridge too far, the satellite launch was supposed to demonstrate the regime's power and technical prowess. A nuclear test may now be seen as even more necessary, not just to further perfect their weapons capability, but also to save face.

Many speculate that a nuclear test, if it occurs, could employ highly enriched uranium (HEU) rather than plutonium, like their first two tests. Perhaps, but testing an HEU device would catch them in another big lie, since they are maintaining that the uranium enrichment effort is strictly for peaceful energy purposes. Therefore, we would argue that another plutonium-based test seems more likely.

If the international community is serious about trying to deter another nuclear test, then the UNSC needs to discuss penalties in advance and make it clear to Pyongyang what the consequences will be, in the form of stricter (and strictly enforced) economic and financial sanctions. Beijing will also have to send a credible message to Pyongyang that it is serious this time about enforcing sanctions. One way to do this would be for China to announce, in advance, that if North Korea conducts another nuclear test, Beijing will join the Proliferation Security Initiative, which is aimed at keeping nuclear material out of the hands of nonstate actors as part of a US-led counter-proliferation effort.

If we had to predict the future, we would anticipate a nuclear test or another satellite launch attempt in the next month or so, followed by another round of UN sanctions (which Beijing will water down and then half-heartedly enforce), followed, sometime this summer, by a new overture from Pyongyang to return to the “food for freeze” deal, this time magnanimously throwing satellite launches into the mix. While Washington and Seoul are unlikely to take the bait – the famous cartoon of Charlie Brown, Lucy, and the football comes immediately to mind – Beijing will applaud (and take credit for) this new “breakthrough” and the debates and divisions will start anew.

Second Nuclear Security Summit: the uninvited guest

Whatever Pyongyang's reason for scuttling the Leap Day deal, the timing of the satellite launch announcement, a week before South Korea was to host the second Nuclear Security Summit (NSS), seemed aimed at least in part to draw attention away from the South's impending diplomatic success – Pyongyang doesn't mind being despised, but it hates to be ignored or overshadowed. While North Korea was not on the agenda, Pyongyang made sure it was on everyone's mind, even as it threatened dire consequences if the assembled leaders were rude enough to condemn the North's actions.

The March 26-27 Summit was designed to build on the understandings and commitments of the 47 countries that participated in the 2010 summit to secure nuclear materials against loss, theft, and misuse. At that summit, governments committed to a list of actions to strengthen security over nuclear materials, minimize the use of those materials in peaceful programs, and strengthen cooperation in efforts to prevent terrorists and criminal groups from obtaining nuclear materials. Gary Samore, White House coordinator for arms control and weapons of mass destruction, proliferation, and terrorism, told journalists that “80 percent of the national commitments made in Washington have already been completed, which is a pretty good batting average.”

In the 2012 Seoul Communiqué, the 53 assembled heads of state agreed to “renew the political commitments generated at the 2010 Washington Nuclear Security Summit to work toward strengthening nuclear security, reducing the threat of nuclear terrorism, and preventing terrorists, criminals, or other unauthorized actors from acquiring nuclear materials.” They noted that defeating these threats “requires strong national measures and international cooperation” and reaffirmed their “shared goals of nuclear disarmament, nuclear nonproliferation, and peaceful uses of nuclear energy.” They also reaffirmed the “central role of the IAEA in strengthening the international nuclear security framework” and reemphasized the importance of appropriately securing, accounting for, and consolidating HEU and separated plutonium.

While many pundits expressed dissatisfaction with the lack of bold initiatives or breakthroughs – the biggest headline centered on President Obama’s open-microphone gaffe assuring President Medvedev of his second-term political flexibility on missile defense – the meeting was not without its accomplishments: the tackling of the nuclear safety-security interface in the wake of Fukushima; the setting of a target date, the end of 2013, to announce specific voluntary actions that countries will implement to minimize the use of highly enriched uranium in their civilian sectors; increased awareness of the importance of radiological security; and the presentation of “gift baskets” or joint pledges from like-minded countries to strengthen nuclear security. For example, Italy pledged to rid itself of all fissile material, the US joined Belgium, France, and the Netherlands in pledging to begin producing medical isotopes without the use of highly enriched uranium, and several countries agreed to switch to low enriched uranium, which cannot be weaponized, to fuel research reactors. While some speculated that the initiative would end here, the leaders agreed to a third NSS to be held in 2014 in the Netherlands.

Redefining the “pivot”

In the last issue, we examined at length the so-called US “pivot” toward Asia, highlighted by the announced impending US Marine Corps (USMC) rotational force presence at Darwin, Australia. The first 200 marines are now there, training away. We also joined the chorus of those who did not necessarily like the term, even while applauding the concept. The Obama administration got the message. As one senior official told us at a not-for-attribution conference, “OK, we give up; it’s a terrible term ... and we also know we never left Asia.” (We have long been critics of the “America is back” slogan since it inaccurately implies a certain fickleness when it comes to the longstanding US commitment to Asia’s security.) The new (more appropriate) term of art is “rebalancing” or “refocus.” Clearly the US has been distracted (and stretched thin) by the wars in Iraq and Afghanistan. The shift in emphasis back to Asia is most welcome.

As part of the rebalancing effort, the US and Japan decided to de-link the movement of Marines to Guam and resulting land returns south of Kadena AB from progress on the Futenma Replacement Facility (FRF). This allows movement on plans to send 9,000 Marines from Okinawa to Guam, and other places, including Darwin, which helps relieve the “footprint” problem on Okinawa. It also allowed for a more successful meeting between President Obama and Prime Minister Noda Yoshihiko during the latter’s visit to Washington in late March, the first by a Democratic Party of Japan (DPJ) leader. (For more on this, see the US-Japan chapter.) As Dan Sneider has pointed out, “the relocation of some 9,000 Marines has now been placed in

the broader strategic context of strengthening, not weakening, the US force structure through the region in a more geographically dispersed fashion.” Expect to see an increased rotational presence (but not new US bases) in the Philippines as part of this initiative.

BRICS Summit

Two other important multilateral meetings convened during the first four months of 2012. The first was the fourth annual BRICS summit in March in Delhi. The BRICS – Brazil, Russia, India, China, and South Africa – generate considerable media attention, but little in fact unites them other than increasing irritation at how the world works.

The BRICs account for 43 percent of the world’s population and 20 percent of its wealth; there is something to their complaint that they are under-represented in global institutions. Consistent with that beef, their summit declaration identified the G20 – which they are members of – as the “go to” institution for global economic management and called for “a more representative international financial architecture, with an increase in the voice and representation of developing countries...” They want more energetic quota reform at the IMF – a process that has been agreed but is moving slowly – as well as an open, merit-based selection process for the head of the IMF and its sister organization, the World Bank.

Their declaration also “expressed concern over the current global economic situation.” But rather than acknowledge that structural imbalances result from their reliance on export-oriented policies, they blame developed countries for excessive debt and poor fiscal balances, and complain that attempts to create excess liquidity to stimulate flagging economies are hurting emerging economies.

Two solutions were put on the table. The first is a study of the viability of a new Development Bank that would supplement existing global and regional financial institutions. The second was agreement to provide credit in local currencies when the BRICS trade among themselves. Trade among the BRICS nations has reached \$230 billion and is growing 28 percent a year on average; the group hopes to increase the total to \$500 billion by 2015. This arrangement should facilitate trade and reduce US influence on the global trade system.

On political issues, the BRICS hewed to the status quo. They criticized human rights violations in Syria but insisted on a negotiated solution. Assessing the situation in Iran, they concluded that it “cannot be allowed to escalate into conflict.” The biggest concern for the leaders seems to be economic stability: their declaration said “We must avoid political disruptions that create volatilities in global energy markets and affect trade flows.” That’s leadership!

As we have previously noted, the BRICS may have a legitimate complaint, but they are hardly united among themselves. Frictions within the group are mounting, especially when it comes to trade and economic policy. China’s efforts to maintain competitiveness by keeping its currency cheap is increasingly a target of complaints by its BRICS trade partners. Note too that for all the demand for institutional reform, the final summit declaration merely notes the “aspirations” of Brazil, India, and South Africa to play a greater role in the United Nations. It is hard to see Moscow or Beijing agreeing to dilute their own authority at the UN.

ASEAN Summit

Our second major confab was the first of the two ASEAN summits that are held each year. (The first focuses on issues internal to ASEAN; the second has an expanded agenda as it engages dialogue partners.) Cambodia is in the chair this year and there are concerns that the organization may flag given Phnom Penh's lack of experience. There are pressing issues – coming up with a unified position on the South China Sea so that ASEAN can engage China and proceed with the guidelines for a Code of Conduct, the border dispute between Thailand and Cambodia, and the admission of Timor Leste to the group – but little progress. There was much speculation before the meeting that China was pressing Cambodia to keep the South China Sea off the formal agenda and appears to have succeeded. (Robert Sutter and Chin-Hau Huang provide more details in their chapter on China-Southeast Asia relations.) That doesn't mean that other countries can't bring the subject up and apparently they did. According to Cambodian Prime Minister Hun Sen, the chair, the countries "reached common points regarding the issue." That opens the door to negotiations with China but Philippines Foreign Minister Albert del Rosario said ASEAN should reach agreement on a code of conduct "before China is invited" for talks. Otherwise, ASEAN leaders agreed to "step up efforts" to resolve the Spratly Islands disputes.

The most significant development was the reported agreement by four of the five states recognized as Nuclear Weapon States (NWS) in the Nuclear Nonproliferation Treaty – Britain, France, Russia, and the US – to sign the protocol to the Southeast Asian Nuclear Weapons Free Zone. (China, the remaining NWS, said it would sign some time ago.)

Finally, the group applauded the recent elections in Myanmar. They were declared to have been "free, fair and transparent" and "a significant step towards further democratization." Not surprisingly, ASEAN then called for the immediate lifting of all sanctions against Myanmar.

Elections

It was always reckoned that 2012 would be a year of political transition with elections scheduled throughout the region and a leadership transition anticipated in Beijing. But even the most jaded of observers probably didn't anticipate the way that things would pan out. Even when elections produced "continuity," they also revealed important signs of change.

Taiwan. In January, Taiwan held presidential and parliamentary ballots. In the former, President Ma Ying-jeou won a second term, besting Tsai Ing-wen of the Democratic Progressive Party (DPP). While many expected a close race, Ma prevailed with 51.6 percent of the votes; Tsai claimed 45.6 percent and the rest went to James Soong, the perennial also-ran. Ma's margin of victory was larger than expected, but a sliver of the 17 percent margin of his 2008 victory. He promised to learn from the outcome. Just as important, the Kuomintang (KMT) retained its majority in the national legislature, winning 64 seats in the 113-seat assembly. That too is much reduced from the 81 seats it held in the previous assembly.

The results promise stability in cross-strait relations, always important but never more so than when China goes through its own political handover. Some on the island worry that economic

integration between the two sides of the strait gives Beijing excessive leverage over Taiwan politics and policy: two-way trade reached \$160 billion in 2011, a 10 percent increase over 2010. China is Taiwan's number one trade partner, and the biggest source of tourists to Taiwan. It is estimated that roughly 200,000 China-based Taiwan business people flew home to vote in the election. While not all voted for Ma, they are a sizeable constituency in favor of closer ties.

South Korea: South Korean politics are always volatile and the April parliamentary ballot – the presidential vote will be held in December – was no exception. Popular disaffection with President Lee Myung-bak was supposed to produce a resounding victory for progressives in the vote. Instead, conservatives eked out a surprising victory in the National Assembly elections. Shrewd tactics by conservative leader Park Geun-hye and a scandal in the main opposition party kept control of the legislature in conservative hands for another four years, as the right claimed 152 seats in the 300-seat legislature.

The results have two important implications. First, a conservative majority suggests continuity in South Korean policy (although ROK politics are intensely personal and no two leaders even when ideologically compatible are likely to have the same policies) as well as something of a truce between the assembly and the Blue House. Second, subject as always to that volatility, Park Geun-hye is now strongly favored to win her party's nomination and is the early favorite in December's presidential ballot.

Russia. Prime Minister Vladimir Putin is returning to the Kremlin, this time as president (again). Having swapped jobs in 2008 with current President Dmitry Medvedev to sidestep constitutional constraints, Putin was re-elected with 63.60 percent of the vote, topping with ease the 50 percent threshold needed to avoid a runoff ballot. Communist leader Gennady Zyuganov was second with 17.18 percent and billionaire Mikhail Prokhorov and nationalist Vladimir Zhirinovskiy didn't reach double digits.

Coming on the heels of charges of massive fraud in December's parliamentary vote, this ballot was closely scrutinized. Putin claimed it was "an open and honest fight"; 5,000 complaints of fraud suggest otherwise. The Interior Ministry was probably right to conclude that whatever violations did occur didn't influence the results, given that serious opposition was kept off the ballot and the government ensured that whoever did contest the vote was divided and weak. Nevertheless, Putin must be chastened: he won 71.9 percent of the vote when he ran in 2004.

The Putin presidency is likely to be muscular and assertive. Putin's Russia is a strong country that is being denied its rightful place on the international stage. His administration presents itself as the face of a resurgent nationalism, which is fueled by swelling energy exports. Military modernization is accelerated. His election platform promised extensive handouts to offset the hardships felt by many Russians. Corruption is endemic. There is little sign that the economy is being prepared for the long run. Many economists anticipate an economic squeeze that could accentuate public dissatisfaction. Putin's record suggests he won't embrace reform in response; rather, even more intense nationalism and a search for foreign scapegoats are likely. On a more positive note, Russian specialists tell us Putin is likely to take a harder line toward North Korea in response to its increasingly provocative behavior.

Myanmar: The reclusive state continues its re-entry into the international community. It is fair to say that most everyone has been impressed by the speed and scale of the changes underway in Myanmar. In fact, for many observers the challenge is ensuring that expectations don't outpace reality and that the country can actually absorb the aid and assistance that are being offered.

April 1, the government held parliamentary by-elections to fill 45 seats in the 664-member assembly. The first vote for the assembly was two years ago, after public ratification of a new constitution (a vote that engendered controversy on its own) but the number of parties allowed to run was restricted and 25 percent of seats were reserved for the military. The April vote was the first to include the National League of Democracy (NLD) – it boycotted the 2010 ballot.

The NLD won a landslide victory, claiming 43 of the 44 seats it contested. The NLD, and its leader, Nobel Peace Prize Laureate Aung San Suu Kyi, now head the parliamentary opposition. There were fears that the scale of the victory might alarm the military, which retains a tight grip on the reins of power. But it appears to have accepted the result; after all, the opposition will only hold 6 percent of assembly seats. Breaths were held a few weeks later when Daw Suu Kyi refused to take the parliamentary oath of office, claiming that the pledge to “safeguard” the constitution was overbroad; she would only promise to “respect” it. She backed down and was sworn in May 1.

Equally important are the economic changes under way. On April 1 the government adopted a managed float for its currency, the kyat; the exchange rate plunged from the official rate of 6.4 to the US dollar to 818 to the dollar. This step more than any other has the potential to transform the Myanmar economy.

Economic progress for the ‘Plus Three’

There were equally interesting changes afoot in Northeast Asia. In late March, finance ministers from the “Plus Three” – Japan, China, and South Korea – reached agreement on a trilateral investment treaty. The deal had been under discussion for nearly a decade, and negotiations began in 2007. After being approved by “Plus Three” foreign ministers at their sixth meeting, in Ningbo in April, the treaty is expected to be signed by heads of state at a May summit in Beijing. The deal, the first legal economic agreement among the three, will liberalize investment rules, help protect foreign investors, and spur cross-border capital flows. Its provisions protect intellectual property rights and prohibit demands for technology transfer. It is anticipated to lead to a three-way free trade deal, as well as provide new impetus for a China-South Korea FTA. There are concerns that the investment agreement and the subsequent Plus Three FTA are hedges against the Trans-Pacific Partnership, and an attempt to counterbalance any trans-Pacific economic architecture. It will be interesting to compare Tokyo's reaction to the two arrangements and where its diplomatic energy goes.

Shortly after our reporting period ended, “Plus Three” Finance Ministers' and Central Bank Governors' held their 12th trilateral meeting in Manila in early May. In addition to the usual exchange of views, they agreed to step up trilateral financial cooperation and promote their bilateral currency swap arrangements. A key form of cooperation is increased purchases of each other's government bonds; they set up swap agreements late last year. In March, Beijing allowed

Japan to purchase up to \$10.3 billion worth of Chinese government bonds. After the Manila meeting, Japanese Finance Minister Azumi Jun said that Japan will buy South Korean won-denominated government bonds for the first time to help diversify its foreign exchange reserves and provide a boost of confidence to the ROK currency.

The China question

Hanging over all developments in the region is the political transition in China. In every conference and regional discussion we've had for the last year, the handover of power to the fifth generation in China has assumed talismanic import. Experts and observers argued that China sought a friction-free transition and nothing would be allowed to disturb that process. And then, along came Bo Xilai (and his wife) and Chen Guancheng.

The Bo Xilai brouhaha remains murky and is likely to remain so for years, but reports at this point include rumors of corruption, murder, and coups. Outsiders may never know what he did or the extent of his involvement in those activities. And in truth, his guilt or innocence may be beside the point. Instead, Bo's greatest offense is his unwillingness to let the leadership transition take place behind closed doors. He appeared to openly campaign for a top slot in the party hierarchy, apparently challenging decisions that had been made or were supposed to have been made by top officials out of public view. The resulting tidal waves – including obscure warnings about a new Cultural Revolution – put the lie to reassurances that the party was in control and that political succession – the bane of every authoritarian government – was unfolding as planned.

The Chen Guancheng saga continues to unfold as we write. (Details are available in the chapter on US-China relations by Bonnie Glaser and Brittany Billingsley.) Any time a Chinese human rights advocate takes refuge in an embassy and seeks asylum it is news, but the timing of the Chen episode – on the eve of the US-China Strategic and Economic Dialogue – couldn't have been worse. (Curiously, the Bo Xilai story was triggered by the flight of his right-hand man to the US Consulate in Chengdu on the eve of Xi Jinping's visit to the US.) The diplomatic standoff appears to have been resolved but the incident has raised questions about the power structure in Beijing, in particular the strengths of the Foreign Ministry and the state security apparatus and the central party authority's ability to mediate disputes between them.

The two events are discrete; no one is suggesting any connection between them. But they do raise important questions about how Beijing works and they do so when power is shifting in the capital. We will leave an assessment of CCP dynamics to the leadership monitors; for our purposes, the key issues are whether these incidents will have an impact on China's foreign policy. Will the Chen incident be seen as an embarrassment by China or an infringement by the US of China's domestic affairs? Will the Bo controversy prompt changes in economic policy and the terms of China's economic engagement with the world? How will the security forces come out of each and what will be their future influence on defense policy? In other words, while largely domestic, each of these events has the capacity to upset politics in Beijing and the spillover could affect the entire region.

Regional Chronology

January – May 2012

Jan 3-7, 2012: US Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell visits China, South Korea, and Japan to discuss developments in North Korea after the death of Kim Jong Il.

Jan. 5, 2012: President Barack Obama and Secretary of Defense Leon Panetta release a new strategic guidance document entitled *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*.

Jan. 5-9, 2012: Indian Army Gen. VK Singh visits Burma and meets President Thein Sein and other senior officials.

Jan. 5-14, 2012: Chinese Vice Chairman of the Standing Committee Chen Zhili visits Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan as President Hu Jintao's special representative.

Jan. 9, 2012: Anwar Ibrahim, Malaysian leader of the People's Alliance Party, is acquitted of sodomy charges.

Jan. 9-11, 2012: South Korean President Lee Myung-bak makes a state visit to China and meets President Hu Jintao and Premier Wen Jiabao.

Jan. 9-11, 2012: Lim Sung-nam, South Korea's special representative for Korea Peninsula peace and security affairs, travels to Beijing and meets Chinese counterpart Wu Dawei.

Jan. 9, 2012: China successfully launches its *Ziyuan III* satellite.

Jan. 9-13, 2012: Special Representative and Policy Coordinator for Myanmar Derek Mitchell visits Burma and Thailand to follow up on Secretary of State Hillary Clinton's December visit to Burma. In northern Thailand, he meets local officials and assistance groups working with refugees in the border region.

Jan. 10, 2012: North Korea announces it will start issuing special pardons for convicts on Feb. 1 "to commemorate milestone birthdays of its two late leaders."

Jan. 10, 2012: Aung San Suu Kyi announces her candidacy for the upcoming parliamentary elections in Burma.

Jan. 10-12, 2012: US Treasury Secretary Timothy Geithner travels to Beijing and Tokyo to meet senior officials including Premier Wen Jiabao and Prime Minister Noda Yoshihiko.

Jan. 11, 2012: Japan's Foreign Minister Gamba Koichiro travels to Afghanistan and meets President Hamid Karzai.

Jan. 11, 2012: North Korea announces that it intends to “remain open to suspending uranium enrichment in exchange for US food aid.”

Jan. 12, 2012: US imposes sanctions on China’s state-run Zhuhai Zhenrong Corp. for selling refined oil to Iran.

Jan. 12-13 2012: Japan’s envoy to the Six-Party Talks Shinsuke Sugiyama travels to Seoul and meets counterpart Lim Sung-nam.

Jan. 13, 2012: Secretary of State Clinton announces the US decision to start a “process of exchanging ambassadors with Burma.”

Jan. 13, 2012: South Korean Prime Minister Kim Hwang-sik travels to Oman and the United Arab Emirates to discuss oil supply issues.

Jan. 13-15, 2011: Fourth Senior Officials Meeting between China and ASEAN on implementing the Declaration on the Conduct of Parties in the South China Sea (DOC) is held in Beijing.

Jan 13-Feb. 17, 2012: The 31st annual *Cobra Gold* military exercise is held in Thailand. Participants include military units from Indonesia, Japan, Malaysia, Singapore, South Korea, Thailand, and the US. Nine countries including China and Russia participate as observers.

Jan. 14, 2012: Kuomintang candidate Ma Ying-jeou is re-elected president in Taiwan.

Jan. 16-17, 2012: China’s State Councilor Dai Bingguo travels to New Delhi and meets National Security Adviser Shivshankar Menon to discuss boundary issues.

Jan. 16-18, 2012: US State Department Special Advisor for Nonproliferation and Arms Control Robert Einhorn and Treasury Department Deputy Assistant Secretary for Terrorist Financing and Financial Crimes Daniel Glaser visit South Korea to discuss Iran’s nuclear issues and sanctions.

Jan. 17, 2012: *People’s Daily* proclaims the Diaoyu Islands to be a “core interest” of China.

Jan. 17, 2012: ROK Special Representative Lim Sung-nam and Japan’s Director General for Asian and Oceanian Affairs Sugiyama visit Washington and meet Assistant Secretary of State Campbell and Special Representative for North Korea Policy Glyn Davies.

Jan. 24, 2012: In his State of the Union speech, President Barack Obama announces the creation of a new trade enforcement group to stop unfair trade practices in countries such as China.

Jan. 26-27, 2012: Second US-Philippine Strategic Dialogue is held in Washington. Issues include increasing joint exercises and rotating US troops through Philippine bases. Protestors picket the US Embassy in Manila, while Chinese media call for sanctions on the Philippines.

Jan. 28-Feb. 2, 2012: Russian Foreign Minister Sergei Lavrov visits Japan, Brunei, New Zealand, Australia, and Fiji.

Jan. 30-31, 2012: South Korea's Deputy Defense Minister Lim Kwan-bin, acting US Assistant Secretary of Defense for Asian and Pacific Security Affairs Peter Lavoy, and Japan's head of the Defense Ministry Policy Bureau Nishi Masanori meet in Jeju.

Jan. 31-Feb. 1, 2012: Assistant Secretary Campbell visits Seoul and meets South Korean and Japanese officials.

Jan. 31, 2012- Feb. 3, 2012: Glyn Davies, US special representative for North Korea policy, and Clifford Hart, US special envoy for the Six-Party Talks, travel to Moscow and meet Deputy Foreign Minister Igor Morgulov and Ambassador-at-large for the Six-Party Talks Grigory Logvinov to discuss bilateral and security issues.

Feb.1- 3, 2012: Assistant Secretary Campbell visits Hanoi.

Feb. 2, 2012: Japanese government officials travel to the US and meet counterparts from the State and Treasury Department to discuss sanctions on Iran.

Feb. 3-4, 2012: Assistant Secretary Campbell visits Phnom Penh to discuss Cambodia's role as 2012 ASEAN chair.

Feb. 4, 2012: China and Russia veto a UN Security Council (UNSC) resolution on Syria calling for President Bashar al-Assad to step down.

Feb. 6, 2012: Secretary of State Clinton signs a sanction waiver for Burma, which will allow it to receive help from the World Bank and other financial institutions.

Feb. 7, 2012: India's Foreign Secretary Ranjan Mathai visits the US to discuss trade and security cooperation.

Feb. 7, 2012: U.S. and Japan agree to transfer 4,700 marines from Okinawa to Guam as part of the 2006 bilateral agreement in which more than 8,000 US Marines are to be relocated.

Feb. 8-16, 2012: Assistant Secretary of State for Political-Military Affairs Andrew Shapiro travels to the Philippines, Indonesia, Singapore, and Malaysia to discuss security cooperation.

Feb. 9, 2012: ROK Special Representative Lim Sung-nam and Russian Deputy Foreign Minister Igor Morgulov agree to promote the resumption of the Six-Party Talks.

Feb. 10, 2012: US Congress approves the transfer of a second Coast Guard cutter to the Philippines Navy. A retired US cutter was transferred in 2011, but most of the ship's radar and sensor equipment was removed. Manila requests that the equipment on the second cutter remain.

Feb. 12, 2012: China's Assistant Foreign Minister Ma Zhaoxu travels to Iran to discuss "Iran's nuclear standoff with the West."

Feb. 13-17, 2012: Chinese Vice President Xi Jinping visits the US and meets President Obama and Vice President Joe Biden. He makes stops in Washington DC, Iowa, and Los Angeles.

Feb. 14, 2012: Japan's Director General of the Economic Affairs Bureau at the Foreign Ministry Yagi Takeshi travels to the US and meets Assistant Trade Representative Wendy Cutler to discuss Japan's intention to join the Trans-Pacific Partnership.

Feb. 14-17: The 14th round of negotiations on the Japan-Australia Economic Partnership Agreement (EPA) is held in Tokyo.

Feb. 16, 2012: Korean Ambassador to the US Han Duk-soo resigns his post. Sa Gong-il, the current head of the Korea International Trade Association, is the new ambassador.

Feb. 19, 2012: Japan's Finance Minister Azumi Jun visits Beijing and meets Vice Premier Wang Qishan to discuss economic cooperation.

Feb. 20-22, 2012: Indonesian Defense Minister Purnome Yusgiantoro visits Beijing and meets counterpart Liang Guanglie to discuss military cooperation.

Feb. 20-24, 2012: South Korean and US navies hold a series of joint anti-submarine exercises in the Yellow Sea.

Feb. 20-21, 2012: ASEAN Secretary General Surin Pitsuwan visits Burma and meets President Thein Sein to discuss preparations for the nation's 2014 chairmanship of ASEAN.

Feb. 21, 2012: The first Viet Nam-Australia Defense and Diplomacy Strategic Dialogue is held in Canberra, Australia.

Feb. 23-24, 2012: US Special Representative Glyn Davies meets North Korean First Vice Foreign Minister Kim Gye Gwan in Beijing to discuss the resumption of the Six-Party Talks.

Feb. 26-27, 2012: Prime Minister Noda visits Okinawa prefecture and meets Gov. Nakaima Hirokazu to discuss relocation of Futenma Air Station.

Feb. 27-March 2, 2012: US Deputy Secretary of State Thomas Nide travels to Korea and Japan to discuss economic and political issues.

Feb. 27-April 30, 2012: US and South Korea's armed forces conduct the annual *Key Resolve/Foal Eagle* military exercise.

Feb. 29, 2012: North Korea and the US reach a tentative agreement that includes a moratorium on the North's nuclear and missile programs and the provision of 240,000 tons of US food aid.

March 2-3, 2012: Chinese Foreign Minister Yang Jiechi visits Seoul and meets Foreign Minister Kim Sung-hwan and President Lee Myung-bak to discuss regional and bilateral issues.

March 5, 2012: The seventh Korea-Japan-China Senior Foreign Affairs Officials' Consultation and the first Asian Policy Dialogue are held in Beijing.

March 5-14, 2012: China holds its annual meeting of the National People's Congress.

March 7-9, 2012: North Korean Vice Foreign Minister Ri Yong-ho and Lim Sung-nam, South Korea's representative to the Six-Party Talks, attend a forum at Syracuse University.

March 7-10, 2012: South Korean Foreign Minister Kim Sung-hwan visits the US and meets Secretary of State Clinton to discuss mutual cooperation on regional and bilateral issues.

March 12, 2012: Chinese Deputy Foreign Minister Cui Tiankai visits the US and meets Assistant Secretary Campbell.

March 13, 2012: The US, Japan and the European Union file a joint complaint to the World Trade Organization criticizing China's restrictions of rare earth mineral exports.

March 14-18, 2012: Laotian Prime Minister Thongsing Thammavong visits Japan and meets Prime Minister Noda.

March 15, 2012: Bo Xilai is dismissed as Chongqing party chief and its related municipal posts.

March 15, 2012: The US-Korea Free Trade Agreement takes effect.

March 23, 2012: Chinese President Hu Jintao meets Indonesian counterpart Susilo Bambang Yudhoyono in Beijing.

March 25, 2012: Leung Chun-ying is elected as Hong Kong's Special Administration Region's (SAR) new chief executive.

March 26-27, 2012: The 2012 Nuclear Security Summit is held in Seoul with participation by more than 53 heads of state and international organizations.

March 28, 2012: US government suspends food aid to North Korea, saying the decision was based on the DPRK's commitment to refrain from launching missiles and its lack of credibility in being able to "deliver the assistance to those who need it."

March 29, 2012: Fourth BRICS (Brazil, Russia, India, China, South Africa) Summit is held in New Delhi.

March 30-April 2, 2012: Chinese President Hu Jintao visits Cambodia and meets King Norodom Sihamoni, Prime Minister Hun Sen, and other senior officials.

April 1, 2012: Myanmar holds parliamentary elections; National Democratic League wins 43 of the 45 seats being contested.

April 3, 2012: The first 180 US Marines arrive in Darwin, Australia as the initial step in a plan to establish a force of 2,500 marines by 2017.

April 3-4, 2012: The 20th ASEAN Summit is held in Phnom Penh.

April 8, 2012: Chinese vessels block a Philippine warship from arresting crews of Chinese fishing boats off Scarborough Reef in the South China Sea, initiating an extended standoff.

April 8, 2012: Japanese, Chinese, and ROK foreign ministers meet in Ningbo, China.

April 10, 2012: Bo Xilai is suspended from the party's Central Committee and its Politburo, pending investigation for "serious disciplinary violations."

April 11, 2012: North Korea holds a Worker's Party of Korea Delegates Conference. Kim Jong Un is named first secretary of the Worker's Party and chairman of the Central Military Commission. Membership in both the Political Bureau of the party's Central Committee and the politburo's five-member Presidium are also conferred.

April 13, 2012: North Korea attempts to launch a satellite; the rocket carrying the satellite breaks apart within moments of launch.

April 13, 2012: North Korea holds the fifth session of the 12th Supreme People's Assembly. Kim Jong Un is elected first chairman of the DPRK National Defense Committee.

April 15, 2012: North Korea unveils a new long-range missile and missile transport vehicle during a military parade culminating two weeks of celebrations for the 100th anniversary of the birthday of Kim Il Sung.

April 16, 2012: Tokyo Gov. Ishihara Shintaro announces that the Tokyo Municipal Government is negotiating to purchase three of the privately owned Senkaku Islands.

April 16, 2012: The UN Security Council unanimously adopts a Presidential Statement's "strongly condemning" North Korea for its attempted satellite launch. The statement calls the launch a "serious violation" of previous UNSC resolutions 1718 and 1874.

April 16-27, 2012: The US and the Philippines conduct a joint military exercise named *Balikatan* on Luzon and off the coast of the western-most Filipino island of Palawan.

April 16, 2012: North Korea withdraws its offer to accept IAEA inspections at the Yongbyon nuclear facilities in response to the withdrawal of the offer of food aid from the US.

April 17, 2012: Former independence fighter Jose Maria de Vasconcelos, also known as Taur Matan Ruak, is elected president of East Timor.

April 19, 2012: India successfully tests a long-range ballistic missile capable of carrying a nuclear warhead.

April 21, 2012: Japanese Prime Minister Noda Yoshihiko hosts a meeting of Mekong region leaders, promising \$7.4 billion in aid to the region. Leaders of Cambodia, Laos, Myanmar, Thailand, and Vietnam attend.

April 22-27, 2012: China and Russia conduct a joint naval exercise in the Yellow Sea focusing on search and rescue, joint air defense, anti-submarine tactics, rescue of hijacked vessels, and anti-terrorism.

April 25, 2012: Pakistan successfully launches an upgraded, intermediate-range ballistic missile capable of carrying a nuclear warhead.

April 25, 2012: Chinese Vice Foreign Minister Cui Tiankai warns North Korea against conducting a nuclear test, saying it would violate China's national interest.

April 27, 2012: US-Japan Security Consultative Committee announces that around 9,000 marines and their family members – roughly half of the US Marine presence on Okinawa – will be transferred off the island and relocated to Guam, Hawaii, and Australia.

April 27, 2012: In a letter to Sen. John Cornyn, the White House says the US will give “serious consideration” to selling Taiwan *F-16C/D* jets, in addition to upgrading the *F-16A/B* jets.

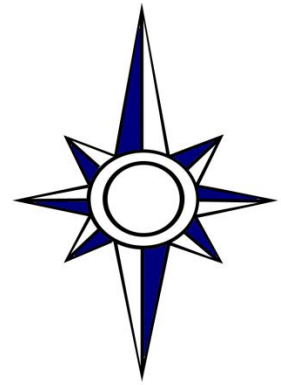
April 27, 2012: Chen Guangcheng, a blind lawyer under house arrest, enters the US Embassy in Beijing seeking assistance.

April 29-May 2, 2012: Japanese Prime Minister Noda visits the US, meets President Obama, and attends a dinner hosted by Secretary of State Clinton.

April 30, 2012: Philippine Defense Secretary Voltaire Gazmin and Foreign Affairs Secretary Albert del Rosario meet Secretary of State Clinton and Defense Secretary Leon Panetta in Washington to consult on defense, security, political, and economic policies.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



US-Japan Relations: Back to Normal?

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There is an old Japanese saying that one should be prepared “to wait even three years sitting on the rock” (*ishi no ue ni mo sannen*). After three tumultuous and frustrating years as the Democratic Party of Japan (DPJ) tried to find its sea legs, Prime Minister Noda Yoshihiko finally made the first official visit to Washington of a Japanese prime minister since the spring 2009 visit to the Oval Office of Liberal Democratic Party (LDP) Prime Minister Aso Taro. Noda had his hands full this quarter: pursuing an increase in the consumption tax to offset declining income tax revenue from an aging society, trying to convince a wary public to support some continuation of nuclear power as Japan’s last operating plant shut-down for “stress testing” with no restart date, cobbling together domestic support to move ahead with Japanese participation in the Trans-Pacific Partnership (TPP) negotiations, and facing the perennial struggle to make progress on relocating Marine Corps Air Station Futenma on Okinawa to its proposed new home further north near the remote town of Henoko. By the time of his Washington visit, Noda had started to line up support for the consumption tax, backed off temporarily on TPP, and waited on restarting nuclear plants. However, in a flurry of last-minute negotiations between the US and Japanese governments and the US Congress, he did manage to complete an agreement to move ahead with de-linking the move of about 9,000 US Marines to Guam and other locations in the Pacific and setting aside (but not giving up on) the Futenma Relocation Facility (FRF). That announcement was a rare victory and set a positive tone for the summit and the joint statement Noda and President Obama made pledging to revitalize the US-Japan alliance. The prime minister returned home on May 1 facing the same stack of difficult domestic political challenges, but with an important if limited accomplishment in foreign policy.

Noda in the hot seat

After a flurry of diplomacy at the end of last year marked by an official statement of interest in joining the TPP negotiations, Prime Minister Noda turned to his domestic agenda in January and called on the ruling DPJ and the opposition LDP to pass a package of legislation focused on tax and social security reform. Noda’s signature initiative, a proposed increase in the consumption tax from 5 to 10 percent by 2015, faced major opposition even within the DPJ, forcing a Cabinet reshuffle announced on Jan. 13 in which former Foreign Minister Okada Katusya was appointed as deputy prime minister to manage the domestic legislative agenda. Noda stressed his commitment to tax and social security reform repeatedly in advance of the new Diet session convened on Jan. 24. He made it clear that the stakes were high when he suggested during a DPJ party convention that he might dissolve the Diet for a general election if the social security and tax reform bills did not clear the legislature in the current session. Political pundits in Tokyo give him a 50/50 chance of getting the tax and social security bills through the Diet this year, but

Noda demonstrated determination not to be deterred from tackling what he views as the most immediate challenge facing Japan.

Noda also started the year knowing that he had to make progress on the realignment of US forces in Okinawa before an expected spring visit to Washington, but he was hobbled by the clumsiness of Tanaka Naoki, his new defense minister. Tanaka's predecessor, Ichikawa Yasuo, had himself crumpled after admitting his ignorance about the US basing issues on Okinawa, which prompted a censure motion from the Diet and his resignation in December. Tanaka fared little better, mistakenly claiming a few days after his appointment that construction of the FRF in Henoko could begin by the end of the year, despite broad recognition that this was not in the least bit realistic. He then confused the basic geography of Okinawa during a courtesy call on Gov. Nakaima Hirokazu in Naha and struggled to answer questions about defense policy during appearances before Diet committees. Tanaka also bore the brunt of criticism surrounding the government's relatively slow response to a missile launch by North Korea on April 13 and was censured by the Upper House a week later.

Tanaka's struggles notwithstanding, the Noda government was able to reach an agreement with Washington on realignment (more below), but the FRF issue remains a challenge. Noda visited Okinawa in February to stress the importance of reducing the burden on Okinawans and realizing efforts to realign US force presence, but public opinion favors relocating the FRF outside the prefecture. In March, Gov. Nakaima submitted a response to the central government's environmental impact statement on the current plan for the FRF, which entails construction of a runway on the eastern shore at Camp Schwab near Henoko, and included 404 questions for further clarification. The Noda government will likely have to address those concerns before discussions with the Okinawa Prefectural Government on the FRF can continue.

Public opinion polls consistently revealed frustration with political paralysis in Japan and Noda's approval rating declined precipitously in line with those of his immediate predecessors, bottoming out at 21 percent in one survey but hovering at around 30 percent. A majority of the public did not support his plan to increase the consumption tax and his signature initiative remained a source of tension within the DPJ. Compounding the potential for discord was the April 26 acquittal of Ozawa Ichiro of charges that he submitted fraudulent political funding reports. Ozawa, a former DPJ leader and architect of the 2009 election victory that brought the party into power, favors social welfare spending over tax increases and was expected to block Noda's efforts with the support of over 100 of his followers in the Diet. Some analysts suggested the combination of internecine warfare in the DPJ and a recalcitrant stance by the opposition LDP might force Noda to follow through on his threat to dissolve the Diet and call a general election this summer. Other scenarios pictured Noda hanging on until the DPJ presidential race in September. It appears that fluidity would continue to rule the day with little evidence of coalition building that would favor stability. (Okada was rumored to have at one point sounded out the LDP about forming a coalition government but to no avail.) Polls showed the DPJ and LDP were both increasingly unpopular with their respective approval ratings close to 20 percent, and across several surveys a majority of the public did not affiliate with any political party. Some surveys even highlighted public expectations that a nascent political movement known as Osaka Restoration (*Ōsaka Ishin no Kai*) led by Osaka mayor Hashimoto

Tohru, which favors a reduction in the size of the central government and the decentralization of power to local municipalities, would play an increasing role in national politics.

Noda was able to pass a budget for fiscal year 2013, but many analysts believed his political fate would rest on his ability to pass the tax legislation, a task made all the more complicated by the reemergence of Ozawa. Despite this grave political challenge at home, Noda remained equally focused on advancing an agenda for the US-Japan alliance.

Increased tempo of bilateral coordination on security and trade

The US and Japanese governments consulted regularly across a range of bilateral, regional, and global issues that spoke to the depth and breadth of bilateral coordination. Several senior US officials visited Japan for discussions on Iran's nuclear ambitions. Japanese efforts to reduce dependence on Iranian oil imports were rewarded when Secretary of State Hillary Clinton announced on March 20 that financial institutions in Japan and 10 other countries would not be subject to US sanctions. Tokyo and Washington also worked closely on missile defense to prepare for an expected missile launch by North Korea. Though the April 13 North Korean launch failed, the preparations allowed the Self-Defense Forces to demonstrate the degree to which Japanese capabilities and joint US-Japan interoperability had advanced. Bilateral coordination also centered on other issues, including political reform in Burma and ways to help shape the agendas for multilateral institutions in the region such as the East Asia Summit. The United States, Japan, and the European Union also took the issue of rare earth metals head-on by submitting a formal complaint to the World Trade Organization concerning Chinese restrictions of rare earth exports.

This period also was characterized by efforts to further develop the economic and security pillars of the alliance. The two governments held a series of preliminary consultations on Japan's interest in joining TPP negotiations, though Tokyo chose not to declare its interest formally due to continued political opposition, particularly by Japan's agricultural cooperatives and a majority of the LDP. In January, the US Trade Representative's office issued a statement highlighting progress in a separate bilateral dialogue known as the Economic Harmonization Initiative, but market access concerns in Japan appeared to increase, even as the two governments began more concrete preliminary consultations on TPP. Problem areas spotlighted in the National Trade Estimate Report released by USTR in April included agriculture, insurance, and the automobile market, as well as restrictions on US beef imports.

The decision by the DPJ and LDP to freeze and effectively reverse former Prime Minister Koizumi Junichiro's signature postal privatization initiative cast a particularly troubling cloud over discussions on TPP, given the implications for the insurance market in Japan, which could end-up dominated by a behemoth public sector insurance corporation in the guise of Post Offices. Ultimately, Noda chose not to try to complete a decision on TPP in time for his April 30 visit, intimidated by the enormity of his political agenda at home and uncertain that the White House would be willing to accept notification of Japanese participation before US presidential elections, particularly with states like Ohio in play. Nevertheless, an unprecedented majority of US and Japanese businesses favor Japan's participation in TPP and public opinion polls in the

US show that a large majority of Americans support trade deals with Japan – a stunning contrast to the attitudes toward Japan on trade only a decade ago.

The realignment of US forces in Okinawa remained atop the bilateral security dialogue. Both sides attempted to break the logjam by announcing on Feb. 8 that the US was conducting a strategic review of US force posture and had initiated discussions with Japan to adjust the roadmap for realignment released in 2006 and examine ways to delink the relocation of MCAS Futenma from the transfer of Marines from Okinawa to Guam and resulting land returns to Okinawa, which heretofore were considered part of a package. The two governments then initiated a series of bilateral discussions on this matter with an aim toward reaching an agreement by late spring when Prime Minister Noda was expected to meet with President Obama in Washington.

Japanese media reports indicated that an agreement would be announced on April 25, but one day prior, US Senators Carl Levin (D-MI), John McCain (R-AZ), and Jim Webb (D-VA) issued a letter to Defense Secretary Leon Panetta warning that any agreement would require the support of Congress and expressing concerns about cost and other aspects of the purported agreement on the relocation of Marines from Okinawa to Guam. The letter also referenced an independent study of US force posture in the Asia-Pacific requested in the Fiscal Year 2012 National Defense Authorization Act (more below). On April 26, the bilateral Security Consultative Committee (SCC), also known as the 2+2, finally issued a joint statement – after rushed discussions to re-establish support from a skeptical Congress – outlining the details of an agreement for implementing a new delinked version of the movement of US forces off Okinawa. The SCC statement noted that approximately 9,000 Marines and their dependents would be relocated from Okinawa to places outside Japan including Australia, Guam, and Hawaii. The cost of the move to Guam was estimated at \$8.6 billion, of which Japan would contribute \$3.1 billion in cash. To support bilateral defense cooperation, the governments also announced that the two militaries would consider developing joint training areas in Guam and the Commonwealth of the Northern Mariana Islands as shared-use facilities by US forces and Japan's Self-Defense Forces. The agreement also identified US facilities eligible for land return, subject to further discussions between the two governments. Both governments reiterated their belief that the existing plan for the FRF at Camp Schwab near the Henoko area remained the most viable option for relocating MCAS Futenma and were committed to resolving the issue as soon as possible.

CSIS was chosen by the US Department of Defense to conduct the independent assessment of force posture options for the Pacific Command Area of Responsibility. The independent assessment will include the following elements required by Section 346 of the Fiscal Year 2012 National Defense Authorization Act (Public Law 112-81): a review of current and emerging US national security interests in the US Pacific Command (USPACOM) area of responsibility, a review of current US military force posture and deployment plans of USPACOM, options for the realignment of US forces in the region to respond to new opportunities presented by allies and partners, and the views of noted policy leaders and regional experts, including military commanders in the region. The CSIS study is under the joint direction of David Berteau, senior vice president and director of the International Security Program, and Michael Green, senior adviser and Japan Chair.

Summit in Washington

With the SCC joint statement and the newly adjusted realignment plan secure, President Obama hosted Prime Minister Noda at the White House on April 30, the first US-Japan summit in Washington since the DPJ assumed power in 2009. The leaders issued a joint statement reaffirming a commitment to enhance bilateral security and defense cooperation; strengthen regional institutions such as the East Asia Summit (EAS) and Asia-Pacific Economic Cooperation (APEC), consistent with internationally accepted rules and norms; develop high standard trade and investment rules for the region and promote regional integration, including bilateral consultations on TPP; cooperate on energy including clean and renewable sources, nuclear energy, and energy security; and strengthen people-to-people exchanges between the two countries. The two governments also issued a fact sheet listing bilateral initiatives including the recent 2+2 statement on the realignment of US forces, civil nuclear cooperation, clean energy, cyber and space cooperation, and innovation and entrepreneurship. Secretary of State Clinton hosted a dinner for Prime Minister Noda that evening and announced that, at the end of an extensive period of events marking the 100th anniversary of Japan's gift of cherry blossoms to the United States, the US would as a reciprocal gesture donate 3,000 dogwood trees to Japan as a symbol of the enduring friendship between the two nations.

Up Next

President Obama and Prime Minister Noda will meet again at the G20 and G8 summits to be held in Chicago and Camp David, respectively, in mid-May. Back home, Noda will attempt to pass tax and social security reform legislation before the current Diet session ends in late June, with the prospects for a leadership change or perhaps even a general election dependent on the outcome. The US presidential campaign season should also heat up in line with the summer weather. Bilateral diplomacy can be expected to continue apace including preparations for regional summits in the Asia-Pacific later this year. And Tokyo and Washington wait for North Korea's expected next move.

Chronology of US-Japan Relations January – April 2012

Jan. 4, 2012: Prime Minister (PM) Noda Yoshihiko holds a New Year press conference and identifies reconstruction from the Great East Japan Earthquake, the ongoing response to the Fukushima nuclear accident, revitalization of the economy including trade liberalization, and social security and tax reform as priorities for his government.

Jan. 4, 2012: Nine disgruntled Lower House members of the ruling Democratic Party of Japan (DPJ) establish the Kizuna Party to oppose an increase in the consumption tax, Japan's participation in the Trans-Pacific Partnership (TPP) trade negotiations, and nuclear power.

Jan. 5, 2012: Obama administration releases a new strategic guidance for the Department of Defense emphasizing the centrality of the Asia-Pacific region to US defense strategy.

Jan. 6, 2012: Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell visits Tokyo for consultations on North Korea, Burma, coordination in multilateral fora such as the East Asia Summit, and bilateral issues including the Hague Convention on Child Abduction and the relocation of Marine Corps Air Station Futenma.

Jan. 12, 2012: US Treasury Secretary Timothy Geithner visits Tokyo and meets PM Noda, Finance Minister Azumi Jun, and Bank of Japan Governor Shirakawa Masaaki.

Jan. 13, 2012: PM Noda reshuffles his cabinet, installing Okada Katsuya as deputy prime minister and appointing Tanaka Naoki as defense minister.

Jan. 15, 2012: *Yomiuri Shimbun* survey posts a 37 percent approval rating for the Noda Cabinet and a disapproval rating of 51 percent. Thirty-nine percent of respondents support a proposed increase in the consumption tax to 10 percent by 2015, with 55 percent opposed.

Jan. 15, 2012: A poll released by *Asahi Shimbun* reveals a 29 percent approval rating and 47 percent disapproval rating for the Noda cabinet. Thirty-four percent of the public supports the proposed consumption tax increase and 57 percent disapproves.

Jan. 15, 2012: Defense Minister Tanaka Naoki suggests during an appearance on a television program that construction of the Futenma Replacement Facility (FRF) on Okinawa could commence this year.

Jan. 16, 2012: PM Noda suggests that he might dissolve the Diet for a general election if social security and tax reform bills do not clear the legislature in the current session.

Jan. 17, 2012: Assistant Secretary Campbell and Special Representative for North Korea Policy Glyn Davies co-host a US-Japan-ROK strategic dialogue in Washington.

Jan. 18, 2012: Robert Einhorn, State Department special advisor for nonproliferation and arms control, and Daniel Glaser, assistant secretary of the Treasury for terrorist financing, lead a delegation to Tokyo for discussions with Japanese counterparts on Iran.

Jan. 19, 2012: Edano Yukio, minister of economy, trade and industry, notes in a *Wall Street Journal* interview that all of Japan's nuclear power plants could be shut down by summer.

Jan. 19, 2012: Assistant Secretary Campbell praises the efforts of the Noda government on issues such as regional security and TPP in an appearance at the Stimson Center in Washington.

Jan. 20, 2012: Noda Cabinet elects to extend Japanese Self-Defense Force peacekeeping operations on the Golan Heights and Haiti for six months and one year, respectively.

Jan. 20, 2012: Defense Minister Tanaka meets Okinawa Gov. Nakaima Hirokazu in Tokyo to discuss basing issues in Okinawa.

Jan. 23, 2012: According to a survey by *Mainichi Shimbun*, 60 percent of the public opposes a planned increase in the consumption tax with only 37 percent in favor. But only 28 percent thought social security obligations could be met without increasing the consumption tax. When asked what other reform measures should take precedence over the consumption tax increase, 35 percent said decreasing the number of Diet members, 32 percent said cutting Diet members' salaries, and 20 percent suggested salaries of public servants should be targeted.

Jan. 24, 2012: PM Noda addresses the Diet and calls on opposition parties to cooperate on legislation and outlines a policy agenda including social security and tax reform, strengthening the US-Japan alliance and promoting regional diplomacy.

Jan. 24, 2012: Bank of Japan downgrades its growth forecast for the fiscal year ending March 2012, predicting a 0.4 percent contraction of the economy compared to 0.3 percent growth projected in October 2011. The Bank projects 2.0 percent growth for fiscal year 2012.

Jan. 25, 2012: Japan's Finance Ministry announces the first trade deficit since 1980.

Jan. 25, 2012: Three DPJ lawmakers form a splinter group in the Lower House, the "New Party Daiichi-New Democrats."

Jan. 26, 2012: LDP President Tanigaki Sadakazu calls for a snap election.

Jan. 27, 2012: Defense Minister Tanaka and US Defense Secretary Leon Panetta discuss bilateral security issues including the relocation of MCAS Futenma during a telephone call.

Jan. 27, 2012: US Trade Representative Ron Kirk announces progress in bilateral consultations on economic issues under the rubric of the Economic Harmonization Initiative (EHI).

Jan. 30, 2012: Sixty-three percent of respondents to a *Yomiuri Shimbun* survey agree that a consumption tax increase is necessary for social security to be maintained, but only 16 percent agree with the government plan to increase the consumption tax to 10 percent by 2015.

Jan. 31, 2012: Opposition lawmakers criticize Defense Minister Tanaka for failing to answer questions about defense policy during separate budget committee hearings in the Lower House and Upper House of the Diet.

Feb. 1, 2012: Noda Cabinet approves draft legislation to decommission nuclear reactors after 40 years and set up a new nuclear regulatory agency under the Environment Ministry.

Feb. 7, 2012: US officials host counterparts from Japan for preliminary consultations on Japan's interest in entering TPP negotiations.

Feb. 8, 2012: US and Japan issue a joint statement announcing a decision to delink efforts to relocate MCAS Futenma from plans to transfer US Marines from Okinawa to Guam and review the 2006 roadmap for the realignment of US forces in Japan.

Feb. 13, 2012: An *Asahi Shimbun* survey indicates a 27 percent approval rating and 49 percent disapproval rating for the Noda Cabinet. Forty percent supported Noda's proposal to increase the consumption tax and 46 percent opposed. Twenty-nine percent favored a government led neither by the DPJ nor the LDP, 21 percent were for LDP rule, and 19 percent supported the DPJ. Fifty-four percent of respondents expressed a hope that the "Osaka Ishin no Kai" (Osaka Restoration) political movement led by Osaka Governor Hashimoto Toru secures enough seats in the next general election to exert influence in the Diet. Sixty-three percent of respondents did not affiliate with a political party and the approval ratings of the DPJ and LDP were 17 percent and 12 percent, respectively.

Feb. 14, 2012: The Bank of Japan agrees to establish an inflation target of 1 percent and ease monetary policy by expansion of an asset purchase program from 55 trillion to 65 trillion yen.

Feb. 20, 2012: Approximately 120 Japan Self-Defense Force (JSDF) engineers arrive in South Sudan to participate in a United Nations peacekeeping mission.

Feb. 22, 2012: US and Japanese officials conclude a two-day consultation on Japan's interest in joining TPP negotiations.

Feb. 26, 2012: PM Noda visits Okinawa to discuss basing issues with Gov. Nakaima.

Feb. 26, 2012: US Special Representative Davies visits Japan to brief officials on his meetings with North Korean officials in Beijing.

March 1, 2012: Deputy Secretary of State Thomas Nides visits Japan to address a US-Asia business summit and discuss a range of political and economic issues with Japanese officials.

March 1, 2012: Assistant US Trade Representative Wendy Cutler discusses TPP at a US-Asia business summit in Tokyo.

March 7, 2012: USTR Ron Kirk testifies before the Senate Finance Committee and states the US will address market access concerns with Japan regardless of whether it joins TPP.

March 8, 2012: US and Japanese officials meet in Washington to exchange views on the realignment of US forces in Okinawa.

March 8, 2012: A \$1.1 trillion draft budget for fiscal year 2012 passes the Lower House of the Diet and is forwarded to the Upper House.

March 10, 2012: A survey released by the Cabinet Office finds 91 percent of the public with a favorable impression of the JSDF.

March 11, 2012: One-year anniversary of the Great East Japan Earthquake.

March 13, 2012: The US, Japan and the European Union file a joint complaint to the World Trade Organization criticizing China's restrictions of rare earth mineral exports.

March 20, 2012: Secretary of State Clinton issues a statement announcing that financial institutions in Japan and 10 other countries would not be subject to US sanctions because of significant efforts to reduce oil imports from Iran.

March 27, 2012: Okinawa Gov. Nakaima submits his response to an environmental impact statement on the relocation of MCAS Futenma submitted by the Ministry of Defense last December, identifying 404 items for further clarification from the central government.

March 28, 2012: US Energy Secretary Steven Chu visits Tokyo to meet Japanese officials and participate in a US-Japan-EU workshop on critical minerals.

March 30, 2012: Noda Cabinet approves draft legislation that would increase the consumption tax to 10 percent by 2015.

April 2, 2012: Sixty percent of the public opposes an increase in the consumption tax according to a *Mainichi Shimbun* survey.

April 2, 2012: USTR issues the National Trade Estimate Report and lists concerns about market access in Japan including nontariff barriers in the automobile market.

April 3, 2012: Defense Minister Tanaka and Defense Secretary Panetta agree in a phone call to coordinate closely in the event of a North Korean missile launch.

April 5, 2012: The Lower House of the Diet passes the budget for fiscal year 2012.

April 10, 2012: Secretary of State Clinton and Foreign Minister Gamba Koichiro meet in Washington to discuss a range of issues including the realignment of US forces in Japan, North Korea, Afghanistan, and TPP.

April 13, 2012: North Korea launches a rocket that falls into the sea soon after liftoff.

April 13, 2012: A *Jiji Press* poll posts a 21 percent approval rating for the Noda Cabinet.

April 16, 2012: Assistant Secretary Campbell visits Tokyo to discuss North Korea and the realignment of US forces in Okinawa.

April 20, 2012: Upper House of the Diet passes censure motions against Defense Minister Tanaka for responding inadequately to the April 13 North Korean rocket launch and Transportation Minister Maeda Takeshi for endorsing a specific candidate in a local election.

April 23, 2012: Defense Secretary Panetta calls Defense Minister Tanaka to discuss the realignment of US forces in Okinawa and Guam.

April 24, 2012: Senators Carl Levin (D-MI), John McCain (R-AZ), and Jim Webb (D-VA) send a letter to Defense Secretary Panetta expressing concerns about an imminent agreement between the United States and Japan on US force posture in the Asia-Pacific.

April 26, 2012: Bilateral Security Consultative Committee (also known as the 2+2) issues a joint statement detailing an agreement on the relocation of US Marines from Okinawa to Guam.

April 26, 2012: DPJ lawmaker Ozawa Ichiro is acquitted of charges he was involved in submitting false political funding reports.

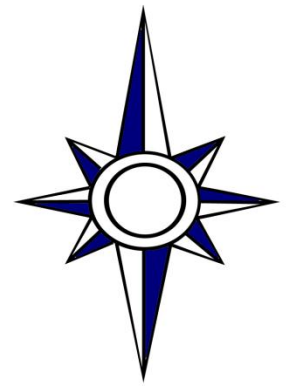
April 27, 2012: Bank of Japan expands its asset purchase program from 65 trillion to 75 trillion yen.

April 27, 2012: The Diet passes legislation scrapping a requirement that Japan's postal and insurance businesses be fully privatized by 2017.

April 30, 2012: PM Noda and President Obama meet at the White House and issue a joint statement on the US-Japan alliance.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



US-China Relations:

Xi Visit Steadies Ties; Dissident Creates Tension

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China's next leader, Xi Jinping, traveled to the US for a familiarization visit that went smoothly and laid the foundation for a strong bilateral relationship after the 18th Party Congress this fall. Senior US and Chinese officials delivered speeches at events to mark the 40th anniversary of Nixon's visit to China in 1972 highlighting the progress made and the importance of the bilateral relationship to both countries while recognizing the deep mutual strategic mistrust that hampers cooperation. As the US pivot to Asia gained steam and friction between the US and China increased, the third Asia-Pacific Consultation was held to manage suspicions and enhance cooperation. President Obama met Hu Jintao on the sidelines of the Seoul Nuclear Security Summit and coordinated planned responses to North Korea's satellite launch. Friction increased on the trade front with the filing of a formal complaint with the WTO by US, Japan, and the EU that charged China with keeping prices of rare earth elements low for domestic manufacturers. Beijing angered the Obama administration at the UN Security Council by vetoing a resolution in early February that called for Syria's president to step down. But as the violence worsened, the Council passed a resolution in mid-April that authorized observers to monitor the ceasefire. China rebuffed US entreaties to reduce its oil imports from Iran and the US imposed sanctions on a Chinese company for selling refined oil to Iran. At the end of April, a Chinese dissident escaped from house arrest and sought assistance by entering the US Embassy, creating potential major challenges for the Sino-US relationship.

Blind, "barefoot" lawyer seeks refuge

On April 26, just days before the arrival of a huge US delegation led by Secretary of State Hillary Clinton and Treasury Secretary Timothy Geithner for the fourth Strategic and Economic Dialogue (S&ED), Chinese dissident Chen Guangcheng made a dramatic escape from house arrest and sought refuge in the US Embassy in Beijing. Known as China's "barefoot" lawyer, Chen is blind and self-taught. He had been imprisoned for 51 months for championing the rights of women who were forced to undergo abortions and sterilizations. His case had been raised repeatedly by high-level US officials with Beijing. In a video that was posted on *YouTube* and widely circulated, Chen demanded that Prime Minister Wen Jiabao appoint an investigation team, punish officials who beat his family, ensure the safety of his family, and root out corruption.

Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell departed for Beijing three days earlier than planned to negotiate a solution to the crisis that strikes a balance between supporting human rights and preserving a cooperative relationship with China. Asked about the case, President Barack Obama urged China to improve its record on human rights, but

refused to comment specifically on the details. “It is our belief that not only is that the right thing to do, because it comports with our belief in freedom and human rights, but also because we actually think China will be stronger as it opens up and liberalizes its own system,” Obama said as he appeared with Japanese Prime Minister Noda Yoshihiko at the White House. “We want China to be strong and we want it to be prosperous.”

A Chinese Foreign Ministry spokesman expressed strong dissatisfaction for the “irregular way” that the US took Chen Guangcheng into custody, calling the action “interference in China’s domestic affairs.” He demanded an apology, an investigation of the incident, actions to deal with those responsible, and assurances that such an incident would not recur. “The US side should reflect on its politics and practices, and take practical actions to uphold the overall situation of Sino-US relations,” the spokesman asserted.

Chen left the embassy on his volition on May 2, bringing an end to the potential crisis in Sino-US relations. A US official explained on background that the resolution was based on a number of understandings including that Chen will be treated humanely while he remains in China, he will be relocated to another province and be permitted to attend university, and China will investigate reported extra-legal activities committed by local Shandong authorities against Chen and his family members. In addition, the US official noted that Washington would take a continuing interest in the well-being of Chen and his family, including periodic visits to confirm that the commitments he has received are carried out. The resolution of the case, the US official noted, was pursued in “a manner consistent with American values and our commitment to human rights, and in the context of a cooperative US-China partnership.”

The deal quickly fell apart, however. Once in the hospital, Chen felt scared and abandoned and his wife and fellow activists helped convince him that he and his family would be in danger if they stayed in China. US officials scrambled to piece together a new arrangement that would allow Chen to travel to the US on a student visa and study law New York University. The Chinese government issued a statement indicating that Chen could apply for a visa to study abroad just like any other Chinese citizens. Details about how long it would take for Chen and his family to leave China were left to be worked out, but it appeared that the deal would hold. China’s government was able to save face and President Obama would likely not be weakened domestically by criticism that his administration had rushed a flawed solution.

Deal with Congress may lead to Taiwan arms sale

In a one-two punch to the US-China relationship, the same day that the US press reported that Chen Guangcheng fled to the US Embassy, the White House released a letter to Sen. John Cornyn that was clearly part of a deal with Cornyn to lift his hold on Senate confirmation of Mark Lippert as assistant secretary of defense for Asian and Pacific security affairs in return for giving “serious consideration” to selling Taiwan *F-16C/D* fighter jets as well as upgrading its fleet of *F-16A/B* jets. The letter stated that the administration is “mindful of and share[s] your concerns about Taiwan’s growing shortfall in fighter aircraft” and asserted that Lippert, “in consultation with the inter-agency and the Congress, will play a lead role as the Administration decides on a near-term course of action on how to address Taiwan’s fighter gap, including through the sale to Taiwan of an undetermined number of new US-made fighter aircraft.”

The wording was unquestionably cleared by White House lawyers, who maintained the language did not obligate the administration to sell new fighters to Taiwan. Members of Congress may interpret the letter as a pledge to do just that, however. Beijing did not comment on the letter, but will undoubtedly be worried about the possibility of another arms sale to Taiwan.

Washington rolls out the red carpet for Xi Jinping

In a carefully scripted effort to lay the foundation for the next decade of relations between the United States and China, Vice President and heir apparent Xi Jinping, toured the US for five days in February. At his first stop in Washington DC, he was received in the Oval Office by President Obama, met leading members of Congress, held talks with his host Vice President Joe Biden and Secretary of State Hillary Clinton, was feted at a lavish luncheon on the eighth floor of the State Department, visited the Pentagon, engaged US business leaders, and delivered a speech to a large gathering of representatives from the academic, think tank, and business communities in favor of closer US-China relations.

At his second stop of the visit in Iowa, Xi reminisced with residents of Muscatine about his visit 27 years earlier when he was an official in the pig-farming province of Hebei. He toured a 4,000-acre farm outside Des Moines where he climbed into a John Deere tractor and received a toy tractor as a gift. In California, Xi made a stop at the port of Los Angeles, attended a trade conference, visited a suburban school with Vice President Biden to promote the study of the Chinese language in the US, and went to a Lakers basketball game.

No agreements were signed nor breakthroughs achieved, but that was to be expected since Xi has not yet assumed the helm in Beijing. Nevertheless, the visit was important and provided an opportunity for China's incoming leader to gain a better understanding of the US and China-US relationship. It also enabled Xi to demonstrate to the domestic audience in China that he is capable of protecting Chinese interests and managing a vital relationship. Chinese trade and investment delegations, whose visit to the US were timed to coincide with Xi's visit, purchased approximately \$27 billion of US goods, including silicon chips, electronic materials, equipment and machinery, and agricultural products.

While Obama and Xi discussed their two countries' trade and economic relationship, human rights and other topics, a few hundred protesters marched outside the White House, waving Tibetan flags and demanding freedom for Tibet. Inside the Oval Office, President Obama privately assured Xi that the US has no intention of containing China's rise. He also expressed disappointment with China's veto of a UN Security Council resolution that threatened sanctions against the Syrian regime if it did not halt its military crackdown against civilians and voiced concerns about China's undervalued currency. On Iran, Obama reportedly praised Beijing for helping to keep pressure on Tehran to not develop nuclear weapons, but also warned that as countries reduce their imports of oil from Iran as part of a coordinated international effort to increase pressure on Tehran, China should not backfill by closing more deals.

In a toast at the State Department lunch that some observers viewed as excessively harsh, Vice President Biden detailed the many differences between the US and China in their approaches to

global issues. He publicly upbraided China for its veto of the UNSC resolution “against the unconscionable violence being perpetrated” by the Syrian government, underscored the need for China to protect intellectual property rights and trade secrets, to address its undervalued exchange rate, to level the competitive playing field for foreign companies in China, and to prevent the forced transfer of technology. Biden also raised human rights concerns, noting that there are areas in which conditions in China have deteriorated, and referred to “the plight of several prominent individuals” that have been raised by the US side.

Xi Jinping impressed his hosts as self-confident, relaxed, and well-versed in the broad range of issues that were raised. Throughout his visit, he delivered a few clear messages that were undoubtedly carefully crafted by China’s collective leadership. For example, in written answers to questions posed by the *Washington Post* and published on the eve of his arrival, Xi rebuked the US for increasing its military deployments and strengthening its military alliances. In his luncheon speech, he called for the US to respect China’s “core interest” through concrete actions. Quoting George Washington, he stated that the standard to judge a true friend is actions, not words. Regarding Taiwan, Xi called on the US to adhere to the three US-China joint communiqués, uphold the one-China policy, support the peaceful development of cross-strait relations and oppose “Taiwan independence” with actual deeds. Privately, he pressed the US to end its arms sales to Taiwan.

In his meetings with President Obama and senior US officials, Xi called on the US to lift restrictions on high-tech exports to China, eschew protectionist measures, and provide a level playing field for Chinese firms seeking to invest in the United States. He also urged the two sides to not create trouble for each other and “refrain from exceeding each other’s bottom line.”

Washington’s view of the visit as an investment in the future was on full display in Xi’s visit to the Pentagon, where he was greeted by Defense Secretary Leon Panetta, an honor guard of 350 troops and a 19-gun salute – privileges never before bestowed upon a visiting vice president. With the press present at the opening of their meeting, Panetta welcomed the “rise of a prosperous and successful China that plays an active and responsible role in regional and global security affairs” and said it was “essential” that mutual trust and understanding be established between the US and Chinese military establishments. In his reply, Xi thanked the secretary of defense for holding the “grand ceremony,” but he pointedly refrained from endorsing the importance of US-Chinese military ties. Xi simply told Panetta and Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey that he appreciated US support for the bilateral military-to-military exchanges and the US desire for the two militaries to have a constructive relationship. These remarks seemed out of sync with the joint statement issued during President Hu Jintao’s visit a year earlier in which the two nations reaffirmed that “a healthy, stable and reliable military-to-military relationship is an important part of positive, cooperative, and comprehensive China-US ties.”

Following their meeting, however, the Pentagon spokesman said that the two sides had “agreed on the need for enhanced and substantive dialogue and communication to foster greater understanding and expand mutual trust.” In addition, the spokesman stated that Xi had “urged both sides to maintain and strengthen practical exchanges and cooperation between the two

militaries,” voiced support for an exchange of visits by US and Chinese defense ministers, and “agreed that the two militaries should discuss the specifics of a program of future exchanges.”

A week later, China’s Defense Ministry spokesman Geng Yansheng told a monthly press briefing that Xi’s visit to the US “was of great significance to guiding the development of relations between the two countries and the two militaries” and indicated that China is “ready to work with the US side, by observing the principles of mutual respect, trust, equality and mutual benefits, to respect and take care of each other’s core interests and major concerns, properly handle differences and controversial issues, cultivate strategic mutual trust and push forward China-US military links in a healthy and stable way.”

The third Asia-Pacific Consultation

On March 12, Assistant Secretary of State Campbell hosted Vice Foreign Minister Cui Tiankai at the US Naval Academy in Annapolis, Maryland for the US-China Asia-Pacific Consultations, the third round since the mechanism was launched in May 2011. The goals of the consultations are to reduce misunderstanding and promote greater cooperation on regional challenges. They discussed North Korea, the South China Sea, Burma, and respective objectives for the upcoming rounds of the Strategic and Economic Dialogue, the Strategic Security Dialogue, and the Consultation on People-to-People Exchange, all of which are slated to take place in Beijing in May. Campbell provided an explanation of the US Asia “pivot,” seeking to allay Chinese concerns that increased US attention to the region is intended at containment or strategic encirclement of China.

A media note issued by the Department of State after the meeting termed the discussions “constructive,” and noted that “the US reiterated its commitment to working together to build a cooperative partnership with China and welcomed China playing a more active and positive role in world affairs.” It also noted that the US “emphasized its support for strengthening the role of regional institutions in Asia and its desire to work together with China to advance that goal.”

A *Xinhua* report on the meeting stated that “The two sides recognize the importance of carrying out virtuous interaction in Asia-Pacific region and agree to maintain close communication and coordination and to timely passing of messages to each other on the development of Asia-Pacific situation, major outbreak of major incidents in the region, and on respective Asia-Pacific policies through the mechanisms of the Sino-US strategic and economic dialogue, Sino-US consultations on Asia-Pacific affairs and other appropriate ways.”

Cui Tiankai also met Deputy Secretary of State William Burns, Deputy Assistant to the President and Deputy National Security Adviser Michael Froman, National Security Council Senior Director for Asian Affairs Danny Russel, and other US officials. It was agreed that a fourth round of the Asia-Pacific Consultations would be held in China before the end of the year.

Hu-Obama tête-à-tête and differences over North Korea

In the wake of Kim Jong Il’s death, the US and China consulted frequently on issues pertaining to North Korea. Beijing supported the “Leap Day” agreement reached between the US and

North Korea that offered modest hope for resolving the longstanding impasse over Pyongyang's nuclear program. The deal, outlined in separate unilateral statements, involved a North Korean moratorium on nuclear and long-range testing, suspension of North Korea's production of weapons-grade nuclear material, the return of UN inspectors from the International Atomic Energy Agency to North Korea to assess the facilities at Yongbyong and verify the end of uranium enrichment, and US provision of 240,000 tons of food aid to North Korea. Two weeks after the deal was inked, North Korea announced plans to launch a satellite between April 12 and 16, which shattered the agreement.

In China's initial response to the news, it simply indicated that it had "taken note of" North Korea's planned satellite launch and called for all parties concerned to play constructive roles. Shortly thereafter, Vice Foreign Minister Zhang Zhijun met North Korean Ambassador to China Ji Jae Ryong and voiced "concern" and "China's worry over the matter." Zhang also called for all parties to "stay calm and exercise restraint and avoid escalation of tension that may lead to a more complicated situation." Although the Chinese response fell short of the condemnations issued by Washington and Seoul, the reporting of a Chinese message of concern to North Korea prior to any destabilizing action was unprecedented. Knowing that proceeding with the satellite launch would torpedo any possibility of resuming the Six-Party Talks and reignite US-North Korean tensions, China likely put some pressure on North Korea to cancel the launch.

Still, the US demanded that Beijing do more to prevent North Korea from proceeding with the satellite launch, which was believed by the US and its allies to be a pretext for a missile test. During his visit to Seoul to attend the Nuclear Security Summit, President Obama accused China of "rewarding bad behavior and turning a blind eye to deliberate provocations."

In his subsequent meeting with President Hu Jintao on the sidelines of the summit, Obama strongly urged China to use its influence to stop North Korea's provocations. According to *Xinhua*, Hu said Beijing is "concerned and worried about the latest development," called upon all parties "to exercise calm and restraint," and insisted that China had made "unremitting efforts to help realize the denuclearization of the Korean Peninsula and to maintain peace and stability on the peninsula." Hu expressed his hope that the US and North Korea would "keep contacts and dialogues and honor the consensus reached between them." He also indicated that China was willing "to maintain close consultation and coordination with all parties concerned."

Regarding the bilateral US-China relationship, Hu put forward a four-point proposal that called for the two countries to: 1) push forward their cooperative partnership; 2) expand and deepen economic and trade ties by strengthening mutually beneficial and win-win practical cooperation in various fields; 3) have positive interactions in the Asian-Pacific region; and 4) adopt more flexible measures to ensure timely and high-quality strategic communication between leaders of the two countries.

The growing missile threat from North Korea prompted the US to disclose plans to enhance its ballistic missile defense capabilities in Asia. China's Foreign Ministry spokesman voiced concern, noting that "every country should address anti-missile issues in a cautious way, with a view of maintaining global strategic stability and enhancing strategic mutual trust."

Three days after North Korea's failed attempt on April 13 to launch a satellite, the UN Security Council issued a Presidential Statement condemning the action as a serious violation of Security Council Resolutions 1718 and 1874. The US and China reportedly coordinated closely and quickly agreed on the language which 1) demanded that North Korea comply with its obligations under prior UNSC resolutions by suspending all activities related to its ballistic missile program and reestablish a moratorium on missile launches; 2) directed the Security Council's North Korea sanctions committee to designate additional North Korean entities to be subject to an asset freeze and identify additional proliferation sensitive technology to be banned for transfer to and from North Korea; and 3) expressed the Security Council's determination to take action in the event that North Korea launches missiles or conducts nuclear tests.

Meanwhile, questions regarding China's enforcement of UN sanctions arose when North Korea displayed a missile-transport vehicle in a military parade marking the 100th birthday of Kim Il Sung. The chassis and other parts of the vehicle were believed to have been purchased from a Chinese manufacturer. If made for civilian purposes, however, the sale would not be a violation of UN sanctions. A US official told the *New York Times* that the transfer was likely a result of "poor Chinese performance in sanctions implementation, and not willful proliferation." Defense Secretary Panetta, testifying before Congress, said that China had provided some assistance to North Korea's missile program, but said he did not know the "exact extent of that." A spokesman for the Chinese Embassy in Washington denied that China had violated UN sanctions. Nevertheless, the Obama administration indicated it would use the incident to urge Beijing to tighten enforcement of its export control regime.

New strategic defense guidance

On Jan. 5, President Obama made an unprecedented visit to the Pentagon to roll out the new strategic defense guidance alongside Secretary Panetta and Chairman of the Joint Chiefs of Staff Gen. Dempsey. Entitled *Sustaining U.S. Global Leadership: Priorities for the 21st Century Defense*, the eight-page document signaled a reorientation of long-term national defense planning by the US. While the military will continue to contribute to security globally, the guidance noted, "*we will of necessity rebalance toward the Asia-Pacific region.*" China features prominently in the guidance. Noting that "China's emergence as a regional power will have the potential to affect the US economy and our security in a variety of ways," the document underscores the two countries' shared interest in building a cooperative bilateral relationship. It also calls for China to be more transparent about its strategic intentions in order to avoid regional friction and emphasizes that the US would preserve regional access and freedom of navigation.

Among the 10 missions for the US armed forces outlined in the guidance, one explicitly points to China as a threat – project power despite anti-access/area denial challenges. China and Iran are singled out as using asymmetric means to counter US power projection capabilities.

Chinese Foreign Ministry spokesman Liu Weimin reacted mildly, calling the accusations against China "groundless and untrustworthy." He insisted that China's national defense modernization is a positive factor in maintaining regional peace and stability, and its strategic intent is clear, open, and transparent. Chinese Defense Ministry spokesman Geng Yansheng also termed the charges groundless and urged the US to treat China objectively and rationally. Articles by

Chinese experts published in various newspapers responded more harshly, with several criticizing the new defense strategy as “targeting” China.

An editorial in *Renmin Ribao* viewed the new plan as “further evidence of the US desire to gain hegemony over the world.” Adm. (ret.) Yang Yi argued in the pages of *Renmin Ribao*’s Overseas Edition that “there are various causes” behind the adjustment of the US military strategy, but asserted that “it is hardly convincing or acceptable to arbitrarily link its military presence in the Asia-Pacific region with China’s military modernization.” Meng Xiangqing, deputy director and professor at the Institute for Strategic Studies of the National Defense University, wrote in *China Youth Daily* that in contrast to the past characterization of China as a potential threat, the strategic guidance portrayed China as a “realistic threat.” He added that the document “contains a very strong China-targeting flavor” but cast doubt on the ability of the US to effectively deal with problems in the Middle East and its debt crisis at home.

Celebrating the 40th anniversary of Nixon’s visit to China

Many events were held in China and the US to celebrate the 40th anniversary of President Nixon’s opening to China. Vice Minister Cui Tiankai delivered a speech at the Shanghai Institutes for International Studies marking the occasion, in which he highlighted the problem of mutual strategic distrust in the US-China relationship. He warned that “even trivial misjudgment of each other’s strategic intention may bring about severe consequences” and therefore both sides “must stay on constant alert.”

In Washington, Secretary of State Clinton gave a speech at the US Institute of Peace. Whereas in 1972 the US and China focused on establishing diplomatic ties and acquiring a basic understanding of each other, Clinton noted, the US-China project of 2012 is completely different and “unprecedented in the history of nations.” In addition, she said,

The United States is attempting to work with a rising power to foster its rise as an active contributor to global security, stability and prosperity while also sustaining and securing American leadership in a changing world. And we are trying to do this without entering into unhealthy competition, rivalry, or conflict; without scoring points at each other’s expense and thereby souring the relationship; and without falling short on our responsibilities to the international community. We are, together, building a model in which we strike a stable and mutually acceptable balance between cooperation and competition. This is uncharted territory. And we have to get it right, because so much depends on it.

Clinton criticized China for acting like a “selective stakeholder” – sometimes insisting on being treated as a great power and at other times preferring to be considered a developing nation. Reflecting rising expectations of China, she stated that “the world is looking for China to play a role that is commensurate with its new standing. And that means it can no longer be a selective stakeholder.”

National People's Congress raises common themes

The fifth and final session of the 11th National People's Congress (NPC) was held in Beijing March 5-14, 2012. Ahead of the meeting, Premier Wen Jiabao delivered his annual government work report, striking familiar themes. Wen emphasized Beijing's drive to rebalance the economy by increasing domestic consumption and shifting away from China's current reliance on exports. He announced a target of 4 percent inflation for the year, highlighted continued health care system reforms focused on cost reductions, declared a continuation of housing market controls, stressed continued development of the seven Strategic Emerging Industries (SEIs) identified in the 12th Five-Year Plan, and set an economic growth target of 7.5 percent for 2012, which is consistent with the 7 percent growth target for 2011-2015 announced last year as part of China's 12th Five-Year Plan. Beijing also announced an 11.2 percent increase for 2012 military spending, bringing the budget to 670 billion *renminbi* (\$106.4 billion), an increase of 67.6 billion *renminbi* from the 2011 budget. In a press conference on the sidelines of the NPC, Li Zhaoxing, spokesman for the Congress, stated that the budget increase was "reasonable and appropriate," explaining that China's "limited military strength" was meant to safeguard "national sovereignty and territorial integrity, and will not pose a threat to any country."

The sole piece of legislation passed at the NPC was an amendment to the Criminal Procedure Law (CPL). The revision includes language that specifies the law's basic principle is "respecting and protecting human rights," and for the first time, the CPL makes confessions, witness testimony, and depositions extracted through illegal means inadmissible in court. Other positive additions include requiring judicial supervision when conducting compulsory psychiatric treatment of suspects as well as the introduction of pretrial hearings and plea bargains. However, the amendment was controversial – both within China and abroad – due to a series of provisions that permit police to confine suspects under "residential surveillance" for up to six months if the case involves national security or terrorism. A suspect's relatives must now be notified within 24 hours of his or her arrest, but the suspect's whereabouts or details behind the detainment can remain secret. Additionally, the 24-hour notice can be waived if law enforcement officials believe it would "impede the investigation." Other disconcerting provisions include denial of a suspect's access to legal counsel during detention, and cases involving "commercial secrets" are no longer required to be tried publicly.

In the wings of the NPC meeting, scandal was brewing around Chongqing's Party Secretary Bo Xilai. In February, Wang Lijun, Bo's police chief, fled to the US Consulate in Chengdu and reportedly sought political asylum. Subsequently, Bo's wife was implicated in the murder of British citizen Neil Heywood. The scandal resulted Bo's fall from grace. Immediately after the NPC meeting, Bo was relieved of his duties and was later charged with serious violations of Party discipline. His membership on the Party's Central Committee and the Politburo was suspended. The still developing scandal is the largest crisis the Chinese leadership has faced since the 1989 protests in Tiananmen Square.

Economic frictions continue

US-China economic relations have been consistently agitated since January, as the Obama administration followed through on its commitment to use "all available tools" to address its

concerns regarding trade issues with Beijing. In late February, President Obama established a new economic mechanism to help coordinate and enforce US trade rights under domestic and international law. Soon after, the US Congress passed an anti-subsidy measure aimed at imported goods from non-market economies. Despite continued improvement, the valuation of the *renminbi* and rate of appreciation continued to draw US criticism. The US used these issues and various high-level exchanges to maintain pressure on Chinese economic and trade policy, despite protests from Chinese officials.

On Feb. 28, President Obama established the Interagency Trade Enforcement Center (ITEC) within the US Trade Representative. According to White House officials, the ITEC “will institute a more aggressive ‘whole-of-government’ approach to getting tough on trade enforcement” by monitoring and coordinating the enforcement of US trade rights under domestic law as well as under international trade agreements, and will counter unfair trade subsidies in other countries that work against US firms in the global market. In response, Chinese Commerce Minister Chen Deming commented that he hoped the ITEC would operate transparently and said China would pay close attention to “whether it obeys the rules of international trade.” In early March, over 180 members of the US Congress called on the administration “to confront China’s illegal practices that harm” US manufacturers and jobs, and urged Obama to utilize the ITEC to address “China’s predatory policies” in the auto parts sector.

Also in early March, the US Senate unanimously passed a bill that would allow the US Department of Commerce to continue placing countervailing or anti-subsidy duties on goods from non-market economies (NMEs) such as China and Vietnam. The bill was proposed in response to a December 2011 US Court of Appeals ruling that determined the Commerce Department lacked the authority to impose such duties. After clearing the Senate, the bill was passed by the House of Representatives in a 370-39 vote before being sent to the White House for the president’s signature.

The Chinese response was predictably negative. Commerce Minister Chen Deming argued at a March 7 press conference that China follows “the rules of the WTO” and has “no obligation to follow domestic laws or regulations in any specific country that go beyond the international rules.” He also insisted that the law was “not consistent with US laws and WTO rules.” Former Chinese Vice Minister of Commerce and current Director of the Council of China Foreign Trade Zhang Zhigang called the law “pure trade protectionism.” US critics also warned of worsening bilateral economic ties due to the bill’s passage, some even going so far as to accuse Congress with upping the ante in the US-China “trade war” to gain political clout.

The exchange rate issue was left untouched by the anti-subsidy measure as well as by China’s Central Bank decision in April to widen the trading band of the *renminbi*. Actually, the *renminbi* has appreciated in real terms 14 percent against the dollar since 2010 and 40 percent since 2005, although the pace has recently slowed. Nevertheless, US policymakers continued to call for the Chinese currency to appreciate faster and the issue remained a focal point both in Congress and the Republican presidential nomination race’s political discourse. The issue was also raised during bilateral meetings between the Obama administration and Chinese officials, including during Vice President Xi Jinping’s visit to Washington DC, and the meeting between Presidents Hu and Obama in March on the sidelines of the Seoul Nuclear Security Summit.

Other trade issues were also discussed between the two presidents in Seoul. *Xinhua* quoted Hu as stating that trade frictions between the two countries were developing within the context of expanding bilateral cooperation and would therefore need to be addressed through cooperation. Hu insisted that the economic problems the US is facing – such as the bilateral trade imbalance and high unemployment – cannot be blamed on China’s exchange rate system. He urged the US to lift restrictions on high-tech exports to China, which he claimed would help to stimulate US economic development and balance bilateral trade. Obama indicated that the US was “starting to address the issue” of liberalizing high-tech exports to China. He also noted that the US would seek to facilitate greater Chinese investment in US infrastructure and other sectors.

Bilateral economic tensions began to ease in April following new adjustments to Chinese financial policy. Premier Wen Jiabao suggested during a trip to Fujian province that the “monopoly” capital flows by the state-owned banks needed to be dismantled, marking the first time a senior official made such observations. Chinese officials also announced new steps in April granting the *renminbi* greater freedom of movement, including lifting some restrictions to capital flows in and out of China, permitting retail investors to buy and sell some investments via Hong Kong, and authorizing the sale of *renminbi*-denominated bonds in London. Treasury Secretary Geithner described these developments as “very significant and very promising,” stating that they signaled “a continued commitment by Chinese authorities to a broad change.” Ongoing frustration evidently still lies just under the surface, however, as US companies continued to cite the long way yet to go on other bilateral trade issues, such as protection of intellectual property and access to the Chinese market.

Rare earth issue goes to the WTO

On March 13, the United States, Japan, and the EU brought a formal complaint to the World Trade Organization (WTO) accusing China of deliberately keeping prices of rare earth elements low for domestic manufacturers while pressuring foreign companies to move their operations to China. The case has been brewing since China first announced it would begin curbing rare earth exports in December 2010. Beijing has continued to defend its policy, claiming that the controls were necessary to protect the environment and preserve supply of these natural resources. Ministry of Foreign Affairs spokesman Liu Weimin stated that China’s stance on rare earth minerals “is in line with WTO regulations,” and that China’s “policies tackle not only the export of rare earth but also its production and exploration.”

In November 2011, the US, the EU, and Mexico filed a separate case with the WTO over Chinese export controls of different raw materials. In that case, the WTO ruled against China’s controls in January, but Beijing has yet to lift its restrictions, which left other countries “no choice but to challenge China’s export regime again,” according to EU Trade Commissioner Karel De Gucht in his statement on the rare earth case. President Obama argued that this most recent complaint was meant to give US workers and businesses “a fair shot in the global economy.” According to WTO regulations, the relevant parties have 60 days to try to resolve the dispute. If the matter is still unresolved, the US, EU and Japan may ask the WTO to establish a dispute-settlement panel as a next step. Once such a panel hears both sides’ appeals, the process could then take years before the case is finally resolved.

US and China in the UNSC: Syria

Over the past months, discord between the US and China on how to best manage the Syrian crisis has become a source of contention. Responding to growing violence in the nearly yearlong pro-democracy uprising in Syria, the US called for President Bashar al-Assad to step down and pressed for sanctions, but refrained from a military intervention. China strongly opposed military intervention and sanctions, instead arguing that the crisis can be resolved if the violence stops and all parties engage in dialogue without preconditions. On Feb. 4, China and Russia vetoed a UNSC resolution that backed an Arab peace plan and called for the Syrian president to step down. China's UN Ambassador Li Baodong stated that Beijing vetoed the resolution because it would have complicated the issue by putting "undue emphasis on pressuring the Syrian government." China and Russia were also among the 12 nations that voted against the Feb. 16 nonbinding General Assembly resolution that called for Assad to be removed from office and condemned the regime's human rights violations.

A number of factors guided China's decisions at the UN. First, China regretted abstaining from UNSCR 1973 on Libya, which Beijing – and Moscow – believes was abused by NATO to oust Libyan leader Muammar Gaddafi. China feared that backing the Syria resolution would further sanction UN-armed intervention to carry out regime change. Second, Beijing is increasingly seeking to work in tandem with Moscow in the UNSC and likely calculated that a vote in support of protecting Russia's interests in Syria would encourage Moscow to vote in favor of China's interests in the future. China also judged that its actions were justified as previous "Responsibility to Protect" missions, like the one in Libya, resulted in civilian deaths without an end to the violence. A Ministry of Foreign Affairs official likened those missions to "successful surgery that kills the patient."

The US harshly condemned Beijing and Moscow after the vote. US Ambassador to the UN Susan Rice said that the US was "disgusted" by the veto and charged Russia and China with holding the Security Council "hostage," and "sell[ing] out the Syrian people and shield[ing] a craven tyrant." Secretary Clinton blasted their decision to veto as "despicable." Press Secretary Jay Carney said that the White House agreed with the assessment that the veto gave Assad a "license to kill." As noted above, during Vice President Xi Jinping's visit to Washington, Syria was addressed by both President Obama and Vice President Biden, although no agreement was reached on a way forward.

Chinese officials were relatively diplomatic in responding to the US denunciations. Ministry of Foreign Affairs spokesman Liu Weimin said China rejected the "accusations," insisting that China does "not shelter anyone, nor do we intentionally oppose anyone." China's media was more combative. A *People's Daily* editorial by Zhong Sheng – a pseudonym meaning "voice of China" – maintained the US, had "not seriously considered how to help the Syrian people put an early end to this disaster at minimal cost" and charged that "in the name of helping Syrians achieve 'freedom' and 'democracy,' Washington is bitterly criticizing Beijing and Moscow."

As violence in Syria mounted, China undertook independent efforts to help resolve the conflict. Beijing dispatched envoys to Syria, first Vice Foreign Minister Zhai Jun in mid-February and

then former Ambassador Li Huaxin in early-March. China also supported a nonbinding press statement calling on Assad to allow UN humanitarian organizations into Syria. Then in March, China backed a nonbinding statement in the UNSC calling for the implementation of Special Envoy Kofi Annan's six-point peace plan. Foreign Minister Yang Jiechi told Secretary Clinton during an April 13 phone call that "China is willing to cooperate closely with the relevant parties including the United States for an early political solution to the crisis in Syria." The next day, China voted in support of UNSCR 2042, which authorized observers to monitor the ceasefire and subsequently deployed Chinese monitors.

US presses China to reduce oil imports from Iran

When it comes to concerns about Iran and its nuclear ambitions, the US and China agree that a nuclear Iran would be extremely destabilizing for the region. Both also view Teheran's uranium enrichment program as worrying. Nevertheless, the two countries consistently diverge over how to address the problem, whether through diplomacy or sanctions. As part of the US response to IAEA evidence that Iran is pursuing nuclear weapons, Washington sent Treasury Secretary Geithner to China on Jan. 10-11 to ask Beijing to join the US in sanctioning Iranian oil. Chinese support is perceived as crucial for sanctions to be effective because China is the biggest importer of Iranian oil and is currently Iran's largest trading partner. Geithner was unsuccessful, however.

After Geithner's visit concluded, the US unilaterally sanctioned China's state-run Zhuhai Zhenrong Corp. on Jan. 12 for selling refined oil to Iran. The move was considered largely symbolic as the company does not do business with the US. However, it did appear to deter other Chinese companies. In mid-March, for instance, the Industrial and Commercial Bank of China (ICBC) backed away from financing an Iran-Pakistan gas pipeline for fear of similar US sanctions. Chinese imports of Iranian crude oil were a third lower than the same period last year, although the reductions were likely due to disputes over contract terms, not Chinese efforts to punish Iran for its nuclear activities – either way, the US was pleased.

A *People's Daily* editorial by Zhong Sheng harshly criticized the US for its unilateral sanctions and argued that purchases of Iranian crude are "normal bilateral trade relations." At the same time, China took measures to signal that its decision not to sanction Iranian oil should not be construed as support for Iran's nuclear program. Premier Wen Jiabao emphasized on Jan. 18 that China is "resolutely opposed to the manufacturing and possession of nuclear weapons by Iran" and warned Teheran not to take "extreme measures" in the Strait of Hormuz. China also repeatedly encouraged Iran to cooperate with IAEA inspectors.

In his March 6 press conference held at the end of the Fifth Session of the 11th National People's Congress, Foreign Minister Yang Jiechi reiterated China's opposition to the development and possession of nuclear weapons by Iran. Yang also repeated Beijing's longstanding position that all countries have the right to peaceful use of nuclear energy. In addition, he underscored China's opposition to unilateral sanctions and called for close coordination among the countries in the P5 plus one mechanism to find a proper settlement of the Iranian nuclear issue.

The first round of a new series of negotiations between the P5 plus one and the Iranians was held on April 13-14 in Istanbul. At the talks, the Chinese reported played a more active role, tabling

their own proposals rather than hewing closely to Russia's position as has been their practice in the past. Following the discussions, *China Daily* stressed that dialogue is the only appropriate way to resolve the issue and maintained that the "situation concerning Iran cannot be allowed to deteriorate further as that will have disastrous consequences and serve no one's interests." US sanctions aimed at further isolating Iran's central bank – which processes most of Iran's oil purchases – from the global economy are set to take effect on June 28 on countries that import oil from Iran unless they show a "significant reduction" in imports. China, along with India and Turkey, have asked for waivers from US sanctions as they are heavily dependent on Iran's energy resources. US law gives President Obama the ability to waive sanctions if doing so is in the national interest.

Looking forward

It remains to be seen whether the Chen Guangcheng affair will have an enduring impact on US-China relations. Chinese suspicions of US intentions toward China may further increase, especially in regards to alleged US efforts to subvert China's communist party rule. Nevertheless, US-China relations are likely to survive this political storm.

The fourth annual US-China Strategic and Economic Dialogue (S&ED) will take place May 3-4 in Beijing. It will be the last S&ED convened by the current four chairs: Secretary of State Clinton, Treasury Secretary Geithner, State Councilor Dai Bingguo and Vice Premier Wang Qishan. Expect both sides to celebrate the achievements of this dialogue mechanism, although this round will likely produce little in the way of concrete deliverables. Nevertheless, it provides an important opportunity to discuss the broad range of economic and security issues that are on the US-China agenda. Just prior to the S&ED, on May 2, another round of the Strategic Security Dialogue will be held, bringing together senior military and civilian officials to discuss sensitive cross-cutting security issues.

For the remainder of the year, the US and China will focus on their domestic political priorities as the US presidential campaign kicks into high gear and the final preparations are made for China's 18th Party Congress. High-level exchanges will slow, but not stop. With agreement reached between Beijing and Washington in early April on the defense exchange agenda for 2012, Defense Minister Liang Guanglie is scheduled to visit the United States in May and another visit by Chinese Air Force Commander Xu Qiliang is planned for the summer.

Chronology of US-China Relations* **January – April 2012**

Jan. 4, 2012: As part of a trip to China, South Korea, and Japan, Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell visits Beijing for talks on bilateral and regional issues with Vice Foreign Minister Cui Tiankai.

* Chronology and research assistance by CSIS intern Andria Matrone

Jan. 5, 2012: President Barack Obama and Secretary of Defense Leon Panetta release a new strategic guidance document entitled *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, which cites China, together with Iran, as pursuing asymmetric means to counter US power projection capabilities.

Jan. 10-11, 2012: Treasury Secretary Timothy Geithner visits Beijing and meets Premier Wen Jiabao, Vice President Xi Jinping, Vice Premier Wang Qishan and other high-ranking officials to discuss economic cooperation and economic sanctions on Iranian oil.

Jan. 12, 2012: US imposes sanctions on China's state-run Zhuhai Zhenrong Corp. for selling refined oil to Iran.

Jan. 16, 2012: Prior to his visit to the US, Xi Jinping gives a speech in Beijing stating that the US and China should cooperate more to prevent a major disruption in relations.

Jan. 19, 2012: President Barack Obama issues an executive order to simplify the tourist visa process for Chinese citizens.

Jan. 19, 2012: US Department of Commerce announces an anti-dumping investigation focusing on Chinese wind tower parts.

Jan. 24, 2012: In the State of the Union speech, President Obama announces the creation of a new trade enforcement group to stop unfair trade practices in countries such as China.

Jan. 24, 2012: State Department issues a statement expressing concern over increased violence in Tibet, and calls on China to show restraint and reopen dialogue with Tibetans.

Jan. 26, 2012: US-China Economic and Security Review Commission holds a hearing on China's pursuit of natural resources and the implications for the US.

Jan. 27, 2012: At the World Economic Forum in Davos, Secretary Geithner says China's trade practices are "damaging" to its trading partners.

Jan. 29, 2012: Chinese Foreign Minister Yang Jiechi meets US Deputy Secretary of State William Burns in Addis Ababa.

Jan. 30, 2012: World Trade Organization (WTO) rules that China must stop export taxes and quotas on commonly used industrial materials. US, EU, and Mexico filed this case in 2009.

Feb. 4, 2012: China and Russia veto a UN Security Council (UNSC) resolution on Syria calling for President Bashar al-Assad to step down.

Feb. 6, 2012: Wang Lijun, vice-mayor and head of the Public Security Bureau of Chongqing, goes to the US consulate in Chengdu and reportedly requests political asylum.

Feb. 7, 2012: Vice Presidents Xi Jinping and Joe Biden talk by phone to discuss bilateral relations prior to Xi's visit to the US.

Feb. 7, 2012: Vice Foreign Minister Cui Tiankai says in a speech that there is a "trust deficit" between the US and China and he hopes that the Xi Jinping visit will strengthen relations.

Feb. 10, 2012: Commerce Department announces US merchandise trade deficit with China set a new record high in 2011 at \$295.5 billion, up from the record high of \$273.1 billion in 2010.

Feb. 13, 2012: State Councilor Dai Bingguo and Secretary Clinton discuss the crisis in Syria during a phone call.

Feb. 13-17, 2012: Xi Jinping visits the US with stops in Washington DC, Iowa, and Los Angeles.

Feb. 15, 2012: The US-China Economic & Security Review Commission holds a hearing on "Chinese State-Owned and State-Controlled Enterprises."

Feb. 16, 2012: Agriculture Secretary Tom Vilsack and Minister of Agriculture Han Changfu sign a Plan of Strategic Cooperation on food safety, food security, and sustainable agriculture.

Feb. 17, 2012: White House announces that China will increase its yearly quota of US movies that can be released in China to 34 from 20.

Feb. 23, 2012: Chinese State Councilor and Defense Minister Liang Guanglie meet US Ambassador to China Gary Locke and call for improved military ties.

Feb. 24, 2012: China's Special Representative for Korean Peninsula Affairs Wu Dawei meets US Special Representative for DPRK Policy Glyn Davies after the conclusion of talks held in Beijing between the US and North Korea.

Feb. 24, 2012: Secretary of State Clinton deplores Russia and China as "despicable" for opposing UN action aimed at stopping the bloodshed in Syria.

Feb. 28, 2012: President Obama signs an executive order creating the Interagency Trade Enforcement Center to "counter unfair trade practices around the world, including by countries like China."

March 5-14, 2012: China holds its annual meeting of the National People's Congress.

March 5, 2012: US Senate votes to uphold the ability to put duties on subsidized goods from China and Vietnam.

March 7, 2012: Secretary Clinton and Foreign Minister Yang Jiechi deliver remarks at the US Institute of Peace to celebrate the 40th anniversary of President Nixon's trip to China.

March 8, 2012: US-China Economic and Security Review Commission releases a report that states Chinese cyber warfare capabilities pose a risk to US military forces.

March 12, 2012: Assistant Secretary Campbell and Vice Minister Cui Tiankai hold the third round of Asia-Pacific Consultations in Annapolis, Maryland.

March 13, 2012: President Obama announces that the US, the EU and Japan are filing a formal “request for consultations” with China at the WTO about Chinese restrictions on exports of rare earth metals.

March 15, 2012: Bo Xilai is removed as Chongqing Communist Party chief.

March 16, 2012: Chinese Vice Foreign Minister Zhang Zhijun meets North Korean Ambassador to China Ji Jae Ryong and voices “concern and worry” of Pyongyang’s planned satellite launch.

March 19, 2012: US imposes duties on imports of subsidized steel wheels from China.

March 20, 2012: US International Trade Commission (ITC) refuses to revoke the anti-dumping duty order on silicon metal from China.

March 20, 2012: Commerce Department says it will impose tariffs on solar panels from China after concluding that Chinese government provided illegal export subsidies to manufacturers.

March 22, 2012: State Councilor Dai Bingguo has telephone conversation with National Security Advisor Thomas Donilon. They discuss bilateral relations and the Korean peninsula.

March 22, 2012: ITC announces it is launching anti-dumping and countervailing duty investigations on stainless steel sinks from China.

March 26, 2012: US-China Economic and Security Review Commission holds a hearing on “Developments in China’s Cyber and Nuclear Capabilities.”

March 28, 2012: Secretary Clinton and Ambassador-at-Large for Global Women’s Issues Melanne Verveer welcome a delegation of Chinese women led by Chen Zhili, vice chairperson of the Standing Committee of the NPC and President of the All-China Women’s Federation (ACWF), for the Third US-China Women’s Leadership and Exchange Dialogue.

March 28, 2012: The US Senate passes S.Res.356 that “deplores the repressive policies targeting Tibetans” and calls for China to resume dialogue with the Dalai Lama.

April 10, 2012: *People’s Daily* reports that Bo Xilai has been suspended from the Communist Party’s 25-member Politburo and Central Committee and is under investigation for “serious discipline violations” and that his wife, Gu Kailai, has been arrested as a suspect in the murder of a British businessman.

April 11-14, 2012: Director of the State Council's Taiwan Affairs Office Wang Yi visits the US and meets Deputy Secretary of State Burns to discuss Taiwan issues.

April 13, 2012: Foreign Minister Yang Jiechi has a telephone conversation with Secretary Clinton to discuss the crisis in Syria.

April 14, 2012: Foreign Minister Yang Jiechi has a telephone conversation with Secretary Clinton to discuss the situation on the Korean Peninsula.

April 17, 2012: US ITC decides not to impose antidumping or countervailing duties on steel wheels from China.

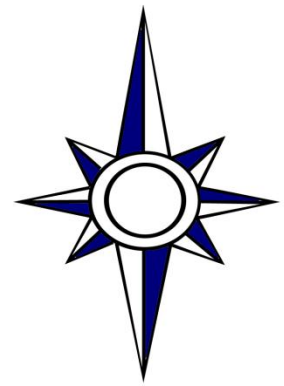
April 18, 2012: Departments of Defense and State release a report recommending a relaxation of export controls on satellite technology, but adds that restrictions should be maintained on the export to China of some items.

April 19, 2012: Secretary of Defense Leon Panetta says that China provided support to North Korea's missile program. However, State Department spokesman Mark Toner says that the US believes China's "repeated assurances" that it is complying with UN sanctions.

April 27, 2012: In a letter to Sen. John Cornyn, the White House says the US will give "serious consideration" to selling Taiwan *F-16C/D* jets, in addition to upgrading the *F-16A/B* jets.

April 27, 2012: Chen Guangcheng, a blind lawyer under house arrest, enters the US Embassy in Beijing seeking assistance.

April 29, 2012: Assistant Secretary of State Campbell arrives in Beijing to discuss Chen Guangcheng's case.



**US-Korea Relations:
North Korea's Rocket Launch**

**Victor Cha, Georgetown University/CSIS
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The most significant news in early 2012 centered on North Korea's rocket launch. In a slightly different twist to the pattern, this latest provocation came just two weeks after reaching what seemed to be a new deal with the US to freeze its missile and nuclear programs in exchange for food assistance. After Pyongyang went ahead with the launch in defiance of its international agreements and its so-called "Leap Day" deal with the US, it felt like Groundhog Day. The question soon became how soon a nuclear test might be in the offing. Meanwhile, the KORUS FTA finally took effect in March after seven years of deliberation, and the US sanctions on Iran and US beef imports also reemerged as issues for the US and ROK relationship.

Groundhog Day

Despite a strong, unified voice by international opposition to the DPRK regime's announced satellite/rocket launch, Pyongyang's decision to go ahead on April 13 once again raised tensions on the Korean Peninsula. Although Pyongyang defended its actions as a sovereign right to launch a weather satellite for peaceful uses, the rest of the world saw the use of ballistic missile-related technology for the launch vehicle as a violation of UN Security Council resolutions. The then-expected launch stole the headlines of the Seoul Nuclear Security Summit on March 26, where Presidents Barack Obama and Lee Myung-bak garnered more press for their sideline-bilateral consultations on the DPRK than for the agreements on security of nuclear materials reached at the summit. The two leaders called on the North Korean leadership to stand down, and Chinese President Hu Jintao also made an unusual public appeal urging Pyongyang to focus on improving its people's livelihood.

The failure of the rocket 135 seconds after liftoff was a huge embarrassment and the first setback for the North's young leader, Kim Jong Un. As part of celebrations marking the April 15 centenary of the birth of the late DPRK founder Kim Il Sung, the rocket launch was carefully orchestrated as a prelude to the festivities, and presumably constituted an attempt to link the inauguration of a new political leadership with the country's "conquest" of a new frontier (i.e., outer space). The regime went out of its way to invite foreign media, granting visas from April 6 to April 26 and allowing journalists and space experts to witness and confirm the North's benign intentions with the satellite launch. The explosion of the rocket, most likely due to either a catastrophic failure in the launch phase or self-destruction due to an errant guidance system, compelled the regime to make an unprecedented public acknowledgment of the embarrassing results. In the end, the North got the worst of both worlds – a failed satellite launch and worldwide condemnation in the form of a unanimous UN President's Statement that sought to expand and more stringently enforce UN sanctions against the country.

North Korea's continued insistence of their right to launch satellites has been at the core of the current crisis with the US. However, the debate about whether Pyongyang has this right misses the fundamental point: They do not have a civilian space program. The entirety of its space program is the previous two rocket launch attempts in 1998 and in 2009, both of which failed and came close to dropping stages of the missile on Japan. The 1998 launch carried the *Kwangmyongsong-1*. For spaceheads, a satellite must be able to broadcast on a high frequency to project images and signals to earth. The frequency of this first satellite was 27 MHz, according to experts – this is the frequency used for your kid's radio-controlled toys. The 2009 satellite used a higher frequency, but there is no evidence according to the International Maritime Organization (IMO) and International Civil Aviation Organization (ICAO) that the North succeeded in putting this into orbit.

That leaves the *Kwangmyongsong-3*, which exploded in April. It is more appropriately termed a micro-satellite rather than a satellite (or as one senior White House official put it, “a refrigerator wrapped in tin foil”). It had a stated power capacity of 200 watts and weighed about 100 kg, which is tiny by international standards (by the way, a 100 kg payload would approximate the weight of a crude 1 kiloton-yield nuclear warhead). It is supposed to transmit images but it is fixed with a low-resolution digital camera. A digital camera from outer space? Be Serious!

This may be all that the North Koreans can produce given the crippling international sanctions and its self-imposed isolation. China helped them with the first satellite and has since stopped. Even if they succeed in putting something into orbit, there are no signs the DPRK has developed the network of communications necessary to interact with the satellite and receive data or images. Moreover, according to the late Christopher Joyner, an expert on law and space, North Korea has not participated actively in international conferences and organizations like the UN Committee on Peaceful Uses of Space that comprise today's space regime.

North Korea is following the path of the Soviet Union and China. Both of their rocket programs were for military application first and foremost, despite rhetoric to the contrary. The objective was to develop the intercontinental ballistic missile capability to deliver a nuclear warhead to the US. Only after they achieved this was there interest in a space program.

Dead deal

What came as an unexpected surprise was that North Korea went ahead with the rocket launch before the ink was even dry on the Feb. 29 “Leap Day” deal with the US. The deal emerged from a third round of U.S.-DPRK exploratory dialogue on Feb. 23-24, which was also the first meeting following the death of Kim Jong Il and the ascension of his youngest son Kim Jong Un. In the deal, Pyongyang agreed to a moratorium on long-range missile launches, nuclear tests, and its nuclear activities at Yongbyon, including its uranium enrichment activities. It also agreed to allow IAEA inspectors to return to North Korea to verify and monitor the moratorium on uranium enrichment activities at Yongbyon. In return, Washington agreed to provide 240,000 metric tons of nutritional assistance to Pyongyang. The Obama administration played down the significance of the agreement, calling it a first, cautious step forward that offered glimmers of hope for a possible improvement in relations with the new regime and a return to Six-Party

Talks. Behind-the-scenes, there was palpable optimism that the deal was a good one and that relations could move forward after years of stasis. Theories were flung about Washington that junior Kim was a reformer and along with other princelings in the North Korean system represented a new generation that saw Coca-Cola and McDonalds as a part of the country's future. (In fact, a DPRK delegation in New York for track two talks in the aftermath of the February deal did meet with Coke representatives about the possibility of putting a bottling plant in the country).

Why did the deal fall apart? Why did the North announce a rocket launch two weeks after reaching a deal? There are no clear answers. The US government answer is that the North Koreans basically broke their word. This is not hard to believe given past behavior. At the same time, the North Koreans have maintained for over one decade now that a satellite launch is different from a ballistic missile test and that their announced launch was not in violation of the February commitment to a missile testing moratorium. The notion that they would move off of that position after 10 years for merely 240,000 tons of food seems odd. This ambiguity of missile vs. satellite tests could have been resolved if the two sides negotiated a joint statement (the agreement was announced as parallel statements in Washington and Pyongyang, but without a negotiation of the specific language of the statements), but such a negotiation could have taken months and would have left the Obama administration vulnerable to criticisms that it had abandoned the Six-Party Talks for bilateral negotiations with the DPRK.

In the end, the explanation that may make the most sense is that North Korea thought the February deal would have been concluded in December. That is, the third round of US-DPRK talks that produced the agreement in March was originally supposed to take place in mid-December, had it not been for the death of Kim Jong Il. Pyongyang's calculation might have been to make a deal in December, and then after four months of implementation – with IAEA inspectors presumably on-the-ground monitoring the uranium facility – force the US hand by announcing the satellite launch to see if Washington would be willing to give up all that it had achieved to that point. This is at least the view floating around Seoul these days. In the end, neither the US nor the DPRK came out smelling good from the failed deal.

What does this portend for the immediate future? Activity at the Punggye nuclear test site, including what appears to be a newly excavated tunnel entrance, provides telltale signs that the DPRK is preparing to repeat history with a third nuclear test. The danger of such a provocation is that there appear to be no exit ramps to dampen tensions after the event. The past cycle of events has been a North Korean provocation, which is followed by international sanctions, which is then followed by a quiet return to diplomacy to de-escalate the situation. The problem we now face is that the failed missile test created domestic political pressures for junior Kim to prove his legitimacy with a successful display of force. This will then elicit more international sanctions. But then there is no way out. The US, fed up with DPRK belligerence and failed deals, will not seek diplomacy and would presumably just move into containment mode, at least until after the November elections. Thus, we currently sit in a “negative feedback loop” when it comes to DPRK provocations. This situation would be exponentially exacerbated if the next provocation is a conventional military action against the ROK, as Seoul's certain response will be military rather than diplomatic.

Ripple effects

It would be an understatement to say there is widespread skepticism and pessimism in Washington about the utility of diplomacy and engagement with North Korea. The Obama administration will not resume dialogue with Pyongyang any time soon unless for some unforeseen reason, it seeks to spend the political capital to re-engage with Pyongyang amid what would be a frontal assault from Republicans about naively buying the same horse yet again. Meanwhile, the lack of any diplomatic progress and North Korea's increasing missile threats have created greater impulses in Seoul to push for revision of its missile guidelines with Washington. The two countries held several talks over the past months to discuss the issue, and Seoul continues to press for Washington's acquiescing to a maximum ballistic missile range of between 800 km to 1,000 km (the current restriction is 300 km). President Lee spoke openly about ROK desires in the aftermath of the DPRK missile test, which for the first time elevated this negotiation out of the working levels to a higher political level. Recent ROK parliamentary delegations to the US have been giving demarches on this issue, something not seen in the past. It's an election year not only in Washington but also in Seoul, and the possibility that candidates could take this up is far from remote.

US sanctions on Iran and South Korea's dilemma

President Obama signed a defense authorization bill into law in December 2011 that contained a provision authorizing sanctions on Iran's Central Bank in an effort to ratchet up pressure on Tehran to give up its suspected nuclear weapons program. The US subsequently urged other countries to join in its campaign by reducing oil imports from Iran. A deadline of June 28 looms as countries that fail to reduce the oil imports from Iran could face sanctions from the US.

Seoul has always faced a dilemma when it comes to Iran and US counter-proliferation policy. The country is South Korea's fifth-largest supplier of crude oil, accounting for 9.4 percent of its total oil imports in 2011. Last December, South Korea expanded its sanctions against Iran by blacklisting more than 100 firms and individuals with suspected links to Iran's nuclear program. Yet, the new measures taken by the US have deepened Seoul's dilemma. On the one hand, Seoul wishes to remain a close ally of the US and understands well the proliferation threat posed by Iran. On the other, finding alternative suppliers to make up nearly 10 percent of its oil imports is no small feat, and creates speculation in the market about oil shocks and economic downturns (in an election year). In January, the South Korea announced its plan to discuss with Washington the new US sanctions on Iran oil and at the same time increase its efforts to look for additional suppliers to secure a stable supply of energy. This prompted President Lee and Prime Minister Kim Hwang-sik to travel to the Middle East and meet with leaders of the United Arab Emirates, Saudi Arabia, Qatar, and Oman to secure alternative oil supplies.

In late March, the Obama administration announced that 10 European Union countries and Japan would be exempted from US sanctions for their significant reduction of oil imports from Iran. This heightened pressure on South Korea, China, and India, which haven't been able to cut their Iranian oil imports. Washington and Seoul have continued to work together to narrow their differences and plan to finalize a deal before the sanctions take effect in June. Stay tuned on this.

2012 Seoul Nuclear Security Summit

Amid all the hoopla over North Korea, South Korea successfully hosted the Nuclear Security Summit (NSS) in Seoul. Leaders from 53 countries and international organizations participated, including President Obama, Chinese President Hu Jintao, Japanese Prime Minister Noda Yoshihiko, and Russian President Dmitry Medvedev. The first NSS, which was held in Washington in April 2010, was Obama's initiative born out of his vision to build a world without nuclear weapons for the future generations. In his 2009 speech in Prague, he declared nuclear terrorism as "the most immediate and extreme threat to global security" and announced a US plan to host a global summit on nuclear security. The 2010 summit was the fruit of that effort, and the US drew out unanimous support from participating countries to join in its efforts to enhance global nuclear security by reducing the world's stockpile of nuclear weapons and dangerous nuclear materials and preventing them from falling into wrong hands.

The Seoul summit was a follow-up meeting to review overall progress made by individual countries. As the second country to host and chair the NSS, South Korea held an important responsibility to further the goal of the summit process by setting the agenda and developing concrete steps and guidelines to enhance global nuclear security. Following the disastrous Fukushima accident in Japan in March 2011, nuclear security-safety interface emerged as a pressing issue. With North Korea's announced rocket launch, the Seoul summit inadvertently became an important venue for countries to discuss their common response to North Korea's imminent rocket launch as well.

The Seoul summit concluded with countries unanimously adopting the Seoul Communiqué in which countries agreed to 11 points – the most notable was the agreement to remove or reduce the amount of HEU by the end of 2013. Some nuclear experts called it a "sign of progress," but others pointed to the summit's limitations as the Communiqué is not legally binding. Moreover, since there is no mechanism to enforce and verify countries' pledges, they called for active political leadership, which they said is essential in reinforcing their commitments.

Implementation of KORUS FTA

After seven years of deliberation, the Korea-US Free Trade Agreement (KORUS FTA) was finally approved by the US Congress and ROK National Assembly and officially went into effect on March 15, 2012. The FTA aims to remove tariffs on up to 80 percent of US industrial and consumer exports, leading to almost 95 percent tariff-free bilateral trade on industrial and consumer goods. The hope is that all duties and tariffs between the US and ROK will be removed within five years, by 2017. According to a report released by Korea International Trade Association on April 15, the KORUS FTA was found to have reduced wholesale and retail prices of the US goods in South Korea by 7 percent and 6.3 percent, on average. The most significant drop in prices was in wine and beer (13 percent), fruits and nuts (9.6 percent), and meat and fish (7.7 percent).

While it was clear there would be benefits to opening up trade, domestic anxiety about the effects of the KORUS FTA on smaller Korean companies and on job losses fueled continued politicking against it. In the run-up to the 2012 ROK National Assembly elections in April the

Democratic United Party spearheaded the effort, campaigning on a pledge to fundamentally renegotiate and, if necessary, repeal the agreement. In what proved to be a fatal tactical mistake, the proposal fell upon deaf ears among the electorate and was widely opposed. This action, in part, led to the surprising victory for the conservative (formerly GNP, now Saenuri) party in the national elections in what will be seen as one of the most surprising electoral outcomes in South Korean political history. After seven years of politicization, the FTA is finally in effect and providing benefits to both economies. Moreover, any challenges to it (and there will be many given the electoral politics of 2012), can now be dealt with through the dispute mechanisms built into the agreement rather than on the streets by protestors. Still, the opposition party and other leftist parties fear that one of the primary negative externalities of the FTA is that the combination of cheap US goods with Korean conglomerates' traditional domination over the domestic market will hurt small businesses and low-wage workers. The back-and-forth is likely to continue through the presidential election in December 2012.

Just when you thought the beef issue was done...

On April 24, the US Department of Agriculture's confirmation of the discovery of a case of Bovine Spongiform Encephalopathy (BSE), commonly known as mad cow disease, in a dairy cow from central California reignited a controversy in South Korea over the safety of US beef. In 2008, the issue led South Koreans to the streets in candlelight vigils to protest the Lee administration's negotiation with Washington over resumption of US beef imports after years of being banned. At that time, months of strong public protests paralyzed the government administration and rocked the then fledgling Lee administration.

In light of the previous political upheaval, both Seoul and Washington promptly responded and handled the matter with great success. The Lee administration announced that it will not stop imports of US beef, but will strengthen quarantine inspections. The US allowed Korean inspectors to visit US beef processing plants (which was a difficult political lift). Because Korea only imports beef from animals that are younger than 30 months, the government explained that the latest case of BSE, which involved a dairy cow older than 30 months, should not lead to an immediate all-out halt of the US beef imports.

The ROK government decision predictably came under strong criticism. The opposition parties demanded that the government immediately stop imports of US beef, and the Saenuri Party also joined in by calling for a halt of quarantine inspections, which has the same effect as suspending imports. Park Geun-hye, a leading presidential hopeful and chief of the Saenuri Party, warned that "the government should not give the public the wrong perception that it is more interested in avoiding trade friction with the United States than in the health and safety of its people."

Thus far, the massive street demonstrations we saw in 2008 have been replaced by calls for restraint and rationality. The likely outcome of this issue will be that Korea will not, in the foreseeable future, import beef of 30 months or older, which was the next step in US plans to return to normalcy in beef trade.

Chronology of US-South Korea Relations*

January – April 2012

Jan. 1, 2012: In his New Year's message, ROK President Lee Myung-bak vows to deal strongly with any provocations from North Korea but keeps open the possibility of inter-Korean talks.

Jan. 4, 2012: Kurt Campbell, assistant secretary of state for East Asian and Pacific Affairs, arrives in Seoul to discuss the situation on the Korean Peninsula following the death of North Korean leader Kim Jong Il.

Jan. 9-12, 2012: President Lee meets Chinese President Hu Jintao in Beijing to discuss strengthening economic ties and North Korean and peninsular stability.

Jan. 11, 2012: DPRK releases a statement that it remains open to suspending uranium enrichment in exchange for US food aid.

Jan. 12, 2012: ROK Prime Minister Kim Hwang-sik visits Oman and the United Arab Emirates as the US continues to urge South Korea to reduce its Iranian energy imports.

Jan. 17, 2012: Robert Einhorn, US State Department special adviser for nonproliferation and arms control, meets ROK Deputy Foreign Minister Kim Jae-shin in Seoul and urges South Korea to help put more pressure on Iran.

Jan. 17, 2012: Assistant Secretary Campbell, Lim Sung-nam, ROK representative for Korea Peninsula peace and security affairs, and Japanese counterpart Sugiyama Shinsuke attend a trilateral meeting in Washington; they offer hope for restarting talks with for North Korea.

Jan. 27, 2012: Iran's Ambassador to ROK Ahmad Masumifar says in an interview with *JoongAng Ilbo*, "We can find our own customers and if Korea joins this sanction, Korea will be deprived of Iran's market."

Jan. 28, 2012: DPRK chastises ROK and the US for its recent military drills and warns against the joint military exercises planned for March.

Feb. 1, 2012: After meeting ROK Deputy Foreign Minister Kim Jae-shin and ROK nuclear envoy Lim Sung-nam in Seoul, Assistant Secretary Campbell says, "the road to improve relations [with Washington] run through Seoul for North Korea."

Feb. 2, 2012: DPRK National Defense Commission says there are nine preconditions for resuming talks, including that ROK must apologize for failing to show proper respect regarding Kim Jong Il's death.

Feb. 9, 2012: Democratic United Party and the United Progressive Party deliver letters to the US Embassy in Seoul threatening to repeal the KORUS FTA unless it is renegotiated.

* Compiled by Barbra Kim

Feb. 16, 2012: South Korean Ambassador to the US Han Duck-soo announces his resignation.

Feb. 20-24, 2012: South Korean and US navies hold a series of joint anti-submarine exercises in the Yellow Sea.

Feb. 23, 2012: Glyn Davies, US special representative for North Korea policy, and DPRK Vice Foreign Minister Kim Gye Gwan meet in Beijing.

Feb. 24, 2012: Special Representative Davies announces that the US and DPRK “made a little bit of progress” in talks aimed at finding ways to resume the Six-Party Talks.

Feb. 27, 2012: ROK and U.S. begin military joint exercise *Key Resolve*, which will last two weeks. DPRK has previously called these annual drills a provocative act.

Feb. 29, 2012: Parallel announcements regarding the food-for-nuclear/missile freeze agreement are issued by the US and the DPRK.

March 1, 2012: Chinese Foreign Ministry spokesman says that China hopes the US-DPRK agreement will lead to the speedy resumption of the Six-Party Talks.

March 2, 2012: DPRK threatens to launch a "sacred war" against ROK over alleged defamation of its leadership.

March 6, 2012: Robert King, US special envoy for North Korea human rights issues, and Jon Brause, senior U.S. Agency for International Development official arrive in Beijing to finalize arrangements for the first US government food aid shipment to DPRK in three years.

March 8, 2012: Ri Yong Ho, DPRK’s vice foreign minister and envoy to nuclear disarmament negotiations, and South Korean counterpart, Lim Sung-nam attend a two-day, academic forum on security in Northeast Asia in New York.

March 8, 2012: Choi Young-jin, a former vice foreign minister and ambassador to the United Nations, is named South Korea’s new ambassador to the US.

March 9, 2012: In a joint press conference with ROK Foreign Minister Kim Sung-hwan in Washington, Secretary of State Hillary Clinton says the US is opposed to the forceful repatriation of North Korean refugees, considering it a breach of international agreements.

March 13, 2012: Special UN Rapporteur on North Korean Human Rights Marzuki Darusman calls on all states “to adhere to the principle of non-refoulement,” making a thinly veiled request to China to not return North Korean defectors.

March 15, 2012: The US-Korea Free Trade Agreement takes effect.

March 16, 2012: DPRK announces its plan to launch an earth observation satellite, Kwangmyongsong-3.

March 17, 2012: US State Department spokeswoman says the North Korean rocket launch would violate UN resolutions prohibiting the use of ballistic missile technology.

March 19, 2012: IAEA spokeswoman Gill Tudor confirms that the agency received the invitation from DPRK on March 16 inviting the agency's inspectors to return to the country.

March 20, 2012: Through *Korea Central News Agency*, DPRK claims that its planned rocket launch has nothing to do with a recent nuclear deal with the US.

March 20, 2012: US announces exemptions for 11 countries from the newly passed Iranian oil and economic sanctions, and does not include South Korea on its list.

March 23, 2012: Gary Samore, special assistant to the president and White House coordinator for arms control and weapons of mass destruction, proliferation, and terrorism, says the DPRK will face a "strong response" if it goes ahead with its plan to launch a long-range rocket.

March 23, 2012: President Lee Myung-bak says in a joint interview that ROK and the US are expected to reach a compromise on allowing Seoul to develop long-range ballistic missiles.

March 25-26, 2012: President Obama visits South Korea to attend the second Nuclear Security Summit and hold a bilateral summit with President Lee.

March 28, 2012: Peter Lavoy, acting assistant secretary of defense for Asian and Pacific affairs, tells the House Armed Services Committee that the US has suspended food aid to North Korea.

March 30, 2012: President Obama releases a Presidential Memorandum on sanctions on Iran.

April 6, 2012: Pyongyang threatens to retaliate against any country that intercepts a DPRK rocket booster or collects the rocket debris.

April 8, 2012: DPRK allows invited foreign press to tour the Sohae Satellite Launch Center and see the satellite.

April 9, 2012: A ROK intelligence report reports the excavation at the Punggye-ri test site is in its final stages, hinting at North Korea's intention of a third nuclear test.

April 11, 2012: A legislative election is held in South Korea, with the ruling Saenuri Party surprisingly renewing a majority in the National Assembly.

April 13, 2012: DPRK launches its rocket.

April 13, 2012: North Korea holds the fifth session of the 12th Supreme People's Assembly. Kim Jong Un is elected first chairman of the DPRK National Defense Committee.

April 13, 2012: United Nations Security Council (UNSC) holds an emergency meeting to discuss the North Korean rocket launch.

April 14, 2012: President Obama says that the US would work with the international community to further isolate North Korea after the country's unsuccessful rocket launch.

April 16, 2012: UNSC adopts a President's Statement condemning North Korea's failed satellite launch and orders its sanctions committee to expand sanctions against North Korea.

April 16, 2012: North Korea withdraws its offer to accept IAEA inspections at the Yongbyon nuclear facilities in response to the withdrawal of the offer of food aid from the US.

April 24, 2012: White House Press Secretary Jay Carney says the US has raised issue with the Chinese government about suspected missile cooperation between China and North Korea.

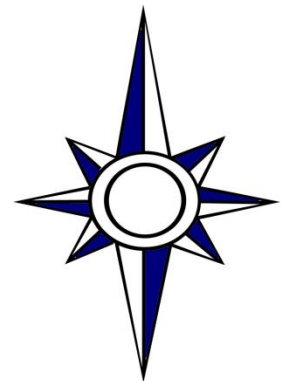
April 25, 2012: Two South Korea retailers halt US beef sales over new case of mad cow disease in California.

April 27, 2012: Park Geun-hye, a leading presidential hopeful, says that South Korea should halt quarantine inspections of US beef until it is confirmed safe to consume.

April 29, 2012: The Blue House rejects increasing calls to halt quarantine inspections on US beef imports after an US dairy cow was found to have mad cow disease.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



Catharin Dalpino
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US-Southeast Asia Relations:

Conflict in the East; Opportunity in the West

In the early months of 2012, US attention in Southeast Asia was focused on two sides of the region: in the east on tensions in the South China Sea between China and the Philippines, which have energized the US-Philippine alliance; and in the west on the impact of the April by-elections in Burma, which have paved the way for a quantum leap in US engagement with the country. Beneath these headlines, attacks and explosions in Thailand and the Philippines were a reminder that terrorism is still a serious threat. Policy debate in the region over the US “pivot” to Asia was stimulated by a US request to double the number of littoral combat ships docked at Singapore as well as by discussion between Washington and Manila on the rotation of US troops through Philippine bases. Both possibilities represent modest steps toward a configuration of “flexible bases” in Southeast Asia. However, they are only the tip of the iceberg as 2012 promises to have an unprecedented number of US joint exercises with Southeast Asian nations and other forms of military cooperation, suggesting the “pivot” is an ongoing and incremental process that has been underway for years.

China and the Philippines add Scarborough Shoals to the South China Sea conflict

The latest source of tension in the South China Sea began on April 10, when a Philippines Navy flagship, the *Gregorio del Pilar*, attempted to arrest Chinese fishermen for illegal fishing near the Scarborough Shoals and met with resistance from Chinese surveillance ships. The standoff lasted nearly two weeks but both sides de-escalated by downgrading their presence to patrol boats. Both China and the Philippines claim the Shoals. Manila has proposed bringing the dispute to the International Tribunal on the Law of the Sea; predictably, China opposes the idea, preferring to stick to its strategy of dealing with South China Sea disputes through bilateral negotiation or, where possible, joint development.

Resolving such skirmishes as the Scarborough Shoals is made more difficult by a worsening security climate in the South China Sea. Although major conflict is still a remote possibility, the number of irritants is climbing. Two months prior to the Scarborough incident, Vietnam accused China for blocking 11 Vietnamese fishermen who were seeking shelter in a storm from the Paracel Islands. Although China holds most of the Paracels, Vietnam does not recognize Beijing’s claim over them. In March, Taiwan joined the fray and issued a statement (parallel to one from Beijing) criticizing the Philippine invitation to foreign oil companies to enter into joint agreements to explore resources in the disputed Reed Bank. In April, China warned both India and Russia not to develop gas or oil blocks in the South China Sea. Beijing was most likely alarmed by recent agreements between Vietnam and Russia on oil exploration and India’s reach into Southeast Asia from Burma in the west to Vietnam and other eastern points of the region.

These heightened tensions have also given rise to new lines of cooperation. In March, Vietnam and China inaugurated a hotline between their foreign ministries. Apart from the symbolism, the line was intended to defuse tensions over incidents in the South China Sea. At the same time, the Philippines and Vietnam proposed joint “war games” in the South China Sea as well as a bilateral hotline and joint patrols; not surprisingly, Beijing protested the proposal. In April, Hanoi offered support for Manila’s proposal at the ASEAN Summit in Cambodia to address South China Sea problems through ASEAN mechanisms. The decision to formulate a common ASEAN position on the proposed China-ASEAN Code of Conduct (COC) on the margins of the ASEAN Summit in April met with instant Chinese disapproval. The debate over the appropriate channels through which to negotiate a COC is largely hollow, since none of the regional actors believes that a formal COC would have legal force. Implementation guidelines promulgated at the 2011 ASEAN Summit were a preview of just such a future for the COC.

With Cambodia as chair of ASEAN this year, Prime Minister Hun Sen has said that the group will address South China Sea issues and also offer mediation services for the conflict on the Korean Peninsula. Both are doubtful. Beijing will use its considerable economic influence in Cambodia to dilute any real ASEAN efforts on the South China Sea. In fact, Hun Sen took the South China Sea as a formal topic off the Summit agenda, and discussion on the sidelines was conducted only at the insistence of Vietnam and the Philippines. An ASEAN role in the Korean conflict is even less likely. When Cambodia chaired ASEAN in 2003, Hun Sen offered the services of an “ASEAN troika” on the Korean Peninsula, an offer that went unanswered. However, both proposals are in keeping with Cambodia’s campaign for a non-permanent seat on the UN Security Council and so will remain in ASEAN’s rhetoric throughout the year.

The Scarborough Shoals incident coincided with the annual US-Philippine *Balikatan* joint military exercise, and the maritime component was interpreted variously as both a catalyst and a response to the skirmish. Apart from this awkward timing, the nature of the Scarborough incident underscored the running debate between the US and the Philippines on the application of the bilateral Mutual Defense Treaty (MDT) to problems in the South China Sea. Under Article IV of the Treaty, the US and the Philippines are required to recognize an “armed attack” in the “Pacific area” on either part as an attack on the other. Article V defines the geography of an attack, which includes the metropolitan territory of either party or the “island territories under its jurisdiction in the Pacific or on its armed forces, public vessels or aircraft in the Pacific.” The defining language, however, may be in the term “armed attack,” which many legal authorities argue is beyond the mere use of force or the threat of force.

Although the US endeavors to remain neutral in disputes over territorial claims such as these, US-Philippines security cooperation has found new life with tensions in the South China Sea. In the first four months of 2012 the two countries conducted a second round of the bilateral Strategic Dialogue in January and the first Ministerial Dialogue “2 Plus 2” – with secretaries of State and Defense – in April. The primary “deliverables” at the Ministerial Dialogue were a US agreement to increase foreign military financing to the Philippines nearly three-fold. This follows a trend over recent months in which two former US Coast Guard cutters have been transferred to the Philippines, the most recent one approved by Congress in February. Although the expansion of cooperation is incremental and modest, it has spiked domestic tensions in the

Philippines. Demonstrations and attacks on US diplomatic posts in the country are a reminder of what US alliance managers in Northeast Asia know all too well: domestic dynamics are a major factor in 21st-century US security relations.

The political “gold rush” into Burma

The results of the April 1 by-elections in Burma followed broad international predictions as Aung Sang Suu Kyi’s National League for Democracy (NLD) won 43 of the 45 available seats. The government party and parliamentary majority party, the Union Solidarity and Development Party (USDP) won only one seat – one that was not contested by the NLD. Of the 43 seats, the NLD now has 37 in the lower house (out of 440 seats), 4 in the upper house, and 2 in regional parliaments. Both sides – the USDP and the NLD – have levied charges of election irregularities against the other. However, since the NLD won all of the seats it contested, it would be difficult for them to allege that they had been harmed by imperfections in the process. As it was all but certain that the NLD would win the seats they contested, and because the by-elections were obviously the trigger for concessions from the international community, the government also would have little to gain in real terms if it pursued a case against the NLD for election irregularities.

By US measure, the response of the Obama administration to the by-elections was robust. In the days leading up to the election, State Department officials had hinted that they would lift some sanctions if the by-elections went well. Indeed, in March they lifted restrictions on Burmese diplomats at the United Nations, which had prevented them from traveling more than 25 miles outside New York City. In the week following the elections, the Obama administration announced that it would:

- Nominate an ambassador to Rangoon to restore normal diplomatic relations after more than 20 years. Shortly after the announcement, Derek Mitchell, currently the US special representative for Burma, was nominated. He is likely to be confirmed by the Senate, with Sen. James Webb (chair of the Senate Foreign Relations Committee’s Asia Subcommittee) and Sen. John Kerry (chairman of the full Foreign Relations Committee) in favor of expanding relations with Burma. In response, Burma can be expected to assign an ambassador to Washington, most likely one from the small but significant “reform” element in the Burmese government.
- Support a full and normal UNDP program for Burma.
- Lift many restrictions on US NGOs working in Burma. Among other things, this means that NGOs working in Burma will no longer be in violation of US sanctions and therefore will not be required to seek special licenses from the US Treasury Department to circumvent those sanctions.
- Lift the ban on some Burmese regime members’ travel to the US, although Secretary of State Hillary Clinton emphasized the US would continue to refuse entry to those officials “on the wrong side of history in Burma.” Shortly after this announcement, Clinton invited Burmese counterpart Wunna Maung Lin to visit Washington for consultations.

- Begin a “targeted easing of the ban on the export of financial services and investment.” Although this provision was very carefully worded, it is perhaps the most significant of the administration’s post-election announcements. As with the other four concessions, the administration is likely to change only those things that lie within the purview of the executive branch, as opposed to sanctions that were legislated by Congress. Both the administration and Congress are likely to target those sectors that would contribute to greater openness in Burma and retain sanctions on those that most benefit the military. As a result, sectors likely to have restrictions eased first are telecommunications, tourism, agriculture and banking. Sectors that are likely to remain under sanctions for some time (not least because they are specifically legislated by Congress) are gems, timber and natural gas, which analysts believe most benefit the military.

Apart from the post-election package, the State Department will invite Burma to become a full member of the Lower Mekong Initiative, and expects that the foreign minister will participate in the Lower Mekong Ministerial Meeting in July. Although the Mekong River is relatively insignificant in terms of Burma’s water resources and river travel, the growing Mekong diplomatic and economic infrastructure is appealing to Naypyidaw.

Resuming military-to-military relations with Burma is likely to be a slower and more sensitive process. The US has serious reservations about the relationship between Nyapyidaw and Pyongyang and has indicated that it would like to see Burma drop its ties to North Korea entirely. Any significant movement in security relations will likely have to await a strong signal from Congress, but the US Department of Defense has initiated dialogue with Burmese defense officials on a joint project to recover remains of US missing in action (MIA) during World War II. Because MIA recovery is considered to be humanitarian assistance, it is not subject to sanctions. The US believes that the majority of MIA remains are in Kachin province, where armed conflict between the government and the Kachin Independence Army continues. A few sites lay outside the Kachin state and these are likely to be the first areas for joint operations, if and when substantive cooperation begins.

Like the US, other advanced democracies have moved to lift some sanctions on Burma in the wake of the by-elections. At the end of April the foreign ministers of the European Union voted to “suspend” most common sanctions except the arms embargo. A critical element of the EU policy shift has been changes in the policy of the United Kingdom, which has been the bellwether on Burma sanctions in the EU. The post-election visit of Prime Minister John Cameron and Aung Sang Suu Kyi’s subsequent public statement encouraging the EU to suspend sanctions clearly eased the process. Australia and Canada have also moved to lift restrictions.

The most vigorous response to the elections among external powers has been by Japan, which was poised to increase commercial activity and economic assistance as soon as opposition to these moves had diminished in the West. Like the US, Japan has made use of emerging Mekong structures to bring Burma more closely into Tokyo’s diplomatic circle. Japan has pledged \$7.4 billion in aid to five of the Mekong countries – Thailand, Vietnam, Laos, Cambodia and Myanmar (China being the sixth) – over the next three years. More to the point, Burmese President Thein Sein was included in the April 21 Mekong-Japan Summit in Tokyo, his first

official visit to Japan. On the same day, Prime Minister Noda Yoshihiko announced that Japan would forgive more than \$3 billion in past loans made to Burma, which had been an obstacle in restarting Japanese assistance. Apart from assistance, Japan is helping to set up Special Economic Zones in Thilawa, south of Yangon, in Kyaukphyu near the Bay of Bengal, and in Danwei, an industrial estate in the south in which Thailand is also an investor.

China, ASEAN, and UN Secretary General Ban Ki Moon have called upon all external powers to lift sanctions on Burma, so as to reward and strengthen the reform process. It is doubtful that either Beijing or the ASEAN capitals believed that this would happen when the statements were issued, but they serve several purposes. First, they underscore the need for international support of Burma's new policies. A second reason might be more pragmatic, which is that they help establish China and ASEAN as being more prepared than the other powers to engage in stronger relations (particularly in the commercial sector) in the near future.

Two hardy perennial threats

The focus on the South China Sea and Burma's continued opening to the outside world diverted attention from two other threats in the region that persist – terrorism linked to Islamist groups and proliferation. Although Southeast Asia sees both of these threats as being relatively modest, they are serious nevertheless. In early 2012, the small but persistent Abu Sayyaf Group (ASG) was seen as the main terrorist activity in the Philippines. Over a three-month period, it was blamed for attacks on grocery stores, buses, and military patrols. In February, the government captured two ASG suspects believed to be implicated in incidents in Mindanao in 2007 and 2009. The government's approach to the ASG is "draining the swamp," or weakening it by attrition, which is usually applied to terrorist groups that operate more as criminal gangs than as violent political groups. However, this is a lengthy and ragged strategy that can last for decades.

Manila takes a different approach to the Moro Islamic Liberation Front (MILF), a spin-off of the Moro National Liberation Front and seeks to reach a settlement through negotiations. President Benigno Aquino aims to reach a peace accord with the MILF no later than the end of his term in 2016, but hopefully before, and agreed to a proposal for Moro autonomous rule in Mindanao at talks reconvened in Kuala Lumpur this year. However, in February, MILF political operatives released a letter casting doubt upon the success of the current round of negotiations. Previous attempts to complete the accords have foundered on issues such as the return of Moro ancestral lands originally transferred to Christian Filipinos during transmigrations in the 1950s.

In February the United States designated the Indonesian Jemmah Anshorut Tauhid (JAT) a foreign terrorist organization, because of its link to the 2004 bombing of the Australian Embassy in Jakarta. However, the Indonesian National Police has refused to accept the ban, which calls into question whether it will cooperate in apprehending the group's leaders and operatives. In the meantime, the last significant suspect in the 2002 Bali bombing, Umar Patek, was arraigned on charges in Jakarta, after being given sanctuary by the Abu Sayyaf.

Events in Thailand and the Philippines resonated with tensions outside the region with Iran and underscored the fact that Southeast Asia can be a dangerous transit route for global security threats. In January, an Iranian with links to Hezbollah was arrested in Bangkok following the

discovery of a munitions cache. In March, a second Iranian group was discovered and apprehended when they attempted to build a bomb that exploded prematurely and destroyed the house in which they had been hiding. The groups were believed to be targeting Israeli diplomats and tourists in Bangkok, but nearly a dozen countries issued travel advisories for their citizens. China was the first country to withdraw the advisory, while the US kept its warning in place. The Bangkok arrests were part of a recent series of Iranian and Hezbollah plots in several regions targeting US, Israeli, and Saudi Arabian officials, including an attempt to assassinate the Saudi ambassador to Washington last year.

In February, Singapore acceded to a US request to extradite four suspects from a US company on charges of conspiring to evade the US trade embargo against Iran by smuggling electronic components, which were found to have been used in explosives. A month before, the United States had sanctioned the Singaporean company Kuo Oil Private Limited in January for selling refined petroleum products to Iran. Two other companies, one from China and one from the United Arab Emirates, were also sanctioned.

Is the United States already “pivoting” in Southeast Asia?

Although the US continues to urge its Southeast Asian trading partners to negotiate entry into the Trans-Pacific Partnership, the greater momentum in 2012 thus far has been in security relations. Indeed, the expansion of US security cooperation in the region in recent years is striking, and 2012 promises to be further ground-breaking. Although analysts on both sides of the Pacific continue to debate the implications of greater US attention to Asia under the now-clichéd “pivot,” in reality a deepening of US defense posture in Southeast Asia is already in train.

This is, however, a very cautious process. Domestic political opposition in Southeast Asia to a higher US military profile in the region, particularly in competition with China, is one constraint. Another is the need to maintain a delicate balance to ensure that troop rotation, pre-positioning of equipment, and ship docking continue to be discussed in the context of “flexible basing” and that a tipping point into permanent bases is avoided at all costs. Having waved goodbye to the last foreign bases in Southeast Asia when the US left Subic Bay and Clark Air Base in the Philippines in 1992, Southeast Asians are vigilant against their return.

In early 2012, US flexible basing in the region inched forward when the United States requested concurrence from Singapore to deploy up to four littoral combat ships (LCS) to Singapore by 2016. This doubles the number originally considered under a 2013 deadline.

But the greater growth in US security relations in Southeast Asia in recent months is in joint exercises and dialogues. A number of “first-ever” dialogues took place in early 2012: the first US-Singapore Strategic Partners Dialogue in January and the first US-Philippines Ministerial Dialogue in April. For the first time in 20 years, the US-Philippines *Balikatan* exercises had a multilateral window, with 15 participants from other ASEAN countries.

Cobra Gold, originally a bilateral exercise between Thailand and the US, has expanded dramatically in recent years in the number of partners and the scope of its training. In February, more than 10,000 troops from 17 nations participated in the largest multilateral training event in

the world. *Cobra Gold* provided the template for multilateral cooperation in disaster relief for the 2004 tsunami in the Indian Ocean and Cyclone Nargis in Burma in 2008. *Cobra Gold* also provides a berth for regional observers, which have included China and Vietnam in recent years. Extending observer status to Burma in the near future may be another entry point into a US-Burma security relationship, although no concrete discussion in this regard has taken place.

However, there are numerous obstacles to the expansion of the US security presence in Southeast Asia despite this recent momentum. Although military-to-military relations with Thailand have recovered since International Military Education and Training (IMET) was suspended in the aftermath of the 2006 coup, strategic dialogue between the two countries has lagged, in part because of Thailand's internal political crisis. Political issues of a different nature restrain the development of US-Vietnam security relations. Although cooperation has progressed with ship visits and cooperation in such areas as counter-terrorism, military medicine, and peacekeeping, US objections to Vietnam's human rights practices block the sale of lethal weapons to Hanoi. This linkage is one factor that has stalled completion of an agreement on a US-Vietnam strategic partnership, which the Obama administration had hoped to complete this spring.

Looking ahead

Another round of negotiations for the Trans-Pacific Partnership will take place in May in Dallas as the Obama administration attempts to forge an agreement it can sign before the end of the year. But, the greater focus of US policy in Southeast Asia through the summer will be on diplomacy and security. In view of several incidents in the South China Sea this year, Southeast Asians will look to the Shangri-La Dialogue in Singapore in early June for signals from US defense officials on Washington's bottom line. In mid-June the long-delayed US-Thailand Strategic and Defense Dialogue will convene in Washington, a significant step toward reviving the alliance after several years of drift. In July, Secretary of State Clinton will make her final appearance at the ASEAN Regional Forum, as well as at the Lower Mekong Initiative Ministerial Meeting and the Friends of the Lower Mekong Initiative group. As the summer goes on, the East Asia Summit, which is scheduled for November will exert a gravitational pull on US relations with Southeast Asia. If President Obama attends, he will be the first serving US president to visit Cambodia. However, he will come under pressure to visit three other countries in the region: US treaty allies Thailand and the Philippines, as well as Vietnam, which extended an invitation to Obama at the beginning of his presidency.

Chronology of US - Southeast Asian Relations January - April 2012

Jan. 9, 2012: US Ambassador at Large for Human Trafficking Luis CdeBaca visits Burma, which has been designated as a Tier 3 country, the most serious violators of anti-trafficking laws, for several years.

Jan. 9-13, 2012: Special Representative and Policy Coordinator for Burma Derek Mitchell visits Burma and Thailand to follow up on Secretary of State Hillary Clinton's December visit to Burma. In northern Thailand, he meets local officials and assistance groups working with refugees in the border region.

Jan. 10, 2012: The US sanctions Singaporean Kuo Oil Private Limited for selling refined petroleum products to Iran.

Jan. 13, 2012: A Hezbollah-linked suspect is arrested in Bangkok after the discovery of a munitions cache and a planned bombing. Eleven countries issue travel advisories, which the Thai government fears will damage tourism.

Jan. 13, 2012: The Obama administration announces it will restore diplomatic relations by sending an ambassador to Burma, which will also enable the Burmese government to post an ambassador to Washington. Later, Derek Mitchell, currently US special representative for Burma, is nominated to be the first US ambassador to Burma in 20 years.

Jan 13-Feb. 17, 2012: The 31st annual *Cobra Gold* exercises take place in Thailand with more than 13,000 troops participating and seven partners: the US, Thailand, Japan, Malaysia, Indonesia, Singapore and South Korea. Humanitarian and civic assistance programs are conducted in seven Thai provinces.

Jan. 16, 2012: Sen. Mitchell McConnell, a co-sponsor of the 2008 Burma JADE Act, visits Burma and meets Aung Sang Suu Kyi.

Jan. 21, 2012: Returning from a visit to Vietnam, US Sen. John McCain and Joseph Lieberman announced that the US will not lift its ban on lethal weapons sales to Vietnam until the country makes more progress on human rights.

Jan. 25, 2012: The US drops its opposition to Vietnam's right to produce nuclear fuel as a precondition for a bilateral agreement on nuclear cooperation under negotiation.

Jan. 26-27, 2012: Second US-Philippine Strategic Dialogue is held in Washington. Issues include increasing joint exercises and rotating US troops through Philippine bases. Protestors picket the US Embassy in Manila, while Chinese media call for sanctions on the Philippines.

Jan. 27, 2012: The US, Laos, and ASEAN launch a roadmap to establish a Lao National Single Window for faster customs clearance, linking it to the ASEAN Single Window.

Jan. 28, 2012: The first-ever US-Singapore Strategic Partners Dialogue opens in Washington.

Feb.1- 3, 2012: Assistant Secretary of State for Asian and Pacific Affairs Kurt Campbell visits Hanoi and Phnom Penh.

Feb. 6, 2012: US suspends restrictions on assessment missions and limited technical assistance by international financial institutions in Burma by issuing a partial waiver of sanctions imposed under the Trafficking Victims Protection Act. The waiver is only valid until September.

Feb. 8-16, 2012: Assistant Secretary of State for Political-Military Affairs Andrew Shapiro travels to the Philippines, Indonesia, Singapore, and Malaysia to discuss security cooperation.

Feb. 10, 2012: US Congress approves the transfer of a second Coast Guard cutter to the Philippines Navy. A retired US cutter was transferred in 2011, but most of the ship's radar and sensor equipment was removed. Manila requests that the equipment on the second cutter remain.

Feb. 10, 2012: Singapore agrees to extradite four of its citizens to the US on charges of conspiring to evade the US trade embargo against Iran by smuggling electronic components which were subsequently used for explosives in Iraq.

Feb. 14, 2012: Three Iranians are arrested in Bangkok after they accidentally blew up their house when a bomb-making attempt backfired. A fourth Iranian escaped to Malaysia but was extradited back to Thailand.

Feb. 23, 2012: US State Department designates the Indonesian Islamic group Jemmah Anshorut Tauhid (JAT) a foreign terrorist organization, a precondition for imposing financial and legal sanctions against the group.

Feb. 24, 2012: The Indonesian National Police declares that it will not ban the JAT despite the US designation.

March 5, 2012: The first exercise in 2012 of the 13th Air Force's annual *Operation Pacific Angel* opens in Bicol province in the Philippines. A humanitarian mission now in its fifth year, *Operation Angel* provides medical, dental and engineering assistance.

March 6, 2012: Congress approves legislation enabling the US Commerce Department to continue to levy tariffs on imports from Vietnam, China, and other non-market economies that subsidize exports.

March 7, 2012: US House of Representatives Committee on Foreign Affairs unanimously passes the Vietnam Human Rights Act, which would prohibit increases in non-humanitarian aid to Vietnam absent improvements in human rights.

March 13-22, 2012: US and Cambodia conduct the third year of *Angkor Sentinel*, joint military exercises that focus on peacekeeping and humanitarian assistance operations.

March 15-18, 2012: US Peace Corps Director Aaron Williams visits Vietnam to explore the possibility of an invitation from the government to inaugurate a Peace Corps program in Vietnam.

April 1, 2012: Burma holds parliamentary elections; National Democratic League wins 43 of the 45 seats being contested.

April 2-5, 2012: US Pacific Command sends a representative to the first ASEAN Regional Environment Security Forum in Jakarta. This coincides with the second Regional Environmental Security Conference, co-sponsored by the Indonesian Ministry of Environment and USPACOM.

Apr. 3-4, 2012: The 20th ASEAN Summit is held in Phnom Penh.

April 4, 2012: Defense Secretary Leon Panetta and Singaporean Defense Minister meet in Washington; US requests deployment of up to four littoral combat ships to Singapore by 2016.

April 4, 2012: Secretary of State Clinton announces that the US will begin to ease sanctions on the export of US financial services to Burma, lift the travel ban on some Burmese officials, remove restrictions on US NGO's working in the country, and reopen a US Agency for International Development mission.

April 8, 2012: A stand-off near the Scarborough Shoal in the South China Sea begins between Chinese and Philippine surveillance ships over Chinese fishing activity near the shoal.

April 10-14, 2012: A string of bombings attributed to the Abu Sayyaf in the southern Philippines kill seven and wound several others. Targets include an army patrol, a civilian bus, and a cockfight.

April 12, 2012: The US provides support for a new disaster monitoring and response system at the ASEAN Humanitarian Assistance Center in Jakarta.

April 16, 2012: Demonstrators attack the US Embassy in Manila with paint to protest the US-Philippine exercises close to disputed areas in the South China Sea.

April 16-27, 2012: The US and the Philippines conduct the 28th annual *Balikatan* ("Shoulder-to-Shoulder") exercises involving 4,500 US troops and 2,300 Philippine personnel. Exercises take place in and around Palawan and Luzon and naval include patrols in the South China Sea.

April 23-28, 2012: The US and Vietnam conduct five days of naval exchanges to focus on "non-combatant events and skills ... in areas such as navigation and maintenance."

April 23-28, 2019: *Operation Pacific Angel* moves to Phonsavahn province in Laos.

April 24, 2012: Walgreens donates \$9 million worth of flu vaccine to Laos, in collaboration with the US Centers for Disease Control and Prevention.

April 24-26: Peace talks between the Moro Islamic Liberation Front (MILF) and the Philippine government resume in Kuala Lumpur, with several observers from the Organization of the Islamic Conference (OIC).

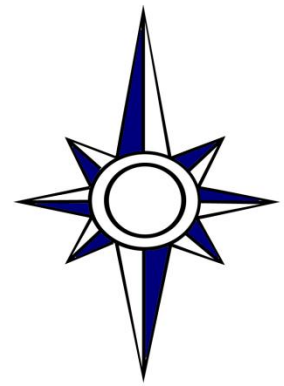
April 25- 27, 2012: US Trade Representative (USTR) Ron Kirk visits Malaysia and Singapore to discuss bilateral trade issues and the Trans-Pacific Partnership, in which Singapore is a founding member and the US and Malaysia are negotiating entry.

April 27, 2012: US provides \$1 million in training and equipment to the Indonesian Ministry of Transportation to strengthen port security.

April 30, 2012: First US-Philippine Ministerial Dialogue is held in Washington. The “2 Plus 2” meeting brings together secretaries of state and defense from both countries.

April 30, 2012: USTR releases its annual Special 301 Report. Malaysia is removed from the Watch List for legislation that strengthens copyright protection and stepping up Intellectual Property Rights (IPR) enforcement. The Philippines and Vietnam remain on the Watch List, while Indonesia and Thailand are on the Priority Watch List of countries that present the “most significant concern” on IPR protection.

April 30-May 3, 2012: Vice Adm. Scott Swift, commander of the US Seventh Fleet, visits Cambodia to discuss Cambodia’s participation in the 2012 *Cooperation Afloat Readiness and Training (CARAT)* exercises and other forms of cooperation.



China-Southeast Asia Relations:

Hu Visits Cambodia as South China Sea Simmers

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

Chinese interchange with Southeast Asia featured President Hu Jintao's visit to Cambodia beginning on March 29, displaying positive diplomacy laced with economic incentives. The unusual high-level attention to Cambodia was related to China's efforts to manage disputes with Southeast Asian claimants in the South China Sea and Cambodia's appointment as the chair of ASEAN. Hu left the country on April 2 with the reassurance that Cambodia would follow China's preference and keep the South China Sea issue off the official agenda of an ASEAN Summit convening in Phnom Penh on April 3 and at other ASEAN gatherings later in the year.

Playing host at the annual Boao International Forum in April, Vice Premier Li Kejiang in a meeting with Vietnamese Deputy Prime Minister Hoang Trung Hai supported Hu's emphasis in Cambodia on China and the Southeast Asian claimants managing their disputes diplomatically. The joint statement on Hu's visit to Cambodia and other Chinese commentary emphasized abiding by the Declaration on the Conduct of the Parties in the South China Sea (DOC) and seeking full implementation of the declaration. President Hu, Premier Wen Jiabao, Vice Premier Li, and other top Chinese leaders endeavored to solidify Chinese relations during meetings in China with senior officials from several regional governments, emphasizing in particular the mutual importance of growing economic ties.

Chinese commentary generally supported China's South China Sea claims in carefully measured terms, though a widely publicized faceoff in April between Chinese and Philippine government ships over fishing rights in a disputed area of the South China Sea was accompanied by strong Chinese warnings to the Philippines as well as Vietnam, and repeated charges against the United States along with accusations against Russia and India.

Special attention to Cambodia

President Hu's prolonged stay in Cambodia was remarkable on several counts. As he did during preparations for the 17th Chinese Communist Party (CCP) Congress five years ago, Hu restricted his foreign travel in 2012, presumably in part to focus on the complicated work of leadership succession at the 18th CCP Congress later this year. Meanwhile, the succession process became more complicated with the removal of prominent Party leader Bo Xilai from his post in March.

Despite reports of leadership maneuvering and divisions in China over Bo Xilai's removal, Hu departed Beijing on March 25 for his first trip abroad in 2012. He participated in the second Nuclear Security Summit in Seoul on March 26-28. He then visited New Delhi on March 28-29 for the fourth meeting of the leaders of the BRICS (Brazil, Russia, India, China, and South

Africa) before arriving in Phnom Penh on March 29. The visits to Seoul and New Delhi involved numerous tightly scheduled bilateral and multilateral meetings that required Hu's attendance as China's head of state. By contrast, no Chinese head of state had visited Cambodia in 12 years. Hu's visit to the country followed a leisurely pace that included individual meetings with most senior Cambodian leaders and careful attention to nurturing already close bilateral relations.

Officials highlighted China's leading role in support of Cambodia's economic development. Bilateral trade grew in value from \$1.44 billion in 2010 to \$2.49 billion in 2011. President Hu and Prime Minister Hun Sen pledged to double the value of trade to \$5 billion in five years. According to Cambodian data, China is the largest foreign investor in Cambodia; at the end of 2011 there were 317 projects supported by China in the country with a value of \$8.9 billion. The projects included hydroelectric dams and coal-fired power plants.

On the sensitive issue of the South China Sea, *China Daily* on March 31 cited the Cambodian ambassador to China for the observation that "Cambodia, as chair country for the ASEAN meetings, will help coordinate ties between China and other ASEAN countries," and will urge involved ASEAN countries to not let the South China Sea issues affect bilateral ties. A *Reuters* dispatch that day cited Cambodian officials reporting on meetings between President Hu and Prime Minister Hun Sen for the news that Hu had asked Cambodia as ASEAN chair not to "push" the South China Sea issue and was told that Cambodia shares China's belief that the issue should not be "internationalized." Various news reports disclosed that Cambodia would endeavor to keep the South China Sea disputes off the official agenda for ASEAN meetings, though other ASEAN countries would likely raise the issue on their own initiative.

Leadership diplomacy

President Hu hosted Indonesian President Susilo Bambang Yudhoyono in Beijing in late March. The visit featured trade agreements worth \$17 billion, a pledge to boost bilateral trade from \$60 billion in 2011 to \$80 billion in 2015, and promotion of closer defense cooperation and other ties under the rubric of the strategic partnership between the two countries. Official Chinese media indicated that China was pursuing better relations with Indonesia and other Southeast Asian states as a means to deal with territorial disputes in the South China Sea and the increased US presence in the region. Indonesia's defense minister visited Beijing in February and was received by Vice Premier Li Kejiang.

Premier Wen Jiabao on April 1 met Malaysian Prime Minister Najib Razak in the southern Chinese city of Nanning, where the two leaders launched what Chinese media called "the first government-to-government mega industrial park" between the two countries. Chinese commentary equated the park to two Sino-Singapore industrial parks previously established in China. The park had been proposed by Premier Wen during a visit to Malaysia in 2011. Chinese media said the park added to strong Chinese-Malaysian economic ties, which had an annual trade value of over \$90 billion, with China being Malaysia's biggest trading partner and Malaysia being China's largest trading partner among the ASEAN countries.

President Hu, Premier Wen, National People's Congress Chairman Wu Bangguo, and Vice President Xi Jinping had separate cordial meetings with Thailand's Prime Minister Yingluck

Shinawatra on her first visit to China on April 17-19. According to official Chinese media, the visit advanced the status of China-Thailand relations to that of a “comprehensive strategic cooperation partnership.” The two sides signed a new joint action plan for strategic cooperation as well as a five-year plan for economic and trade development. They pledged to advance trade rapidly from the \$64 billion in 2011; China is Thailand’s second largest trading partner. Hu Jintao pledged to further deepen mutually beneficial cooperation between China and ASEAN countries, and Yingluck said Thailand is willing to contribute more to promote ASEAN-China relations and work with China to maintain regional peace, stability, and development.

In mid-April, Vice President Xi Jinping met Do Ba Ty, chief of staff of Vietnam’s armed forces, in Beijing. Chinese media reported that Ty met counterpart Chen Bingde, who emphasized that Vietnam and China should “properly handle disputes” between the two countries.

Vice Premier Li Kejiang emphasized the positive with Singapore in February when he met Singapore Foreign Minister K. Shanmugam on his first visit to China. Chinese media emphasized the continued growth of economic ties, including trade valued at \$80 billion in 2011. They highlighted Shanmugam’s warning in Washington prior to his visit to China that the US should not allow anti-China rhetoric during US election campaigns to spark unintended negative reactions in the region. China Daily also reported without explicit comment on Singapore’s participation in a US-led military exercise at a time of what it labeled as increasing US military presence and “increasing competition with China” in the region.

In a meeting on April 4, Vice Premier Li capped the visit of New Zealand’s foreign minister to Beijing to mark the 40th anniversary of official relations between New Zealand and China. Describing ties as the “best ever,” Chinese commentary forecast growth in trade from \$10.5 billion in 2011 to \$17 billion in 2015, and noted that China was the largest source of foreign students in New Zealand and the fastest growing source of foreign visitors.

South China Sea disputes – status and outlook

Chinese commentary and actions

In contrast with the assertive Chinese posture that prevailed from 2009 into 2011 concerning the South China Sea, Chinese statements and practices continued the more moderate and measured approach to such controversies evident at the end of 2011 [See “Setback in Bali, Challenges All Around,” Comparative Connections 13:3 (January 2012)]. The low-key Chinese posture on the South China Sea seen during President Hu’s visit to Cambodia reinforced positive Chinese media coverage of talks in Beijing in January among China and ASEAN members on finding “practical ways” to promote cooperation as the parties implement the Declaration on the Conduct of the Parties in the South China Sea (DOC) of 2002. The parties reached an agreement in July 2011 on the guidelines for the implementation of the DOC, paving the way for its further implementation, according to China Daily. At the same time, there were few signs of compromise and some signs of Chinese determination and resolve over sensitive areas in dispute.

- Chinese media commentary in mid-March hailed expanded maritime surveillance with ships and planes that detected “illegal” oil and gas exploration, marine surveillance,

military reconnaissance, and use of Chinese claimed islands in the South China Sea. Thirty “illegal” exploration platforms were reportedly found in the South China Sea.

- A multi-agency working group was reported in March to be in the midst of a geographical survey of the South China Sea. *Global Times* quoted noted specialist Zhang Yunlin for the view that “by drawing a map, the country can reinforce its jurisdiction claim to the South China Sea, and further actions may follow, such as exploiting resources near the Nansha (Spratly) Islands.”
- The head of China National Offshore Oil Corporation (CNOOC) told the media in Beijing in March that his company was expanding deep sea oil and gas exploitation in the South China Sea in cooperation with companies from developed countries and that CNOOC also was preparing to begin operations in the South China Sea using the company’s newly acquired deepwater rig that can operate at depths below 3,000 meters.
- A former Chinese tourism official told *China Daily* in March that a government plan would develop tourism on the Xisha (Paracel) Islands as a means to advance tourism while “safeguarding sovereignty over these islands.”

Criticism involving the United States, Vietnam, and the Philippines: January-March 2012

During the first three months of 2012, Chinese media and officials continued measured criticism of US “interference” in the South China Sea as part of the ongoing criticism of enhanced US engagement in the Asia-Pacific region. Chinese commentators took aim at US involvement in the South China Sea as part of their criticism of President Obama’s strategic guidance on defense released in January. The Chinese Foreign Ministry spokesman criticized US Pacific Command (USPACOM) Commander Adm. Robert Willard for remarks to a US Senate committee in late February regarding what Willard depicted as China’s less confrontational but still “aggressive” actions in defense of Chinese claims in the South China Sea. A *China Daily* editorial in March targeted Lt. Gen. Burton Field, the commander of US forces in Japan, for remarks to the media seen as demanding that China respect freedom of navigation in the South China Sea.

Among the public disputes between Vietnam and China in 2012, Vietnam’s Foreign Ministry spokesperson on Feb. 23 criticized Chinese transportation, tourism, and research activities in the Paracel Islands as inconsistent with the agreement between China and Vietnam on principles guiding the settlement of sea-related issues signed in 2011 as well as the DOC of 2002. On Feb. 28, deputy foreign ministers of Vietnam and China met in Beijing and reached agreement on various issues including steps to establish working groups to deal with some issues involving the 2011 agreement on sea disputes.

Vietnam’s Foreign Ministry spokesperson said in mid-March that China had violated Vietnam’s sovereignty by allowing a Chinese oil company to bid for oil exploration near the Paracel Islands. Also in March, the Chinese and Vietnamese Foreign Ministry spokespersons exchanged criticisms over China’s detention of 21 Vietnamese on the charge of illegal fishing near the Paracel Islands. *Xinhua* reported that the fishermen and two boats were released on April 20.

Regarding Chinese disputes with often vocal Philippine officials, the Chinese Foreign Ministry spokesperson in late February accused Manila of taking “illegal” actions in inviting foreign companies to explore for oil and gas in a region of the South China Sea claimed by China and the Philippines. *China Daily* followed with an editorial attacking “Manila’s Troublemaking.” Philippine Foreign Minister Albert del Rosario rebuffed the Chinese charges. During 2012, del Rosario also continued efforts encouraging ASEAN to adopt a common position on South China Sea issues that would assist the Philippines in its disputes with China.

The Philippine government succeeded in January in gaining public support for its position on disputes with China from a US Senate delegation led by John McCain and Joseph Lieberman. The disclosure by the Philippine foreign minister in late January that the Philippine government was seeking more joint exercises with US forces and a greater number of US troops involved in such activities in the Philippines prompted the Chinese Foreign Ministry spokesman to advise against the move. An editorial in *China Daily* warned that the Philippine announcement sent the “wrong signal.” It was reported in March that Japanese Self-Defense Forces would join US and Philippine forces in exercises in the Philippines in March that also included military personnel from Vietnam and Singapore.

Heightened disputes; face-off with the Philippines; broadening criticism: April 2012

Chinese commentary on the results of the ASEAN Summit in Cambodia on April 3-4 noted the agreement to continue efforts on implementing the Declaration on the Conduct of the Parties in the South China Sea (DOC) indicated that “peacefully resolving disputes with China remains the common position among ASEAN members.” It took note of reported efforts by the Philippines and Vietnam to have ASEAN first arrive at a common position before negotiating with China on implementing the DOC, while Cambodia was said to favor China’s inclusion in the process. It applauded Hun Sen’s leadership, including his denial that China had pressured Cambodia to keep the South China Sea dispute off the agenda of the ASEAN Summit. *People’s Daily* advised on April 5 that the ASEAN Summit is not a suitable occasion for dealing with the South China Sea dispute, while the unofficial *Global Times* on April 9 published remarks by PLA Maj. Gen. Luo Yuan warning the Philippines against underestimating “the strength and willpower of China to defend its territorial integrity.”

By that time, a Chinese-Philippine crisis was underway over fishing rights in a disputed area of rock outcroppings 124 miles west of Luzon Island, the Philippines, known as Scarborough Shoal. Chinese fishing vessels were spotted by a Philippine plane on April 8; they were confronted by a Philippine warship on April 10 and searched by Philippine crew members. Two Chinese government maritime ships arrived to protect the Chinese fishing vessels and the face-off ensued amid repeated diplomatic protests. The protests subsided by the end of the week as the Philippine warship was withdrawn and replaced by a smaller Coast Guard vessel, and Philippine officials said the issue would be settled through diplomacy. The Chinese fishing vessels left the area.

Moving into the next week, two Chinese maritime surveillance ships and a Philippine Coast Guard vessel remained on the scene. The Chinese Foreign Ministry in protests on April 15 and April 17 pressed the Philippines to withdraw its ship from the disputed area. That week, the Philippines protested harassment of a Philippine archeological research boat in the South China

Sea, and the Philippine foreign minister said the government would bring the territorial dispute with China before the International Tribunal on the Law of the Sea. The Chinese Foreign Ministry dismissed this maneuver. Philippine officials said a third Chinese government maritime surveillance ship entered the disputed area on April 20.

The last week of April was marked by reports from the Chinese Embassy in Manila that China withdrew two maritime surveillance ships and only one remained at Scarborough Shoal; the reports conflicted with Philippine officials claiming more Chinese ships were present and one had harassed Philippine Coast Guard boats in the area. Philippine President Benigno Aquino on April 24 acknowledged China's refusal to cooperate with his government's efforts to bring the issue of the disputed South China Sea territory before the International Tribunal of the Law of the Sea. He said that Manila would continue to publicize its claim and highlight China's actions over the dispute as a negative example for other smaller neighboring countries as "maybe there will come a time that they will get the same treatment." On April 30, Philippine fishing boats were reported working in Scarborough Shoal despite the controversy.

The China-Philippine dispute overlapped with the start of US-Philippine military exercises on April 16 involving mock beach invasions along Philippine coastlines facing China. President Aquino and other officials emphasized that the exercises had been planned "way, way ahead" of the current tension between China and the Philippines. Official Chinese commentary criticized the exercises, while more hawkish unofficial commentary in *Global Times* argued for retaliation with Chinese exercises in the South China Sea "close enough to put pressure on Manila."

The coverage of the Chinese-Philippine standoff was accompanied by an uptick and broadening in Chinese criticism of others over South China Sea disputes. Official Chinese media in mid-April averred that tension was "rising" in the South China Sea, underlined Chinese determination to protect its interests against foreign encroachment and interference, and took aim at Russia as a Russian gas company reportedly reached an agreement with Vietnam for exploration in areas of the South China Sea. *China Daily* on April 11 cited Chinese government analyst Chu Hao for the observation that "the Kremlin" is supporting such moves as part of "the revitalization of Russia in East Asia." The same dispatch criticized the Indian foreign minister's remark earlier in the month that according to the dispatch indicated that the South China Sea "is the property of the world." It went on to cite Chu Hao for the view that "India regards China as its biggest strategic rival in the region" and that the Indian foreign minister's remarks could be seen as "a move to further heat up the disputes in order to contain China and prevent the country's rise." *China Daily* ran an editorial "Don't play with fire," on April 12 that sharply criticized the Philippines and Vietnam, highlighted the latter's involving Russia in the South China Sea dispute, before finishing off with some criticism of Secretary of State Hillary Clinton.

Another small uptick came in criticism of Australia for hosting US Marines and reportedly considering US use of the Australian-controlled Cocos Islands in the Indian Ocean as a base for surveillance of the "South China Sea" and banning the Chinese company Huawei from contracts in Australia's developing broadband system. A *China Daily* commentator on April 11 warned that Australia giving Chinese interests "the cold shoulder" with these kinds of actions will "hurt the good momentum that the two countries have worked hard to build."

Uncertain outlook

Foreign experts have differed on how to interpret recent developments including the mix of controversy and calm that has prevailed in Chinese relations with Southeast Asian disputants and other concerned powers, notably the US, since 2011. Few see significant signs of compromise over territorial or resource claims, but China's moderate and measured approach evident in President Hu's visit to Cambodia and other leadership actions has prompted cautious optimism by some observers while others warn of trouble ahead.

Among the more optimistic, Massachusetts Institute of Technology Professor M. Taylor Fravel argued in *Foreign Affairs* and in testimony before the US Congress that the Chinese leadership has learned from the adverse reactions to China's assertiveness over South China Sea issues in recent years. In response, it has reestablished a moderate approach since mid-2011 that emphasizes managing tensions, setting aside differences, pursuing common ground, and active and wherever possible cooperative diplomacy. He argued that the moderate approach was more in line with what he saw as China's grand strategy, which requires cooperation with the US and China's neighbors.

Carlyle Thayer of the University of New South Wales also judged in recent commentary in the *East Asia Forum* that China learned from the adverse reaction to "counterproductive" and "assertive" actions in the South China Sea. Also, ASEAN followed a pragmatic course to achieve progress in implementing the DOC and "diplomatic efforts produced a somewhat unexpected positive outcome" from what had been foreseen amid tensions earlier in the decade.

Australian scholar Leszek Buszynski writing in the *Washington Quarterly* reminded readers that whatever the strategies of China and its neighbors, the differences in the South China Sea have been enhanced by recent developments. Thus, the differences among China, Vietnam, the Philippines and other patriotic and nationalistic governments with claims over territorial and resource issues in the South China Sea have been magnified by these states' growing need for and expanding efforts to develop and use energy and fishery resources in the disputed regions of the South China Sea. Meanwhile, US involvement since 2010 has added a new set of differences and complications to calculations over the South China Sea.

Singapore Professor Li Mingjiang highlighted rising Chinese maritime aspirations evident during the deliberations at the National People Congress and the Chinese People Political Consultative Congress in Beijing during March. He viewed the aspirations as more likely than not to complicate and perhaps offset the current moderate direction of China's approach to South China Sea issues. The proposals at the meetings involved the creation of a Chinese Coast Guard, the establishment of a maritime commission to coordinate the various agencies involved in Chinese maritime policy, and the use of China's recently launched aircraft carrier to better protect Chinese maritime claims. Li said that the proposals were often accompanied with language claiming Chinese rights to "three million square kilometers of maritime territory," which he judged would include the maritime zone of most of the South China Sea delineated by the nine-dashed line seen on Chinese maps used to buttress Chinese claims to the South China Sea. Li noted that these broad claims to the South China Sea are not officially endorsed by the Chinese Foreign Ministry, which said in a spokesman statement on Feb. 29 that "The core of the South

China Sea dispute is the sovereignty disputes over some Spratly Islands and reefs and the demarcation of some maritime zones in the South China Sea. It is necessary to point out that no country, including China, makes a sovereignty claim over the whole South China Sea.”

Those questioning the sustainability of China’s moderate approach to South China Sea issues are supported by published analyses by foreign specialists with good access to Chinese foreign policy elites regarding the range of opinion among influential leaders and groups having a role in the making of Chinese foreign policy. The studies tend to stress the importance of advocates of strong nationalistic positions regarding Chinese territorial claims. The latest entry is an assessment in April 2012 by the International Crisis Group (ICG) that provides a map of the complicated array of Chinese institutions and authorities that play a significant role in the making of Chinese policies regarding the South China Sea. The ICG recounts recent efforts by Chinese leaders to ease tensions and moderate extremes in Chinese territorial claims, but forecasts uncertainty as more moderate Chinese authorities deal with a poorly organized and very complicated array of Chinese stakeholders, several with an interest in pursuing a tougher approach. Many Chinese specialists continue privately to confirm the findings of these studies, which suggest moderation on territorial disputes like the South China Sea may be difficult to sustain amid continued debate over the direction of Chinese foreign relations.

Also, Southeast Asian specialist Evelyn Goh argued repeatedly in the past year that China’s approach has emphasized the use of persuasion and inducement to get regional states to change their behavior in areas of concern to China, including over the South China Sea. In her view, such an approach has failed for China. For a time, China employed more coercion, but that proved counterproductive, resulting in the recent return to moderation amid a good deal of Chinese frustration.

Meanwhile, the debate over foreign policy in China does not always incline China to a harder line, according to Professor Lyle Goldstein at the US Naval War College. In an article in *Contemporary Southeast Asia*, he showed through close analysis of Chinese specialists’ debates over policy toward the South China Sea that there were strong voices for moderation in the Chinese Navy which provides an opening for greater cooperation with the United States.

Assessing the US side, Ian Storey of Singapore’s Institute of Southeast Asian Studies reviewed US military deployments in the Asia-Pacific related to the South China Sea in an editorial in *The Straits Times*. He listed a series of USPACOM worries over China’s growing power and a “rapidly closing” ... “window of opportunity” to resolve South China Sea disputes peacefully.

Last but not least, there remains a well-established school of thought that sees a rising China on a path to dominate Asia and marginalize the U.S. influence in the region. Notably, Marvin Ott of Johns Hopkins University in a recent commentary depicted a complicated regional dynamic predicated on China’s perceived ambitions.

China-Myanmar relations

In light of the political reforms in Myanmar, China’s official position toward the country remains relatively unchanged. China continues to welcome the positive developments in Myanmar and

hopes to see strong momentum in the regime's commitment toward national reconciliation. After their meeting in Beijing in March, Chinese President Hu Jintao and Indonesian President Yudhoyono issued a joint statement that called for the international community to consider lifting economic sanctions on Myanmar, arguing that doing so would significantly contribute to its economic development.

It is unclear whether Beijing will ramp up its diplomatic and economic ties with Myanmar following Myanmar's decision to improve ties with the United States, the European Union, and Japan. China-Myanmar relations faced some obstacles last September over Myanmar's decision to suspend construction of a major Chinese hydroelectric dam on the Irrawaddy River. The decision came after strong public outrage erupted in Myanmar over what was seen as China's indifference and imperious attitude toward the people and environment of Myanmar. According to a World Bank study, nearly 90 percent of the power generated by the dam would have been supplied to China's Yunnan province, while less than 20 percent of households in Myanmar have electricity. In spite of the suspension of the dam project, China retains the largest foreign economic presence in Myanmar; development of a deep sea port in the Bay of Bengal continues as do gas and oil pipeline projects. The pipelines are projected to bring significant new revenue streams in terms of royalties and transit fees to the Myanmar government.

In February, China and Myanmar reaffirmed their ties when Jia Qinglin, chairperson of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met Thura U Shwe Mann, Myanmar's speaker of the House of Representatives, in Beijing. In a high-profile visit, Thura U Shwe Mann also met Wu Bangguo, chairperson of the Standing Committee of the National People's Congress, and Chen Bingde, chief of the General Staff of the PLA. Both sides agreed to maintain high-level contacts, strengthen strategic coordination, and draw up a plan for comprehensive and strategic cooperation. They also agreed to work together in areas of common interest, chief among them security and stability along the borders.

More turbulence ahead?

The pace of elite interchange, diplomacy and negotiation has picked up speed from the quiet winter months and appears likely to remain active, dealing with a widening array of issues involving the South China Sea. No party seems prepared to compromise its claims, and all have strong reasons to protect and develop the important resources seen to lie within their claims. Whether activism leads to confrontation will depend on a variety of determinants and trajectories involving a range of different national governments. Sustaining peace under these complicated circumstances remains difficult.

Chronology of China-Southeast Asia Relations January - April 2012

Jan. 5, 2012: Chinese Minister of Public Security Meng Jianzhu meets Vietnamese counterpart Tran Dai Quang to discuss bilateral law enforcement cooperation to prevent human trafficking, smuggling of illicit drugs, and other trans-border crimes.

Jan. 16, 2012: Chinese Defense Minister Liang Guanglie meets Indonesian Ambassador to China Imron Cotan in Beijing. The meeting focuses on improving and expanding the level of bilateral defense consultation, joint training exercises, and cooperation on maritime security.

Jan. 17, 2012: Chinese police forces conclude the second joint security patrol along the Mekong River with counterparts from Laos, Myanmar, and Thailand.

Jan. 19, 2012: Marking the 62nd anniversary of China-Vietnam diplomatic ties, Vice Foreign Minister Zhang Zhijun announces that China seeks to deepen bilateral trust and cooperation to further promote the strategic and cooperative partnership between the two sides.

Jan. 31, 2012: Chinese Ambassador to Cambodia Pan Guangxue joins Prime Minister Hun Sen in the opening of a 127-kilometer road funded by China. The new road connects existing highways to Cambodia's northeastern province to help spur tourism and economic development.

Feb. 7, 2012: Communist Party Secretary of Shanxi Provincial Committee Yuan Chunqing visits Vientiane and meets Vice President Bounnhang Vorachit. They discuss strengthening economic and political ties between China's Shanxi province and Laos' Luang Prabang province.

Feb. 8, 2012: China and Malaysia sign a currency swap agreement that will allow central banks to swap nearly \$30 billion over three years with an option to continue the agreement. Officials from both central banks announce that the new arrangement, which doubles the previously arranged currency swap quota, will help maintain regional financial stability and help facilitate bilateral trade and investment.

Feb. 14, 2012: Zhou Yongkang, member of the Standing Committee of the Political Bureau of the Communist Party Central Committee, meets Vietnamese Foreign Minister Pham Binh Minh in Beijing. They agree to advance cooperation in culture, people-to-people exchanges, and law enforcement, and emphasize the need to continue dialogue and cooperation in handling sensitive territorial issues.

Feb. 21, 2012: Secretary General of the ASEAN-China Center Ma Mingqiang visits Phnom Penh and meets Cambodia's Minister of Tourism Thong Khon to discuss bilateral cooperation in the areas of trade, investment, agriculture, tourism, education, and culture.

Feb. 24, 2012: Jia Qinglin, chairperson of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), meets visiting Thura U Shwe Mann, Myanmar's speaker of the House of Representatives.

Feb. 28, 2012: Chinese Defense Minister Liang Guanglie meets visiting Thai Army Commander-in-Chief Gen. Prayut Chan-O-Cha to exchange views on bilateral security ties and relations between the two militaries.

Feb. 29, 2012: Minister of Public Security Meng Jianzhu meets Indonesian Coordinating Minister for Political, Law, and Security Affairs Djoko Suyanto in Beijing to discuss bilateral law enforcement cooperation and joint efforts to combat transnational crime.

March 7, 2012: Indonesian Defense Minister Purnomo Yusgiantoro announces that Indonesia will build a plant to manufacture and produce C-705 missiles that have a range of up to 140 km with Chinese technological expertise and assistance.

March 17, 2012: Chinese Ambassador to the Philippines Ma Keping announces China's strong opposition to and warning against any country taking unilateral actions in the Spratly Islands. Ma also reiterates Beijing's position urging all parties to consider joint development of the natural resources in the South China Sea to help resolve differences on the territorial disputes.

March 19, 2012: Wang Gang, member of the Political Bureau of the Communist Party Central Committee, meets Laotian counterpart Khamphuey Panemalaythong. They agree to strengthen the bilateral strategic partnership, cooperation, and coordination on regional security and economic affairs.

March 23, 2012: Chinese President Hu Jintao meets Indonesian counterpart Susilo Bambang Yudhoyono in Beijing.

March 29-April 3, 2012: President Hu visits Cambodia and meets Prime Minister Hun Sen and other senior officials. They agree to double the value of two-way trade to \$5 billion in five years. They also sign a set of agreements that will deepen bilateral relations in the areas of regional security, diplomacy, and people-to-people exchanges.

March 31, 2012: Chinese Vice Premier Li Keqiang meets Vietnamese Deputy Prime Minister Hoang Trung Hai at the Boao Forum for Asia. Li emphasizes that both sides should handle the South China Sea issue "appropriately," and work toward closer cooperation in trade and the deepening of mutual trust.

April 1, 2012: China and Malaysia announce the launch of the Qinzhou Industrial Park, their first joint industrial park in China's Guangxi Zhuang Autonomous Region.

April 10, 2012: Chinese Vice Premier Hui Liangyu visits Jakarta and meets Vice President Boediono. They agree to implement recent cooperation agreements on trade, maritime research, drug control, and tourism.

April 14, 2012: China and the Philippines agree to "set aside" their differences and diplomatic protests over the Scarborough Shoal/Huangyan Island where ships from both sides have been in a standoff since April 10.

April 16, 2012: Chen Bingde, chief of the General Staff of the People's Liberation Army (PLA), meets visiting Vietnamese counterpart Do Ba Ty. They agree to deepen cooperation in personnel training, increase exchanges between military academies, and improve contact across land and maritime borders.

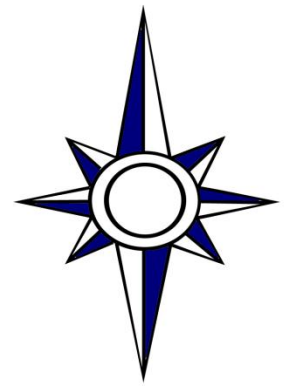
April 17-19, 2012: Chinese Premier Wen Jiabao meets visiting Thai Prime Minister Yingluck Shinawatra. They sign a joint action plan for strategic cooperation as well as a five-year plan for

economic and trade development. They also agree to maintain closer coordination on regional and international issues and to upgrade bilateral ties to a “comprehensive strategic partnership.”

April 20, 2012: Jia Qinglin, chairperson of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC), visits Brunei and meets Sultan of Brunei Hassanal Bolkiah. Jia proposes that the two countries maintain high-level exchanges and expand economic and trade cooperation.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



China-Taiwan Relations: Post-Election Continuity

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In January, President Ma Ying-jeou won re-election and the KMT retained its majority in the legislature. Voters endorsed Ma's gradual approach to developing constructive relations with the Mainland. In Beijing, the outcome validated President Hu Jintao's "peaceful development" policies. Both sides have indicated that there will be continuity in cross-strait relations with a focus on a busy economic agenda. While understanding the domestic factors constraining Ma's willingness to discuss political issues, Beijing has emphasized the importance of building political trust and strengthening a common Chinese heritage. Meanwhile, the DPP's defeat has provoked an internal debate on the party's policy toward Beijing but no clear picture has emerged on whether or how party policy might eventually change.

Ma is re-elected

In the Jan. 14 presidential election, Ma Ying-jeou won re-election with 51.6 percent of the vote. While the margin was larger than had been predicted, Ma's 6 percent margin of victory was much below his 17 percent margin in 2008. In the Legislative Yuan (LY) elections, the Kuomintang (KMT) retained its absolute majority, but with a reduced majority and a much more complicated multi-party lineup. In the absence of exit polls, observers generally concluded that voters had opted to support Ma's predictable economic and cross-strait policies over the uncertainty associated with Democratic Progressive Party (DPP) candidate Tsai Ing-wen and her poorly articulated cross-strait policies. Ma's support for and Tsai's rejection of the "1992 Consensus" as a basis for conducting cross-strait relations was seen as playing an important role in the outcome. The strong public reaction to Ma's comments in November about a possible future peace agreement combined with the reduced mandate contributed to a view that Ma will have to be very cautious in considering steps toward cross-strait discussion of political issues.

One interesting sidelight on the campaign and election was Beijing's relatively open approach to coverage of it. The Communist Party Propaganda Department did issue guidelines to the print and TV media to limit coverage to reporting by the official *Xinhua News Agency*. However, Beijing did not block online coverage or shutdown Internet commentary. Consequently, netizens in China had access to considerable news about what was a model peaceful, democratic election, with some favorable comments and comparisons to politics on the mainland.

Election presages continuity

In an early-January article, Taiwan Affairs Office (TAO) Minister Wang Yi foresaw that Beijing's efforts would remain focused on economic issues. The idea of addressing economics

first, politics later and easy issues first, hard ones later would continue to guide policy. In its statement on the election, the TAO said that Hu Jintao's policy on "peaceful development" of cross-strait relations was correct, that it had been supported by the Taiwan people and would continue. Beijing saw a busy schedule of economic issues including: commodity and services trade talks under the Economic Cooperation Framework Agreement (ECFA), preparations for an exchange of trade organization offices, negotiation of a Yuan Settlement Agreement, negotiation of the Investment Protection Agreement and a Customs cooperation pact, a meeting of the Cross-strait Economic Cooperation Committee (CSECC) and eventually the eighth Straits Exchange Foundation-Association for Relations Across the Taiwan Straits (ARATS) meeting.

Spokesmen for President Ma gave very similar descriptions of what Taipei foresaw for the coming year. KMT Vice Chairman John Chiang visited Washington in late January and stressed that the economic agenda would consume the coming year and contained many issues that would take protracted and difficult negotiations.

US position

The White House issued a statement congratulating President Ma and praising the election as another sign of Taiwan's vital democracy. On substance, the statement said "Cross-strait peace and stability, in an environment free from intimidation, are of profound importance to the United States. We hope the impressive efforts that both sides have undertaken in recent years to build cross-strait ties continue."

Cross-strait developments

Two important cross-strait meetings took place this spring. On March 22, KMT Honorary Chairman Wu Poh-hsiung met General Secretary Hu Jintao in Beijing. On April 1, Vice President-elect Wu Dun-Yih met Li Keqiang, the presumptive next Peoples Republic of China (PRC) Premier at the Boao Forum. Wu participated in Boao in his capacity as head of the Cross-strait Common Market Delegation and Li met Wu wearing his Communist Party hat. There were brief reports about each meeting, predictably focusing on economic issues and mentioning some specific issues that had been raised, including Wu Dun-yih's raising the issue of Taiwan's international space. However, most of what was discussed has as usual not been revealed.

These are far more than symbolic encounters. As Ma Ying-jeou has said repeatedly that he would only meet PRC leaders in his capacity as president of the Republic of China (ROC), there is no prospect of Ma meeting Hu or Xi Jinping in the coming years. Consequently, these meetings represent the highest level direct contacts that occur. Given the importance of personal relations, particularly in China, they are crucial to the management of cross-strait relations and the development of greater political trust between leaders in Taipei and Beijing.

At the working-level, Taipei and Beijing announced in mid-April guidelines for the reciprocal establishment of trade organization offices. This exchange will implement a provision of ECFA. In Taipei, the Mainland Affairs Council (MAC) reported that the Taiwan External Trade Development Organization (TAITRA) had been authorized to apply in Beijing to open offices in Beijing and Shanghai, using the name "Taiwan Trade Office".

The Cross-Strait Economic Cooperation Committee (CSECC) formed under ECFA held its third meeting in Tamsui on April 26. As earlier, the delegations, meeting under the SEF-ARATS umbrella, were led by Beijing's Vice Minister of Commerce Jiang Yaoping and Taipei's Vice Minister of Economic Affairs Liang Kuo-shin. It was announced that the committee had reached "consensus" on the Investment Protection Agreement and on the "basic principles" of a Customs Cooperation Agreement. Both sides expressed "optimism" that these two agreements would be signed at the eighth ARATS-SEF meeting. Sources in Taipei predicted that meeting would be held in Taipei before June 15. In addition, the two delegations formally endorsed the procedures for the reciprocal establishment of trade organization offices. It was announced that the China Chamber of Commerce for Import and Export of Electronics Products would be the organization applying to establish an office in Taipei. Finally the meeting reviewed progress in the discussions being held in CSECC sub-committees for goods trade, service trade, dispute resolution, standards, and industrial cooperation.

Beijing's proposal to establish the Pingtan Comprehensive Experimental Zone has been a source of cross-strait controversy this spring. For over a decade, Beijing has been promoting proposals for a "Western Taiwan Strait Economic Zone" to help Fujian Province compete more effectively for investments from Taiwan, most of which has gone elsewhere in China despite Fujian's propinquity to Taiwan. The brief section on Premier Wen Jiabao's National People's Congress (NPC) work report relating to cross-strait relations included a sentence calling for accelerated development of the zone. The most recent proposal, dubbed the Pingtan Comprehensive Experimental Zone, envisages a zone on Fujian's Pingtan Island that would be jointly designed and operated by people from Taiwan and the Mainland. There has been criticism in Taipei of the idea that Taiwanese would be hired as government employees in China to help run the zone. (This has also focused attention on the broader issue of other Taiwanese who are working in various government capacities in China.) Some see this as indicating a political rather than economic purpose. Elements in the DPP have viewed it as a step toward implementing Beijing's "one Country, two systems" proposal. Taipei government spokesmen have also voiced some of these concerns. On the Mainland, TAO Minister Wang Yi has expressed surprise at the negative reactions to the Pingtan proposal. Officials from Fujian have been in Taiwan attempting to explain the concept. To help manage the issue, Premier Sean Chen has said that the government's official position is that the Pingtan proposal should be discussed in ECFA channels.

What about political talks?

After Ma's election in 2008, there was considerable speculation that the period between Ma's re-election in 2012 and the 18th Party Congress in the fall would present a window of opportunity for Presidents Hu and Ma to take steps toward a peace agreement, which each had separately endorsed. There is no talk of such a possibility now as domestic politics in Taiwan are setting the pace for cross-strait developments. The negotiation of the existing agreements, particularly ECFA, has strained domestic politics and the reaction to Ma's November suggestions about talks on a peace agreement has reinforced a very cautious approach to political talks within the Ma administration.

President Ma and others in his administration continue to talk of the pre-conditions needed for political talks: consensus within Taiwan, public support, and oversight by the legislature – none of which is in place. Following the election, Ma said that the further accumulation of functional cross-strait agreements would be useful in consolidating cross-strait peace, even absent a specific peace agreement. Accordingly, Taipei's efforts will remain focused on economic and functional issues.

Beijing's posture appears more complicated. On the one hand, TAO Minister Wang Yi has expressed patience with respect to political talks, saying that Beijing will let Taipei set the pace in cross-strait relations. TAO officials appear to have a good understanding of the constraints on President Ma and appreciate that if Ma moves too quickly he will lose public support and potentially open an opportunity for the DPP to return to power. On the other hand, there have been indications of growing doubts in Beijing about Ma's willingness to make significant steps forward. Ma's comment that peace could be consolidated by functional agreements was interpreted as one sign of Ma's reduced commitment to move toward a peace agreement. While patient in the short-term, over the longer-term, Beijing will need progress on political issues to blunt criticism that Hu's peaceful development policy is not making progress toward the eventual goal of reunification. In April, there were indications that Beijing was conveying its view that it would like to see comments on political issues in President Ma's May 20 second inaugural address.

In February and March, references to political aspects began to appear in Beijing statements on cross-strait relations. In his NPC work report, Premier Wen Jiabao stated that Beijing sought to "strengthen the political, economic, and cultural foundation and public support for growing cross-strait relations." How did putting politics first mesh with an agenda that would remain focused on economic issues? A few days later at a major conference in Yunnan, TAO Minister Wang Yi explained the political element, saying Beijing aimed to strengthen the basis for cross-strait political trust and to deepen the two sides' common identification as belonging to one China. Cultivating increased mutual trust was the key to eventually addressing cross-strait differences. Cultivating a stronger sense of both sides belonging to one family would create a firm basis for resolving difficult issues. Wang Yi spoke of strengthening emotional bonds and a sense of common ethnic Chinese identity (*zhonghua minzhu rentong*). In other words, at a time when there is little prospect of progress on political issues, the leadership needs to explain to domestic audiences and potential critics what it is doing to lay the ground for eventually progress on those issues.

Debate within the DPP

The electoral defeat in January has led to soul searching within the DPP. Tsai Ing-wen sparked this by suggesting in her concession speech that the party might need to reconsider its cross-strait policies. Generally, moderates in the party have acknowledged that Tsai's rejection of the "1992 Consensus" contributed to her defeat and several, including Frank Hsieh, Hsu Hsin-liang, and Tung Chen-yuan, have suggested a need to reconsider party policy. Fundamentalists have avoided saying that Tsai's cross-strait policy contributed to her defeat because they do not want to see any change to the DPP's basic pro-independence position. Trong Chai, Wu Rong-yi, and Joseph Wu have opposed suggestions for changing the party's "China" policy. The party's

formal report on the election focused on campaign technicalities and avoided any mention of Tsai's cross-strait positions. That report promoted another round of comments from party moderates. In late April, the TAO spokesman made a statement that seemed to be a response to the ongoing DPP debate saying that "as long as the DPP makes any move toward abandoning their Taiwan independence stance, we will make a direct response."

On Feb. 29, Chen Chu became acting DPP chairperson pending a chairmanship election in May. Both Tsai and Chen Chu have said publicly that the DPP should increase its contacts with Beijing to promote better two-way understanding. This is one issue on which there appears to be wide agreement within the party. In March, DPP Secretary General Lo Chih-cheng and former party official Tung I-wen attended the 10th Cross-strait Conference in Yunnan at the invitation of its TAO sponsors. Lo and Tung attended in non-DPP capacities. There has been no change in Beijing's policy that it welcomes contacts with DPP members, in appropriate capacities, but will not have party-to-party contact so long as the DPP rejects the "1992 Consensus" and promotes Taiwan independence. In late April, the TAO spokesman emphasized that even DPP leaders would be welcome to visit "in appropriate capacities."

On March 22, DPP Secretary General Lo Chih-cheng stated that Taiwan's official name is the Republic of China. On March 29, Acting Chairperson Chen Chu used the term "mainland China" rather than the standard DPP term "China." Both these statements have been interpreted within DPP circles as signs of new flexibility. Whether these statements become part of regular party rhetoric remains to be seen.

In mid-April, five candidates registered for the DPP chairmanship election. Three are fundamentalists: Wu Rong-yi, head of the Taiwan Brain Trust, former Tainan Mayor Su Huan-chih and legislator Trong Chai. Former Premier Su Tseng-chang has only said policy should be based on the DPP's 1999 resolution on Taiwan's future. Former party chair Hsu Hsin-liang has called for a new resolution to update party policy. As Su Tseng-chang is the front-runner, there has been talk that the three fundamentalist candidates should join forces to prevent his election.

In sum, there has been a lot of attention to cross-strait policy within the DPP. However, none of the mainstream party leaders (i.e., Su Tseng-chang, Chen Chu, and Tsai Ing-wen) clearly indicated views on future cross-strait policy. How DPP policy will evolve is unclear and will depend on a variety of still uncertain factors.

US arms sales

On April 27, the White House sent a letter to Sen. John Cornyn on the sale of advanced fighter aircraft to Taiwan. Cornyn had put a hold on the nomination of Mark Lippert as assistant secretary of defense for East Asia as a means of forcing the administration to address the perceived deficiency in Taiwan's fighter aircraft inventory. The letter said the White House shared Cornyn's concern about Taiwan's growing shortfall in fighter aircraft and that the administration would be deciding "on a near-term course of action on how to address Taiwan's fighter gap, including through the sale to Taiwan of an undetermined number of new US-made fighter aircraft." The Senate confirmed Lippert's appointment on April 26. It had been assumed

recently that there would be no major arms sales decisions during 2012. Although there are caveats in the letter, this deal raises the possibility of a decision this year.

Cross-strait trade

According to Taipei's Ministry of Finance, cross-strait trade grew 11.5 percent to reach \$134.7 billion in 2011. Taiwan's exports to China grew 7.4 percent to \$91.1 billion and Taiwan's imports for the mainland grew 21.3 percent to \$43.6 billion. Exports and imports of products covered by the early harvest tariff reductions under ECFA grew more rapidly than overall exports and imports. Additional products on the early harvest list became eligible for reduced tariffs from Jan. 1, 2012. Cross-strait trade growth began to slow in late 2011 and that trend has continued in the first months of 2012, reflecting the economic slow-down in China and in China's developed country markets.

Since Taipei first opened the door to Mainland investment in 2009, Mainland investors have committed only \$272 million to Taiwan, a paltry sum when compared to the \$68 billion Chinese firms invested abroad in 2010. In March, Taipei announced the third liberalization of sectors open to mainland investment. As a result, 97 percent of manufacturing, 51 percent of service, and 51 percent of infrastructure sectors are open. Nevertheless, no rush of Chinese investment is expected. This is primarily because a variety of ownership percent, land purchase, and other restrictions continue to inhibit Mainland investments.

Looking ahead

The continuity agenda for the coming months include the conclusion of a Yuan Settlement Agreement and the eighth SEF-ARATS meeting in Taiwan at which the twice-deferred Investment Protection Agreement is expected finally to be signed. President Ma's second inaugural address on May 20 will be watched carefully for anything it may say about the prospects for beginning to address political issues during his second term.

Behind the scenes there will likely be further talks about the possibility of SEF and ARATS agreeing to establish reciprocal offices in Taipei and Beijing. ARATS President Chen Yunlin has urged progress on this, but the MAC has said there continue to be significant differences on related issues. If achieved, the exchange of offices would represent a significant forward step in institutionalizing de facto cross-strait relations.

Chronology of China-Taiwan Relations January – April 2012

Jan. 2, 2012: Taiwan and Israel sign a Civil Air Agreement as part of their efforts to establish closer ties between the two countries.

Jan. 3, 2012: Evergreen Corp. Chairman Chang Yung-fa announces his support for the "1992 Consensus" in the lead-up to Taiwan elections.

Jan. 9, 2012: Taiwan's Ministry of National Defense reports Beijing has tested the *Julang-2* Submarine-Launched Ballistic Missile.

Jan. 10, 2012: Lee Teng-hui and Lee Yuan-tseh endorse Tsai Ing-wen for president.

Jan. 11, 2012: United Microelectronics Corporation Chairman John Hsuan and other entrepreneurs announced their support for the "1992 Consensus."

Jan. 14, 2012: President Ma Ying-jeou wins re-election; Kuomintang (KMT) retains legislative majority.

Jan. 14, 2012: In her concession statement, Democratic Progressive Party (DPP) candidate Tsai Ing-wen mentions the need to re-examine DPP's cross-strait policy.

Jan. 17, 2012: Frank Hsieh states that the DPP must frankly address its cross-strait policy.

Jan. 25, 2012: President Ma reiterates goal of Taiwan joining Trans-Pacific Partnership (TPP).

Jan. 27, 2012: Sean Chen is named Taiwan's premier.

Jan. 30, 2012: Taiwan Affairs Office (TAO) Minister Wang Yi publishes an article that sets China's agenda with Taiwan for 2012.

Jan. 31, 2012: KMT Vice Chairman John Chiang leads a delegation to Washington DC.

Feb. 1, 2012: President Ma receives American Institute in Taiwan (AIT) Chairman Raymond Burghardt.

Feb. 8, 2012: President Ma says cross-strait peace can be institutionalized without a formal peace agreement.

Feb. 12, 2012: Association for Relations Across the Taiwan Straits (ARATS) Deputy Chairman Zheng Lihong leads a delegation on a visit to southern Taiwan.

Feb. 13-17, 2012: China's Vice President Xi Jinping visits the US.

Feb. 16-20, 2012: Beijing Mayor Guo Jinlong visits Taipei.

Feb. 22, 2012: Tsai Ing-wen advocates greater contact with the Mainland.

Feb. 29, 2012: Chen Chu is named acting chairperson of the DPP and advocates increased contact with the Mainland.

Feb. 29, 2012: TAO Spokesman encourages more visits to the Mainland by DPP grassroots representatives.

Feb. 29, 2012: DPP Secretary General Lo Chih-cheng calls for talks without preconditions.

March 5, 2012: Premier Wen Jiabao's work report opens the National People's Congress.

March 10, 2012: ARATS Chairman Chen Yunlin mentions exchanging SEF-ARATS offices.

March 15, 2012: Tenth Cross-strait TAO-sponsored Conference is held in Yunnan; TAO Minister Wang Yi addresses the group.

March 16, 2012: Premier Chen says the Pingtan Comprehensive Experimental Zone appears to be politically motivated.

March 21 2012: Taipei announces third liberalization of sectors for Mainland investors.

March 22, 2012: Wu Poh-hsiung meets Hu Jintao in Beijing.

March 22, 2012: DPP Secretary General Lo Chih-cheng states that Taiwan's official name is the Republic of China (ROC).

March 28, 2012: Fujian Governor Su visits Taiwan to discuss the Pingtan Comprehensive Experimental Zone.

March 29, 2012: Acting DPP Chair Chen Chu uses the term "Mainland China."

April 1, 2012: Wu Den-yih meets Li Keqiang at the Boao Forum.

April 1, 2012: At Boao Forum TAO Minister Wang Yi talks of deepening political mutual trust.

April 7, 2012: President Ma departs for 12-day trip to visit African diplomatic allies.

April 9, 2012: Taipei delegation visits Shanghai for ECFA talks.

April 12, 2012: TAO Minister Wang Yi visits Washington for consultations.

April 15, 2012: Frank Hsieh's book urges dialogue with the Mainland based on the constitution.

April 18, 2012: Guidelines for the reciprocal opening of trade offices is released.

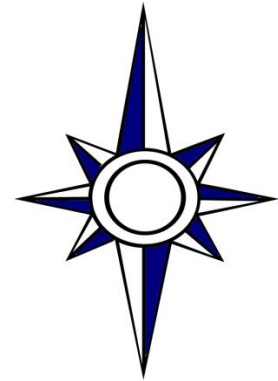
April 24, 2012: Cross-Strait Economic Cooperation Committee (CSECC) Sub-Committee on Standards meets in Hualien.

April 26, 2012: CSECC Meets in Tamsui.

April 27, 2012: White House sends letter to Sen. John Cornyn regarding his concerns over fighter aircraft for Taiwan.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



South Korea-North Korea Relations: Plumbing the Depths

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Covering inter-Korean relations for *Comparative Connections* throughout the past decade has been a roller-coaster ride, given the peninsula's changeable political weather. Even so, the current state of affairs is unprecedented. Pyongyang has always been a master of threats and insults, but it has spent the whole of 2012 hurling ever ruder and angrier jibes at ROK President Lee Myung-bak; plumbing the depths even by North Korean standards. Just when one thought they could get no nastier, in April the official *Korean Central News Agency (KCNA)* published and trumpeted a set of vicious cartoons that depict Lee as a rat being gorily done to death, with captions (hardly needed) that one can only describe as exulting in vile and violent blood-lust. From the viewpoint of this journal, devoted as it is to bilateral relations, the problem is that the past four months essentially saw almost no interaction between the two Koreas except this one-sided name-calling. Unsurprisingly Seoul did have a few words to say in response, which only served to rile Pyongyang more. Still, as the classical German sociologist Georg Simmel wisely noted a century ago, conflict too is one form of sociation. (Those interested may read more at <http://www.cf.ac.uk/socsi/undergraduate/introsoc/simmel12.html>)

Wading through filth is no fun, but duty must be done. In what follows we describe and try to interpret North Korea's campaign, which as the trimester ended showed ominous signs of escalating from words to deeds in attacks on South Korea's Global Position System (GPS) signals. In some obscure way, one intended function was probably to boost the callow Kim Jong Un, so we also briefly report his formal accession to the DPRK's top leadership posts.

The North declares open season on Lee Myung-bak

Fortunately, and perhaps surprisingly, North Korea – not renowned for being helpful to those outside who wish to research it – has made it rather easy to track their anti-Lee Myung-bak campaign. First up, they make it plain that there is such a campaign – just in case there are still any *bien-pensant* liberals out there, of what K M Lawson has called the 'North Flank Guard' tendency (<http://www.froginawell.net/korea/2010/12/the-north-flank-guard/>), who accuse malicious hawks of wrongly imputing wickedness to the DPRK – which they view as either not that bad, or merely reacting with some justification to the prior attacks of others.

How do we know there is an anti-Lee campaign? Because KCNA has created a special file for it on its improved English-language website, <http://www.kcna.kp/goHome.do?lang=eng> which has been online for about a year now and features picture and video content as well as text. (Its former Japan-based text-only site at <http://www.kcna.co.jp/> continues as well, and is useful as an

archive – it goes back 15 years, to January 1997. To search this, however, you'll also need the witty and invaluable unofficial site <http://www.nk-news.net> .)

But, back to Lee Myung-bak. At this writing, the new KCNA homepage has for some weeks been flashing across its masthead these five slogans:

Let Us Cut Off Windpipes of the Lee Myung Bak-led Swarm of Rats!
Let Us Wipe Out the Lee Myung Bak-led Swarm of Rats in This Land And Sky!
Let Us Shower the Lee Myung Bak-led Swarm of Rats with the Fire of Retaliation!
Let Us Blow Up the Bases Used To Hurt the Dignity of our Supreme Leadership!
Let Us Launch a Nationwide Sacred War to Wipe Out the Rat-like Lee Myung Bak Group!

Clicking on any of these takes you to <http://www.kcna.kp/tukbo.jsp> , headed “Let Us Cut Off Windpipes of Rat-like Lee Myung Bak Group!” – just in case anyone didn’t yet get the message. This page has three items. There is a video (which this writer cannot open for some reason) of angry Korean People’s Army (KPA) soldiers waving rifles. Bottom right of that is a link labeled ‘Cartoon,’ of which more anon. And below left is a file of articles headed ‘Lee Myung Bak Group Under Fire,’ the latest of which is printed in full center-page. (Note: Sometimes these links come up randomly in Korean rather than English. If so, persevere.)

The ‘Lee Under Fire’ collection has plenty to say, for all that it’s repetitious. Thus far there are 28 pages, each of which contains 15 articles, except the first which has 10. That makes 430 articles in total since the series began on Dec. 30, or an average of over three per day; a torrent which shows no sign of easing up. Here are the most recent 15 article titles (thankfully rodent-free) at this writing, just to give the flavor:

Organizations of Koreans in China, Russia Call for Wiping Out Lee Myung Bak Group
Rodong Sinmun Calls for Eliminating Lee Myung Bak Group
S. Korean NA Accused of Pulling up DPRK over Satellite Launch: *Rodong Sinmun*
Lee Myung Bak Group Accused of Drumbeats of War against North
Crazy Lee Myung Bak Accused of Implanting Hostility into Children’s Minds
S. Korean Unification Ministry’s Slander against DPRK under Fire: *Minju Joson*
Lee Myung Bak Group and Other Hostile Forces Accused of Smear Campaign over DPRK’s Satellite Launch
Overseas Koreans Censure Lee Group’s Anti-DPRK Confrontation Hysteria
Satire on Lee Myung Bak Screened on *DPRK TV*
Rodong Sinmun Calls for Bringing Down S. Korean Conservative Regime
Lee Myung Bak’s Anti-DPRK Confrontation Policy Bound to Go Bust: *Rodong Sinmun*
Lee Myung Bak Group Will Perish in Fire: *Minju Joson*
Lee Myung Bak’s Resignation Demanded by Chairman of Overseas Headquarters of Pomminryon
Lee Myung Bak Regime’s Scenario for Preemptive Strike at DPRK under Fire
Rodong Sinmun Calls for Giving Continuity to June 15 Era of Reunification

To reiterate, North Korea wants the world to know that it has a beef with Lee Myung-bak, which *KCNA* has gone to the trouble of collating at great length. Some hardy and dedicated soul ideally

needs to read and parse all of this. This writer confesses to merely sampling it – life is short, deadlines loom – so what follows is at best a tentative preliminary account.

Show some respect

Let us begin at the beginning. What so got North Korea's goat on Dec. 30, less than a fortnight after the death of Kim Jong Il and just days after his funeral? The answer, as this timing suggests and as we briefly reported in the last issue of *Comparative Connections*, is umbrage at the way South Korea reacted to those events. The first article – also one of the longest at 1,433 words – is a statement by the National Defense Commission (NDC), North Korea's highest executive body, which outranks the Cabinet. It is headlined: "Lee Myung Bak Group of Traitors Accused of Its Thrice-cursed Crimes."

Though in its way reasoned compared to the name-calling that followed, this is an odd piece that fails to convince. Full of overblown emotion – "even the mountains, rivers, plants and trees seemed to wail" – it thanks others who sent their condolences, but accuses the "puppet group" by contrast of "rubbing salt into their wounds." How so? By putting Southern troops on alert, and letting "over 30 right-wing conservative reactionary organizations flock to the forefront areas to scatter anti-DPRK leaflets whose content was hurting the dignity of the supreme leadership of the DPRK ... Traitor Lee Myung Bak spearheaded all these operations." Also by "blocking south Koreans who wanted to visit Pyongyang to mourn the demise of leader Kim Jong Il ... The traitorous group of Lee turned down all the demands."

Methinks they do protest too much. First, any state faced with such a contingency – the NDC bristles at that word, too – would put its forces on alert. Second, the ROK government is not responsible for the leafleting, which is done by NGOs, much less does it spearhead it. Third, the claim that the South "turned down all the demands" to send mourning groups is a lie. As we reported last time, two such delegations were allowed to go to Pyongyang, while others were indeed forbidden. Given the general state of inter-Korean relations, such a ban is hardly unexpected. I don't believe for one minute that the North really expected any more generous response, let alone had any right or reason to so expect after its twin attacks of 2010. (Even these were added to the charge-sheet: "It is hideous crime that can never be pardoned in any case to dare hurt the dignity of the supreme leadership of the DPRK over its army's self-defensive shell-firing on Yonphyong Island for coping with preemptive provocation in the wake of the 'Cheonan' warship sinking case which is not related to the DPRK." Parse that!)

Let my people go

Still, one wishes that Lee Myung-bak had had the imagination and cunning to take the North's come-all-ye invitation at face value, and let any South Korean who wanted to make the trip do so. Imagine the queues and chaos at the Demilitarized Zone (DMZ). That would have called Pyongyang's bluff – or, conceivably, so wrong-footed the North in a positive way as to induce a thaw. The precedent here is 1985, when Chun Doo-hwan surprised everyone by accepting a propagandist Northern offer of flood aid, as Kim Il Sung surely cannot have expected him to. So the North had to deliver: dodgy cement, downright dangerous medicines (quietly warehoused),

and grotty textiles. But Northern ships docked in Southern ports for the first time ever to unload all this tat, and it did usher in a year or so of wider dialogue.

But if that sort of creative diplomacy was beyond Lee's imagining – it was quite startling for the usually wooden Chun for that matter – at least he handled things better than Kim Young-sam back in July 1994. Though he had been due to meet Kim Il Sung barely two weeks later in what would have been the first ever inter-Korean summit, KYS backtracked and went over the top: allowing no condolence visits and taking a rapidly hardening line which, typically, appeared more ad hoc than considered. On that occasion, arguably, North Korea did have cause to be aggrieved. (There is an interesting – if obviously *parti pris* – account by Park Bo-hi, a leading figure in the Unification Church, whose holding US citizenship enabled him to be the only South Korean who made it to Pyongyang for Kim Il Sung's funeral; see <http://www.tparents.org/Library/Unification/Books/Messiah2/Messiah2-21a.htm>. Also protected by US passports, three senior Korean figures in the church, including Rev. Moon's son Moon Hyung-jin, bore a large wreath to Kim Jong Il's more recent obsequies.)

Threatening the South, while cutting a deal with the US

Returning to the NDC's diatribe, in 2012 unlike in 1994, North Korea had no real grievance or cause for surprise or alarm about South Korea's low-key and nuanced response to its leader's death. This manufactured anger must therefore be seen not as genuine emotion but a deliberate choice by Pyongyang to ratchet up tension. That first NDC statement already directly threatened not only "traitor" Lee and his circle but also "the conservative media of south Korea": "The veritable sea of tears shed by the army and people of the DPRK will turn into that of retaliatory fire to burn all the group of traitors to the last one and their wailing into a roar of revenge to smash the stronghold of the puppet forces."

Since then, it has been downhill all the way. Alas, we were too sanguine in the last issue of *Comparative Connections* in hoping that such wrath would prove short-lived. Instead it has been unrelenting, and cranked up ever higher at any pretext. On Feb. 25, the regular annual joint US-ROK *Key Resolve/Foal Eagle* war games – an absolutely routine event, as Pyongyang knows – touched off another diatribe from the NDC which *KCNA* headlined: "No Limit to Striking Intensity and Range of Our Army and People." Going beyond threats to "human scum" Lee, this further warned that:

Nuclear weapons are not the monopoly of the US. We have war means more powerful than the US nukes and ultra-modern striking equipment which no one has ever possessed. The US is sadly mistaken if it thinks it is safe as its mainland is far away across the ocean. There is no limit to the striking intensity and range of our army and people to wipe out the aggressors.

US-Korea relations are someone else's bailiwick in *Comparative Connections* – but note the date. This came out a day after US-DPRK nuclear talks ended in Beijing, non-committal at the time, but in fact having crafted the outline of the so-called Leap Day Accord, which both sides would announce four days later – only for it to be aborted by North Korea's satellite launch

(itself abortive), announced in mid-March and conducted on April 13. What to make of all this is anyone's guess, but our point here is that the wrath is synthetic and confected.

A week later, Pyongyang perhaps had more pretext, amid Seoul press reports that a few ROK military units were using images of the Kims, some rudely defaced, for target practice. North Korea's reaction to this *lèse-majesté* was a further escalation of rhetorical fury. This time it was not the NDC but the Supreme Command of the KPA which issued a statement headlined by KCNA: "Strongest Warning Served to Those Who Hurt Dignity of Supreme Leadership." Citing no evidence, this asserted that rather than isolated acts by a few units "Lee Myung Bak masterminded the ideas and puppet Defense Minister Kim Kwan Jin [and] chairman of the puppet Joint Chiefs of Staff Jong Sung Jo spearheaded them as 'state tasks'."

Millions 'volunteer' to march South

Now the Northern masses were mobilized as too, supposedly inflamed by this insult. On March 4, KCNA said of a mass rally in Pyongyang: "The venue is filled with crowds in the spirit of annihilating enemies to wipe out the traitor Lee and military warmaniacs." The same day it quoted current slogans, such as "We, five million young people, will reduce Seoul to a sea of flames, once an order of the Supreme Command is given." Note that the hostility is extended to not just the Blue House but the whole of Seoul, which has 8 million people – or twice as many if greater Seoul is added.

A day earlier KCNA reported that in just 24 hours 1,747,493 young people had volunteered to join the KPA following a call from its supreme command. Slogans included: "We won't return before beating gang to death," "Blood for blood, club to mad-dog," "Let us extirpate in the name of the nation the three generations of family of Lee Myung-bak who doesn't know even about ethics and morality," and "I will be the first man of striking Lee Myung Bak to death" (sic). There were dozens of similar reports of rallies and death threats against Lee in early March. "Korean People Wait for Order to Start Fight for Revenge" (KCNA, March 4) threw unexpected light on gender roles in the DPRK by quoting Jang Jong Suk, a woman from Jungdok-dong, Phyongsong City, South Phyongan province: "Being a woman, I am good at killing dogs. I wish I could go to Seoul and kill the dog called Myung Bak." Ho Mong of Minhung-dong in Moranbong District, Pyongyang, used a familiar proverb: "Lee Myung Bak is running amuck like a puppy knowing no fear of the tiger. I am eager to cut at him and his lackeys with my sharpened axe and see their blood." And so on and so on and so on.

Smelling a rat

One might think it could hardly get fiercer than that, but in April a change of animal imagery plumbed new depths. Someone in Pyongyang, for whatever reason, decided to characterize the duly elected president of the Republic of Korea as a rat rather than a dog. This was not original; the idea has been long current in South Korea, where Lee is mercilessly lampooned by his enemies. Another instance, a pun on his name in Korean, is to call him '2 megabytes' – suggesting he has rather limited brain power. This too the North has belatedly discovered.

Still, one hopes even Lee's southern foes would blanch at what the North is doing with this. He was first likened to a rat by *KCNA* in several reports on April 20. One, headlined "DPRK People Vow to Wipe out S. Korean Regime", quoted enraged citizens such as KPA officer Jo Hun Gil: "We can no longer stand the behavior of the Lee Myung Bak group of rats. Such a group should be beaten to jelly at once." *KCNA* added: "He didn't hold his temper to use vulgar words unable to repeat." (sic) With steelworker Ham Kyong Guk, it was back to the old canine slur: "Lee Myung Bak is worse than a beast and little different from scum. This rabid dog should be cut to pieces for insult to the dignity of our supreme leadership." Pang Sun Im of Pyongyang, a woman carrying knives, clinched it: "I have bought these sharpened knives to stab to death the rat-like Lee Myung Bak group. My family is enough to cut this rat and its clan to pieces. It is my desire to dash to the south right now to kill all of those rats."

Words however were not enough. On April 26, *KCNA* noted that "Cartoons Satirizing Rat-like Myung Bak Enjoy Popularity in DPRK." This deserves quotation at some length:

The cartoon "Tear rattish Myung Bak to pieces!" portrays the tightly-gripped neck and body of rat-like Myung Bak and his bloody tongue at a last breathing. "Beat to death the rattish Myung Bak group of traitors!" and "Wipe out rat-like Myung Bak!" depict a rat being bayoneted. "Make clean sweep of the rattish traitors!" shows Lee in flames. "Beat rattish Myung Bak to a pulp!" pictures a sharpened axe cutting off Lee's neck The cartoons also include "Wipe out rattish Myung Bak, a dirt of history!", "Beat to death rattish Myung Bak, a human rubbish and bastard!" and "Death to rattish Myung Bak!"

Not content with these vivid descriptions, *KCNA* evidently wants the world's public to join in the fun. The above-mentioned link to 'Cartoons' at <http://www.kcna.kp/tukbo.jsp> links to another page, wittily named <http://www.kcna.kp/2mb/eindex.html>. This is devoted to the rat cartoons, 15 in all, which it reproduces along with captions – hardly necessary – which, as noted above, exult in vile and violent blood-lust. The titles of the cartoons are bad enough:

Myung Bak Strangled to Death
Let's Crush Lee Myung Bak to Death
Chongwadae Hit by Lightning
There Is No Mercy
Tear Apart Lee Myung Bak to Pieces
To Kill in Only Two Pieces, Not Desirable
Lee Myung Bak Caught in Noose
Lee Myung Bak Struck by Lightning
"In the Name of Your Mother!"
Lee Myung Bak Duly Punished
Rathole Is Not Safe for Lee Myung Bak
Myung Bak Seized with Plague
Crow Waits for Death of Rat
Let Us Throw Away Cold-Blooded Animal Lee Myung Bak
Lee Myung Bak Caught in Rattrap
Effigy of Lee Myung Bak Burnt
Let Us Reduce Den of Rats to Ashes
Lee Myung Bak Will Find No Hideout

The actual images, and the captions too, are for those with strong stomachs. Let one of the latter suffice. The caption to “Tear Apart Lee Myung Bak to Pieces” reads:

The dirty hairy body of rat-like Myung-bak is being stabbed with bayonets. One is right in his neck and the heart has already burst open. Blood is flowing out of its filthy bottom hole. This is not too much to Lee as he committed only sordid acts of flunkeyism and treachery ... It is the strong will and pledge of the army and people of the DPRK to tear apart Lee Myung-bak to pieces.

Menacing the South’s media, too

All this is disturbing, to put it mildly. Pyongyang is a master of insults and threats, but never before has it gone to such extremes. Moreover these threats are indiscriminating as well as wild. Lee and his associates are the main targets, but a notice issued on April 23 by “the special operation action group of the Supreme Command of the Korean People’s Army” also threatened to attack “paid conservative media” who “worked with blood-shot eyes to build up public opinion in favor of the rats’ group”. This notice names, among others, the broadcasters *KBS*, *MBC* and *YTN*. Yet *MBC* is widely seen (not least by the Blue House) as hostile to Lee and his administration, for instance in 2008’s protests against US beef imports. Indeed *KCNA* has often reported on this and continues to do so. Nonetheless *MBC* was among those threatened with “special actions” which “once [they] kick off ... will reduce all the rat-like groups and the bases for provocations to ashes in three or four minutes, in much shorter time, by unprecedented peculiar means and methods of our own style. Our revolutionary armed forces do not make an empty talk.”

Those still determined to see two sides to everything will note that on April 20 Lee Myung-bak advised Kim Jong Un to privatize North Korea’s collective farms, saying rice would be abundant if he does so. He also decried the expense of the North’s mid-April celebrations of the centenary of its founding leader Kim Il Sung, saying the money would have been better spent on food. (This may be what sparked off the rat campaign.) On May 5, speaking to a young audience on Children’s Day (a holiday in the ROK), he likened North Korea to a naughty kid. For that, *Rodong Sinmun* accused him of “implanting hostility into children’s minds.” Yet just days earlier *KCNA* carried a photo of very young DPRK children pointing toy guns and bayonets at Lee’s picture. As this shows, the North’s stance is simply cynical and hypocritical; it has no genuine hurt or grievance needing to be addressed. Some of Lee’s comments may not be tactful, but they do not remotely compare to or justify the foul threats issued by the North. Besides, by now the poor man must be sorely provoked.

Rational, or psycho?

In an influential article a decade ago, my compatriot Hazel Smith argued against stereotyping North Korea as bad and mad, claiming instead that Pyongyang’s behavior is rational. Such a view is hard to square with this latest farrago, whose juvenile smut-and-slasher porn belongs in the realm of psychopathology. B R Myers’ acute observation that North Korea infantilizes its population – well illustrated in a sad, sick video of adults abusing effigies of Lee: see http://www.youtube.com/watch?v=ktAsAAI_soU&feature=topics – may need extending: perhaps it infantilizes its leaders as well.

Whatever doubtful satisfaction this nasty and self-indulgent stuff may give at home (but to whom?), what can be the rationale for publishing it to the world on *KCNA*? In the past year or so North Korea has boosted its online presence: belatedly taking up its allocated country suffix (.kp) and launching new English-language websites for both *KCNA* and, for the first time, *Rodong Sinmun* (<http://www.rodong.rep.kp/InterEn>). Another DPRK website, *Uriminzokkiri*, has a presence on both *YouTube* and *Twitter*. All this might suggest a public relations campaign toward the outside world. Most countries would consider the likely impact of their public relations, and of particular types of content. Yet for several weeks till at least mid-April, *KCNA*'s English homepage warned all comers menacingly, in bold font, "Anyone hurting the dignity of the DPRK supreme leadership will find no breathing spell in this land and sky." This appears to have been removed recently, so perhaps there is hope yet.

In sum, while one regrets dwelling on and in such sewage, it was necessary. The rat cartoons may raise a snigger, but I have not seen the whole anti-Lee campaign analyzed in any detail, as we have tried to do here. Bottom line: It isn't funny, and it hits a new low for Pyongyang. But then, as David Niven said of Errol Flynn, you always know precisely where you stand with North Korea – because they always let you down.

And that Park Geun-hye is no better

Besides neither convincing nor impressing anyone, the DPRK's shrill and rancid propaganda raises a further worrying question: Are the categories which they actually think with, behind the scenes, in Pyongyang just as crude and unsubtle as the terms that they employ in public? One would hope not, for all manner of reasons. But there is little evidence to the contrary.

A case in point is their treatment of Park Geun-hye, daughter of South Korea's Bismarck: the developmental dictator Park Chung-hee, ROK president 1961-79. Since December, Park Geun-hye has regained the helm of South Korea's ruling conservative party, which she has renamed and made less right-wing on several fronts. Less than a decade ago, in May 2002, Park was feted in Pyongyang – where she dined with Kim Jong Il, no less. (How their respective fathers must have rolled in their graves!) *The People's Korea*, published by pro-North Koreans in Japan, carried a strikingly enthusiastic report of this visit at the time, including a photo of a beaming Park dancing with a little girl at the Mangyongdae Student Palace; it can still be read at http://www1.korea-np.co.jp/pk/180th_issue/2002052501.htm. By this account "the media of the North covered [Park's] every move and televised her activities each day, even in extra midnight reports." A search of *KCNA* confirms this.

Admittedly at this point Park was at odds with the Grand National Party (GNP) and its then leader Lee Hoi-chang, a hard-liner and especial bugbear of the North who went on to lose 2002's presidential election to the center-left's Roh Moo-hyun; just as five years earlier he was narrowly defeated by Kim Dae-jung. (In another indication of how poor North Korea's reading of Southern politics is, even five years later in the run-up to the 2007 presidential election, *KCNA* and others were still ranting against Lee Hoi-chang, even though by then he was a busted flush who had quit the GNP and ran as an independent, winning 15 percent of the vote. Not that they were fond of Lee Myung-bak either, but they had less to say about him – including a surprising

‘benefit of the doubt’ silence from a month before his election until over three months thereafter, when they started putting the boot in and have barely let up since.)

Subsequent DPRK references to Park were more mixed. They ignored her till January 2006, by when she was back in the GNP fold. *KCNA* wrote: “The GNP is now represented by Pak Kun Hye [sic; there are several ways to romanize Korean, and that was how Pyongyang spelt her then], daughter of the ill-famed ‘Yusin’ dictator [the repressive constitution imposed by her father in 1972]. She should sit in the dock before anyone else for zealously supporting the past ‘Yusin’ regime and leading the GNP, a centre of present fascist dictatorial clans.”

Similar occasional sniping continued for over a year, but stopped abruptly in August 2007. For over four years DPRK media had nothing to say about Park Geun-hye. If Pyongyang pays attention at all, they have surely registered that there is no love lost between her and Lee Myung-bak, ever since he snatched the GNP presidential nomination in 2007 which she felt was rightfully hers. They should also have noticed her August 2011 article in *Foreign Affairs*, proposing a shift to “trustpolitik” with the North – an elusive notion, but sufficient to distance her from Lee’s hard line. They will have noted too her abiding popularity with the Southern voting public, as consistently shown in public opinion polls. It was for this reason that by the end of last year a disliked, demoralized, and desperate ruling party felt it had no option but to turn to her, as it had done once before, as the only one who could save it from defeat in 2012’s two elections – parliamentary on April 11 and presidential on Dec. 19.

They also saw her overhaul the party, changing not only its name – to Saenuri, meaning new frontier – but its policies, in a centrist direction. On North Korea specifically, the party now mildly advocates helping the DPRK join the international community rather than trenchantly demanding reform and opening as before. GNP right-wingers are dismayed by the change. Nor will it have gone unnoticed in Pyongyang that Park’s return has indeed redeemed the ruling party’s fortunes; it did much better than expected in April’s elections for the National Assembly, not only remaining the largest party, but even retaining a slim overall majority. Finally, although some rival hats are now in the ring and no one can be sure who will emerge victorious in December, North Korea’s rulers must be aware that Park Geun-hye has a good chance of becoming not only the Saenuri candidate but also South Korea’s next president.

Are they glad? As Eliza Doolittle might say: not bloody likely. On Feb. 2, *KCNA* quoted *Kyunghyang Shinmun*, one of Seoul’s two left of center daily papers, as predictably skeptical of the ruling party’s purported policy changes. (Needless to add, *KCNA* cannot be trusted to be truthful. Its own headline reads “GNP’s Policy Change Dismissed Hypocritical (sic): S. Korean Paper,” and it claims the paper “ridiculed the deceptive policy change.” But the word hypocrisy appears nowhere in the original article, which while critical by no means ridicules; indeed, it says “We praise the efforts of the GNP to accept actively the transformation of the age.” Compare <http://www.kcna.co.jp/item/2012/201202/news02/20120202-20ee.html> with http://english.khan.co.kr/khan_art_view.html?code=790101&artid=201201311240037&medid=enkh

Since then, DPRK media have let fly at Park – albeit not as often, obsessively or obscenely as they lambast Lee Myung-bak. For example, a *KCNA* headline on March 3 read: “*Rodong Sinmun* Urges Park Geun Hye to Behave Herself;” this quotes the party daily as branding her “a confrontation-minded element as bad as Lee [Myung-bak].” On April 11, *Rodong Sinmun*

claimed that “people of various social strata in south Korea censure Park Geun Hye as [an] arch criminal ... They also brand her as a fascist dictator as bad as Lee Myung Bak.”

Stronger language came on April 6 from the inaptly named National Reconciliation Council. The NRC took exception both to Park’s criticism of the then upcoming DPRK rocket launch, and her “begging someone to ‘stop deportation of human scum to the north.’ She even tries to defend and put forward human scum in the puppet political arena.” The nasty HS phrase is how *KCNA* routinely refers to North Korean refugees and defectors. (Obviously Park would not use it, so *KCNA* has got its quotation marks awry.) Park was indeed among those urging China not to repatriate a particular group of refugees, reportedly with some success, so angry was Beijing about the rocket launch. And Saenuri’s 25 new lawmakers from its proportional representation list (picked by Park, as distinct from those elected by constituencies) include the first North Korean defector ever to enter Parliament in the South – Cho Myung-chul, once an economics professor at Kim Il Sung University, who came to the ROK in 1994.

For all this, the NRC assailed Park as a “political swindler and brazen-faced power-seeker who stoops to any infamy to gratify her political ambition,” and even “a disgusting political prostitute as she used to join hands with the conservative regime and ruling party when the situation turned favorable but coldheartedly turned her back if she found it unfavorable even a bit.” Shorn of the vile sexist slur, the latter judgment does contain a grain of truth regarding Park’s complex political trajectory vis-à-vis the GNP/Saenuri. Until December, she had spent several years in an odd kind of sulk, leading a minority faction but playing almost no part in party affairs. Yet the blame for this belongs at least as much to Lee Myung-bak and his camp – who not only failed to make up with Park after defeating her in 2007, but did their best to deselect her followers in the 2008 parliamentary election. The boot is on the other foot now.

Besides sexism, the DPRK is deeply imbued with racism, as Brian Myers has shown. Talk of blood – inherited, rather than spilled – is no metaphor here. On April 9, a commentator in *Rodong Sinmun* declared: “No matter how hard Park may try to disguise herself with veils of ‘change’ and ‘revamping’ ... she can never hide her true colors as a politician who inherited the bloodline of confrontation maniac (sic).” Moreover, “It is right to say that every serpent has its venom and the blood running in the vein of a dictator can never change.” Strange, then, that a decade ago Kim Jong Il saw fit to invite to dinner such a person – whom his son may yet have to deal with in the Blue House, less than a year from now.

We jammin’ we jammin’

As of early May, North Korea’s threats against the South, although extreme, had remained mere words – with one big exception. On May 2, the ROK Ministry of Land, Transport and Maritime Affairs (MLTM) revealed that since April 28 some 252 flights in and out of South Korea, including 11 operated by foreign airlines, had experienced jamming of the satellite signals used by their Global Positioning System (GPS) navigation equipment. At first no one would go on the record and point the finger at Pyongyang, but two days later on May 4 Lee Kyung-woo, deputy director at the state-run Korea Communications Commission (KCC), said, “We’ve confirmed that the GPS jamming signals have been stemming from the North.”

This follows similar but more limited jamming incidents in 2010 and 2011, which briefly affected ROK military equipment close to the DMZ. Sources in Seoul then said the North operates vehicle-mounted jamming devices – by one account, bought from Russia – which can disrupt signals up to 100 km (60 miles) away, and is developing longer-range systems.

While this was obviously a grossly irresponsible action, MLTM emphasized that there was no danger. Civilian airliners do not employ GPS as their main navigation system but only as back-up, so those affected simply switched to other methods. Shipping, on the other hand, nowadays relies on GPS. On May 4, the Coast Guard in Incheon, the port for Seoul, said that GPS jamming had hit 122 vessels on April 28. Those affected included a ferry with 387 passengers aboard, a petrol products carrier, and eight of the Coast Guard's own patrol boats. *Yonhap*, the semi-official ROK news agency, quoted a fisherman from Yeonpyeong Island (itself fatally shelled by KPA artillery in November 2010) as saying, "Last Saturday I was sailing toward Incheon when the GPS stopped working, and I almost sailed north."

Needless to add, Pyongyang has not admitted responsibility, but few in Seoul believe this. As of early May, the South heightened its vigilance against not only conventional attack but also another sneaky and deniable DPRK asymmetrical specialty, namely cyber-attack. By May 9, continuing GPS jamming had affected no fewer than 667 domestic and international flights, including 48 by foreign airlines, and 175 vessels. *Voice of America* quoted MLTM as saying that the South was about to complain formally to the relevant international organizations.

Two kinds of politics: the South chooses

The second week of April offered an instructive lesson in the contrasting political processes of the two Koreas. On April 11, South Koreans exercised their democratic rights, hard-won a quarter of a century earlier in 1987, by voting in parliamentary elections for the ROK's 19th National Assembly; those elected will take office May 30 and serve for four years. To be precise, and rather disappointingly, barely half (54.3 percent) of those eligible to vote did so – though this is up eight points compared to last time around, in 2008. Of the 300 members, 246 are elected by single-member constituencies on a first-past-the-post basis; the remaining 54 are selected in proportion to the total votes cast nationwide for each party. So this was a genuine contest and a close one, whose outcome could not have been known in advance.

Against most expectations, including its own, the ruling conservative Saenuri (New Frontier) Party – formerly the Grand National Party (GNP) – narrowly retained control of Parliament with 152 seats (15 less than before) – 127 from constituencies plus 25 from the national vote. The liberal main opposition Democratic United Party (DUP) took 127 seats (106 + 21) – 46 more than it held previously – but not sufficient to become the largest party, as it had hoped. Two main smaller parties experienced contrasting fates. The leftist Unified Progressive Party (UPP) – a coalition which includes some elements not unsympathetic to North Korea, and with whom the DUP had an electoral pact, won 13 seats (7 + 6), up from 5. By contrast the right-wing Liberty Forward Party (LFP) was reduced from 18 to 5 (3 + 2). The same fate befell independents – there were 25 formerly, but will be only three in the new Assembly.

Whereas the North obeys

North of the DMZ, they do things differently, leaving nothing to chance. The simultaneity was coincidence – the ROK Constitution mandates elections every four years, while in the DPRK the sacred date of April 15, 2012 (Kim Il Sung's centenary) was set years ago as a focus of celebration. With the death of Kim Jong Il in December, the agenda now included formalizing the power transition to his son, Kim Jong Un. This was effected at two separate meetings – one routine, the other rare. The Supreme People's Assembly (SPA), the rubber-stamp Parliament, always meets in early April, just for a single day, which suffices to pass the budget and approve whatever else it is told to do. This year, the SPA met on April 13, two days after a rare and more important Workers' Party of Korea (WPK) Delegate Conference. There had only ever been three of these before – in 1958, 1966, and then a long gap until September 2010 when Kim Jong Un first appeared in public. (This is not the same thing as a full Party Congress; those are meant to be held every five years, yet there has been none since the Sixth in 1980 which was when Kim Jong Il was first revealed to the world as his father Kim Il Sung's successor.)

Kim steps into daddy's shoes, lightly tweaked

The late Kim Jong Il officially ruled by holding two posts: chairman of the NDC and WPK secretary general. His son has now duly inherited both positions, but with a slight twist of nomenclature. Just as Kim Il Sung remains 'eternal president' despite his having died in 1994, so Kim Jong Il was declared to be eternal WPK general secretary and (at the SPA) NDC chairman, while Kim Jong Un was appointed to the new posts of WPK first secretary and NDC first chairman. He also now chairs the WPK's Central Military Commission (CMC), having previously been its joint vice-chairman. He was already commander in chief of the KPA, having been named as such within days of his father's death.

Kim Jong Un speaks, unlike his father

Friday April 13 – unlucky for some – was an especially busy day. It began with the failed rocket launch, which must have been the talk of the SPA later the same day or at least whispered in the cavernous corridors of the Mansudae Assembly Hall – but no mention in the formal agenda, needless to say. The same day saw the unveiling of large new statues of both deceased Kims – Kim Jong Il apparently forbade statues of himself during his lifetime. April 15, Kim Il Sung's actual birthday, featured a large military parade which included an apparently new missile (some foreign analysts thought it was a mock-up), on a carrier that looked Chinese; the US said it had questions for China. Notably, at this rally Kim Jong Un did something his father never did – he delivered a public speech, lasting nearly 20 minutes. North Korea seems not to have published the full text, but translations are available:

(e.g. at <http://www.northkoreatech.org/2012/04/18/english-transcript-of-kim-jong-uns-speech>) and it can be watched on *YouTube* (e.g. at <http://www.youtube.com/watch?v=EiJmfUexrco> .)

This was a competent first performance, if hardly a polished one. South Korean netizens commented that Kim jerks his body around a lot. Like his beaming smile – hearty but devoid of sweetness, and reminiscent of the grandfather whom he deliberately so much resembles. This

may be an effort to present a jollier and less formal image than his late father, who in his final years of illness was mostly unsmiling and wooden – as well as going wholly unheard.

The content of the speech, militant in tone, focused mainly on the KPA and security issues. Kim boasted that “Military technological supremacy is not a monopoly of imperialists any more, and the time has gone forever when the enemies threatened and intimidated us with atomic bombs.” Only toward the end did he nod to the economy saying, “It is our party’s resolute determination to let our people who are the best in the world ... not tighten their belts again and enjoy the wealth and prosperity of socialism as much as they like.” But there was no word on how this pledge might be made good, much less any hint of economic reforms.

NSS: A Northern ghost at the South’s feast

Ever since the 1988 Seoul Olympics, South Korea has been keen to show its global influence by hosting major international meetings. The latest of these was the second Nuclear Security Summit (NSS), held in Seoul on March 26-27 (the first NSS was in Washington in 2010). Even more so than November 2010’s G20 Summit, this brought dozens of the world’s most powerful leaders – including those of the US, China and Russia – to South Korea. What they accomplished there is less clear, but it certainly was not what their hosts had once hoped.

As readers will recall, last year North Korea revealed that secret talks had been held with the South. By their account, which was not really denied in Seoul, President Lee Myung-bak had in mind a three-stage process, including summit meetings with Kim Jong Il and climaxing in the latter’s visit to Seoul in March 2012, where presumably he would forswear weapons of mass destruction while a grateful world would embrace and shower him with compensation.

This seemed an extreme case of wishful thinking, even before the fate of Libya’s Muammar Qaddafi reinforced Pyongyang’s resolve never to surrender its nuclear arsenal. Although invited to attend the NSS as an observer, the DPRK predictably disdained, preferring characteristically to denounce the meeting as an “unsavory burlesque,” “a serious criminal act and unpardonable provocation against the north” and so on. Perhaps riled by this, on Feb. 27 President Lee insisted that the North Korean and indeed the Iranian nuclear issues were “not among the main topics for this meeting.” Not so, as it turned out. By announcing its planned satellite launch just 10 days before, on March 16, North Korea ensured that it was high on the agenda – formally and otherwise – at the NSS.

Daewoo SME still eyes investing in the North, allegedly

Seeking sanity in sour times, an intriguing story hints at more positive forms of inter-Korean intercourse. On Feb. 11 the *Dong-A Ilbo* claimed that Daewoo Shipbuilding & Marine Engineering (DSME), the world’s second largest shipbuilder, plans to set up shop in a new North Korean special zone co-managed with China; not the better-known Rason (Rajin-Sonbong) in the northeast, but Hwanggumphyong Island in the lower Yalu River, close to Dandong and Sinuiju. It quoted DSME as saying it will construct a ship repair dockyard and a steel structures plant in partnership with a Chinese firm, Rilin.

DSME promptly denied everything, yet the *Dong-A* story was detailed and rings true. As *Comparative Connections* reported at the time, back in 2007 in happier days Daewoo was keen to pioneer North-South shipbuilding; just one of many planned joint ventures agreed on in that year's second inter-Korean summit. Specifically DSME was to invest \$150 million in a hull block plant at Anbyon, Kangwon province on the DPRK's east coast; construction was due to start in early 2008. After an ROK team on a site visit in November 2007 noted power shortage as a problem, Seoul proposed to supply electricity across the border as it does to the Kaesong Industrial Complex. The KIC abuts the Demilitarized Zone (DMZ), but it cost \$38 million to build power lines over a 10 mile route. To do the same to Anbyon, 80 miles north of the DMZ, would have been a whole other order of magnitude in scale and cost. Yet ships apart, to penetrate that far into the North with weapons of peace – steel pipes, transmitters, transmission roads – would surely have been a valuable investment politically too; it could have led to the South upgrading more of the North's malfunctioning power grid.

But this was not to be. It would be unkind, yet not untrue, to say that Lee Myung-bak “ratted” on the deal. Insisting that denuclearization must precede any large-scale economic projects, South Korea's incoming president in effect reneged on everything that his predecessor Roh Moo-hyun had signed up to in Pyongyang (with no such condition attached). As we have argued here before, this was a fateful misstep for Seoul and Beijing hastened to fill the vacuum.

One can understand Daewoo's embarrassment at the new story. Since the eponymous parent Daewoo group went bust in 1999, DSME has been majority-owned by the ROK government; efforts to privatize it have so far failed. But a year from now, with a new leader in the Blue House – Lee cannot stand again – it will be a different story. If South Korea is to regain the ground Lee has lost in the North, joint ventures with a Chinese partner may now be the best or only way to do this. Of course, if the 2007 summit accords had been implemented no such non-Korean intermediary would have been needed, and a site closer to South Korea's own world-leading shipbuilding bases – seven of the world's ten largest ship-builders are South Korean, but China is catching up fast – could have been developed instead. Now it may be too late.

Chronology of North Korea-South Korea Relations

January – April 2012

Jan. 1, 2012: The customary joint New Year's editorial of the three main DPRK daily papers – *Rodong Sinmun* (Party), *Joson Inmingun* (Army) and *Chongnyon Jonwi* (youth) – calls on all North Koreans to pledge allegiance to Kim Jong Un and become “human rifles and bombs” to defend him. It criticizes South Korea's “confrontational policy” toward the North.

Jan. 1, 2012: In his first such activity without his father, Kim Jong Un visits the 105th Tank Division, also known as Seoul Ryu Kyong Su after the commander who led it when it was the first KPA unit to enter the Southern capital in June 1950 at the start of the Korean War.

Jan. 1, 2012: *Yonhap* quotes an unnamed official in Seoul as opining that the North's fierce denunciations of the South are a bid to buy time while Kim Jong Un consolidates his power.

Jan. 2, 2012: In his New Year policy address, South Korean President Lee Myung-bak says that “the window of opportunity always remains open ... if North Korea comes forward with a sincere attitude.” However, “if any aggression occurs, we will strongly respond.”

Jan. 2, 2012: ROK Unification Minister Yu Woo-ik expresses the hope that the DPRK’s new leadership “will make a positive step toward openness and development instead of a negative step toward isolation and backwardness.”

Jan. 3, 2012: South Korea lifts the temporary ban on its citizens visiting the North, which it had imposed on Dec. 19.

Jan. 3, 2012: A mass rally in Pyongyang is held pledge loyalty to Kim Jong Un. Similar events in provincial centers follow the next day, and a youth rally is held in the capital.

Jan. 4, 2012: Korea Economic Research Institute (KERI), a Seoul think-tank, reports that North Korea’s military might is stronger than ever. In 2011 the KPA had a 1.02 million-strong army and record numbers of tanks, warships and air defense artillery. It has fewer combat planes than in 1986, but since the 1990s *MiG-29* fighter jets have boosted quality.

Jan. 4, 2012: Committee for Peaceful Reunification of Korea (CPRK) issues a report “indicting the Lee Myung-bak group of traitors for its unprecedented brutal acts during the mourning over the great loss to the nation.”

Jan. 5, 2012: CPRK blasts “traitor Lee Myung-bak” for “vociferating about ‘a window of opportunity,’” calling this “balderdash,” “sheer sophism,” “a shameless jargon,” and “another hideous provocation ... If a change is to be expected in the peninsula, it is only a total ruin of the Lee group which is as good as the living dead.”

Jan. 8, 2012: On Kim Jong Un’s birthday – although this is not mentioned – *Korean Central Television (KCTV)* airs a program praising him as a “genius among geniuses,” especially in military science. The great successor is shown driving a tank and galloping on horseback.

Jan. 8, 2012: ROK Unification Ministry (MOU) reports that in 2011 it spent only 42.6 billion won (US\$36.6 million) or 4.2 percent of its 1.1 trillion won South-North Cooperation Fund – the least since 2000. Projects supported include a Korean dictionary, a family reunion center, the Kaesong Industrial Complex (KIC), and aid to North Korean children via UNICEF.

Jan. 9, 2012: *Rodong Sinmun* avers that “It is necessary to give vent to the pent-up grudge of the Korean people against enemies and make a clean sweep of them from this land.” Lest there be any doubt, this means “the Lee group...heinous confrontation maniacs and thrice-cursed traitors”, at whom “it is imperative to deal sledge-hammer blows.”

Jan. 28, 2012: *Rodong Sinmun*, daily paper of the North’s ruling Workers’ Party of Korea (WPK), declares that: “It is the demand of the times and the nation to sweep away the group of outrageous traitors hell-bent on confrontation with fellow countrymen.”

Jan. 30, 2012: ROK ruling Grand National Party (GNP) announces a new policy platform, which includes helping the North join the international community, rather than demanding reform and opening. On Feb. 2, the party changes its name to Saenuri (New Frontier).

Feb. 11, 2012: Seoul daily *Dong-A Ilbo* claims that Daewoo Shipbuilding & Marine Engineering (DSME), the world's second largest shipbuilder, plans to invest in a ship repair dockyard and a steel plant in the new Hwanggeumpyong joint PRC-DPRK.

Feb. 14, 2012: The late Kim Jong Il is awarded the title generalissimo, hitherto held only by his father, for (*inter alia*) his "immortal contribution to global peace and stability."

Feb. 16, 2012: Kim Jong Il's birthday – now called the Day of the Shining Star – is marked and celebrated very much as it was in his lifetime – with displays of synchronized swimming, exhibitions of Kimjongilia flowers and so forth.

Feb. 20, 2012: North Korea says that a rare delegate conference of the ruling Workers' Party of Korea (WPK) will be held in mid-April. The exact date is not specified.

Feb. 22, 2012: President Lee urges China to follow international norms when handling DPRK refugees.

Feb. 23, 2012: Kim Jong Un promotes 23 KPA generals including Kim Yong Chol, who is promoted to general. As head of the General Reconnaissance Bureau, Kim is seen by ROK intelligence as behind the March 2010's sinking of the corvette *Cheonan* and other attacks, such as July 2009's DDoS (computer virus) assaults on major ROK and US government agencies.

Feb. 24, 2012: South Korea's National Assembly Committee on Foreign Affairs and Unification calls on Beijing to stop repatriating Northern defectors.

Feb. 25, 2012: Responding to the start of annual joint US-ROK military exercises, the North's National Defense Commission (NDC) threatens a "sacred war" that will "make a clean sweep of the Lee group." It adds, mysteriously, "We have war means more powerful than the US nukes."

Feb. 25, 2012: Kim Jong Un is reported as visiting the southwestern front line, including an artillery unit which fatally shelled the South's Yeonpyeong Island in November 2010.

Feb. 29, 2012: North Korea and the US each announce what becomes known as the Leap Day Accord (LDA).

March 2, 2012: Supreme Command of the KPA issues a statement, headlined by KCNA as "Strongest Warning Served to Those Who Hurt Dignity of Supreme Leadership."

March 3, 2012: KCNA reports that in just 24 hours no fewer than 1,747,493 young people have 'volunteered' to join the KPA, following a call from its Supreme Command.

March 3, 2012: According to a *KCNA* headline, “*Rodong Sinmun* Urges Park Geun Hye to Behave Herself.”

March 16, 2012: North Korea announces that in mid-April it will launch a rocket carrying a satellite. It affects surprise when the US, South Korea, Japan and many others object that this would be a direct breach of the newly minted LDA.

March 26-27, 2012: The ROK hosts the second Nuclear Security Summit (NSS), bringing many of the world’s most powerful leaders to Seoul.

April 11, 2012: South Korea holds parliamentary elections.

April 11, 2012: Fourth Conference of the WPK is held in Pyongyang. The late Kim Jong Il is proclaimed as the Party’s “eternal secretary general.” Kim Jong Un assumes the newly created post of WPK first secretary.

April 11, 2012: *Rodong Sinmun* claims that “People of various social strata in south Korea censure Park Geun Hye as [an] arch criminal ... They also brand her as a fascist dictator as bad as Lee Myung Bak.”

April 13, 2012: The DPRK Supreme People’s Assembly (SPA) – Congress, but not as we know it – holds its annual single-day session.

April 13, 2012: North Korea launches its long-awaited three-stage rocket over the West (Yellow) Sea. It fails about 90 seconds after blast-off. Unusually, Pyongyang admits this.

April 13, 2012: Large new statues of Kim Il Sung and Kim Jong Il, side by side, are unveiled on Mansudae Hill in Pyongyang.

April 15, 2012: Kim Il Sung’s centenary is marked by a big military parade in Pyongyang. Emulating his grandfather but not his father, Kim Jong Un makes his first public speech.

April 19, 2012: President Lee says South Korea needs strong military power, both hardware and psychologically because “North Korea makes provocations when we are weak.”

April 20, 2012: Lee Myung-bak tells the Education Center for Unification in Seoul that “rice will be abundant in two to three years” if North Korea gives up collective agriculture and privatizes its farmland. Conversely, “continued dependence on aid will only produce beggars.” He also urges Kim Jong Un to pay more heed to human rights.

April 20, 2012: In an article headed “DPRK People Vow to Wipe out S. Korean Regime,” *KCNA* for the first time calls Lee Myung-bak “rat-like.”

April 23, 2012: The “special operation action group” of the KPA Supreme Command warns of “special actions” against “rat-like Lee Myung-bak”, ROK media et al.

April 25, 2012: KCNA headline claims that “Servicepersons Wait for Order of Action.”

April 26, 2012: KCNA headlines today include: “More Rallies Take Place to Vow to Wipe Out Rat-like Lee Group” and “Cartoons Satirizing Rat-like Myung Bak Enjoy Popularity in DPRK.”

April 27, 2012: KCNA headline reads “More Rallies Take Place to Vow to Wipe Out Rat-like Lee Group.”

April 27, 2012: ROK Deputy Defense Minister Lim Kwan-bin says South Korea and the US agree that the chances of a new North Korean nuclear test are “very high,” and that this is “possible at any time.”

April 27, 2012: ROK Navy promotes Senior Chief Petty Officer Heo Gwang-joon, a radar operative on the Aegis-equipped destroyer *Sejong the Great*, to master chief petty officer for being the first to detect North Korea’s rocket launch, 45 seconds after-blast-off.

April 27, 2012: KCNA reports the chairman of the DPRK General Federation of Trade Unions as declaring that North Korea’s workers are fully ready to form a steel-strong corps and workers division for special action so that they may join the special action group of the Supreme Command of the KPA.

April 28, 2012: Ignoring Pyongyang’s stepped-up threats, some 40 defector activists from Fighters for a Free North Korea send 10 large balloons carrying 200,000 anti-regime leaflets across the DMZ into North Korea from the usual spot, Imjingak pavilion near Paju.

April 28, 2012: KCNA reports that Kim Jong Un “guided” a combined forces drill to mark the KPA’s supposed 80th anniversary; noting that combined unit 655 is “ready and able to immediately strike at the heart of the enemy who had attacked the integrity of the DPRK.”

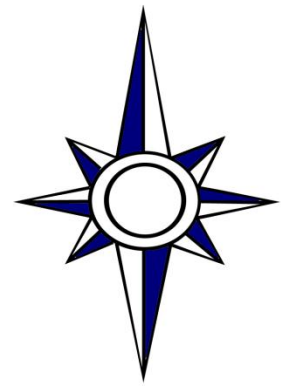
April 28, 2012: *Rodong Sinmun* declares: “It is necessary to make a clean sweep of the rat-like Lee Myung Bak group of bastards”. KCNA has four further articles using this phrase.

April 29, 2012: A KCNA headline reads: “DPRK Workers Vow to Wipe out Rat-like Lee Myung Bak Group.”

April 30, 2012: KCNA claims that North Korea’s coal output has increased “in the spirit of making revenge upon the rat-like Lee Myung Bak group of traitors in south Korea.”

April 30, 2012: President Lee warns that Seoul will respond strongly to any DPRK provocation.

May 2, 2012: Officials in Seoul say that since April 28 252 flights in and out of South Korea have experienced GPS (Global Positioning System) signal jamming. On May 4 the Korea Communications Commission (KCC) directly accuses Pyongyang of responsibility.



**China-Korea Relations:
China's Post-Kim Jong Il Debate**

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

China and South Korea have designated 2012 as a year of friendship to mark 20 years of diplomatic relations. The anniversary may provide a pretext for more active diplomacy to meet a growing list of potential disputes in the relationship, including China's handling of North Korean refugees, illegal fishing in Korean territorial waters, territorial claims, and mutual suspicions regarding approaches toward North Korea. All of this is occurring in a period of political transition in both countries, as South Korea prepares for December elections while China works out a complex leadership transition later this year. Presidents Hu Jintao and Lee Myung-bak have held two summits this year, in Beijing in January and in Seoul on March 26 on the sidelines of the Nuclear Security Summit. On his state visit to China from Jan. 9-11, Lee also met Premier Wen Jiabao and top legislator Wu Bangguo. Foreign Minister Yang Jiechi met President Lee and ROK counterpart Kim Sung-hwan on March 2 during his visit to Seoul for annual inter-ministerial consultations. The two foreign ministers also met in Ningbo, China, on April 8 for the sixth China-ROK-Japan Foreign Ministers Meeting. Sino-South Korean diplomatic exchanges have sharpened attention on the prospects for the bilateral partnership in the aftermath of Kim Jong Il's death.

Meanwhile, high-level contacts between China and North Korea have stalled since December. Beijing made renewed calls for restraint on the Korean Peninsula following North Korea's failed launch of an "earth observation satellite" on April 13 and a UN Security Council (UNSC) President's Statement on April 16 strongly condemning the launch. The incident has dampened China's hopes for regional engagement that were raised by a series of bilateral consultations in Beijing among US, PRC, and DPRK special envoys in February. Marking the 100th birthday of Kim Il Sung, the launch was made two days after Kim Jong Un's appointment as First Secretary of the Workers' Party of Korea (WPK) on April 11.

China-South Korea "friendly exchange"

Receiving President Lee Myung-bak in Beijing within weeks of the Dec. 19 announcement of Kim Jong Il's death, Hu Jintao affirmed that "China will continue to support the improvement of relations, through dialogue, between the DPRK and ROK." Some Chinese analysts saw the January summit as a "keystone for further development" in both China-ROK and inter-Korean ties given mutual pledges of "consensus" on stability and denuclearization as "shared goals" on the peninsula. Yet the apparent positive tone for future cooperation masks limited achievements on core security issues. Lee's January visit was only his second state visit to China since taking office in 2008, when the two sides elevated ties to a "strategic cooperative partnership." Since then, the relationship has confronted its greatest strategic challenges since normalization. The

January summit produced a nine-point statement largely reiterating the comprehensive goals that Hu and Lee established in 2008.

Two longstanding contentious issues that have re-emerged at the center of recent diplomatic strains include territorial-related clashes in the Yellow Sea and China's handling of North Korean refugees as "illegal economic immigrants." Lee's visit to Beijing in January came amidst public outrage in South Korea over Beijing's "unapologetic" response to the killing of a ROK Coast Guard officer in a clash with Chinese fishermen suspected of illegal fishing in the Yellow Sea in December. The stabbing death of the officer who had detained Chinese fisherman on Dec. 12, 2011, drew attention to the growing number of Chinese vessels entering South Korean waters and the inadequacy of Korean enforcement measures, which has become more complicated with the introduction of tactics and technology developed to thwart enforcement efforts by the Korean Coast Guard.

The stabbing sparked violent demonstrations near the Chinese Embassy in Seoul and a retaliatory incident involving a metal ball that hit the South Korean Embassy in Beijing. As a result, Seoul has pledged to redouble availability of resources and arms for the Korean Coast Guard to increase the effectiveness of its enforcement work against Chinese fishermen. Measures include a planned increase in the number of high-speed ships patrolling the Yellow Sea from 18 to 27, the use Special Forces to detain Chinese fishermen found in South Korean waters, and consultations with Beijing to strengthen curbs on illegal fishing. Although the management of such issues was raised on the summit agenda, the PRC Foreign Ministry on April 19 rejected South Korea's "unilateral application of the EEZ law" after the Incheon District Court issued the Chinese captain a 30-year prison sentence and a 20 million won (\$17,738) fine. The ROK Ministry for Food, Agriculture, Forestry and Fisheries filed a protest to the consul general of the PRC Embassy in Seoul in another Yellow Sea incident on April 30 that injured four ROK Coast Guard officials.

There is also a latent territorial issue between China and Korea that could flare up, over Ieo-do, an uninhabited rock formation in the Yellow Sea that lies in an overlapping area of the EEZs of both countries. South Korea has built an ocean and weather research station on the rock, which China protested in 2006. Although South Korea has claimed that Ieo-do is not disputed territory since it is a submerged rock, China has continued to protest Korean activity in and around the rock, including efforts to retrieve a Korean bulk carrier that sunk nearby. Meanwhile, China's National Marine Data and Information Service classified Ieo-do a "Chinese territory" on its website. While Ieo-do is no Tok-do, it does present the leading edge of a dispute that could be inflamed by nationalism on both sides.

China's handing of DPRK refugees is a second issue that has captured public attention in South Korea and has escalated into a diplomatic confrontation. Reports of Beijing's detention and planned repatriation of 30 refugees in February led to weeks of public protests in Seoul and public calls from President Lee urging China to follow "international norms." After the breakdown of low-key talks with Beijing, the ROK Foreign Ministry on Feb. 21 announced plans to seek support from the UN Human Rights Council. The PRC Foreign Ministry spokesperson responded by criticizing the Korean media's tendency to "emotionally play up and politicize" the issue. When the issue was raised in talks between the two foreign ministers on March 2 in Seoul,

Foreign Minister Yang Jiechi expressed hopes that Seoul would “take seriously” China’s position. Activists in South Korea have claimed that Pyongyang has toughened its punishment of defectors as Kim Jong Un seeks to assert control as new leader.

The South Korean media described the mood surrounding both Hu-Lee summits this year as “far from amicable.” At the April 3 opening ceremony of the 2012 year of friendship, the two sides were represented by vice ministers of culture, prompting public South Korean accusations that Beijing gave “the cold shoulder” to the event rather than having President Hu attend following the Nuclear Security Summit. The launching of what China has dubbed the “Year of Friendly Exchange” drew little attention from the Chinese media and paled in comparison to the opening of Sino-DPRK Friendship Year in March 2009 during a five-day visit to China by Premier Kim Yong Il and a 100-member delegation. Some South Korean observers noted Beijing’s growing unease over the situation in North Korea as well as recent political incidents with Seoul have aggravated ROK public sentiment toward China.

North Korea’s rocket launch and Chinese regional diplomacy

Pyongyang’s April 13 rocket launch appeared to test China’s capacity and willingness to engage with the new DPRK leadership under Kim Jong Un. The night Pyongyang announced its plans to launch the satellite PRC Vice Foreign Minister Zhang Zhijun met DPRK Ambassador to China Ji Jae Ryong in Beijing to express China’s “concern.” According to Chinese Foreign Ministry officials, PRC Special Representative for Korean Affairs Wu Dawei met DPRK Vice Foreign Minister Ri Yong-ho on March 19, while senior diplomats expressed China’s “stance and concern to all sides” including ambassadors of Six-Party Talks member states in Beijing. Foreign Minister Yang Jiechi held separate talks by phone with US, ROK, and Japanese counterparts after the failed launch on April 13, affirming China’s “clear and consistent” position on peninsular and regional peace and stability, and pledging to continue diplomatic coordination.

North Korea’s launch interrupted the momentum for dialogue led by a series of US-DPRK talks since February, including consultations in Beijing between US Special Representative for DPRK Policy Glyn Davies and DPRK First Vice Foreign Minister Kim Kye-gwan on Feb. 23-24, and subsequent U.S.-DPRK food aid talks on March 7. Wu Dawei also met Davies in Beijing on Feb. 24 and Japanese envoy to the Six-Party Talks Sugiyama Shinsuke on Feb. 22, strengthening Chinese calls for the resumption of dialogue. But even the Chinese official media noted skepticism about the substance of dialogue efforts on North Korea, describing the US-DPRK talks in February as “more symbolic than practical.” Jin Canrong of Renmin University saw the US-DPRK consultations as having “limited” influence on promoting regional talks since the two Koreas “have great differences on the nuclear issue.”

A strain on current Chinese diplomacy toward North Korea is the apparent impasse in China’s high-level contacts with Pyongyang since Kim Jong Il’s death, which suggests Beijing’s limited communication with the DPRK leadership on such decisions as the launch. However, it is harder to say whether there might be active unofficial communications with North Korean leaders via China’s well-connected embassy in Pyongyang. Some South Korean analysts indicate that Beijing’s concerns over the launch were unlikely to have been expressed at the highest levels since active channels of communication with China are primarily with working-level North

Korean officials. China showed its displeasure with the launch by allowing a strongly worded UNSC President's Statement warning Pyongyang of the likely imposition of new sanctions in the case of another launch of a long-range rocket or a nuclear test.

Chinese economic stabilization efforts in North Korea

China's first high-level contact with Pyongyang since December was Vice Foreign Minister Fu Ying's February visit to the North for aid talks with DPRK counterpart Kim Sung Gi. The PRC Foreign Ministry spokesperson confirmed the visit on Feb. 27, a week after it occurred, stating that "China welcomes giving various forms of assistance to Chosun." In a Jan. 8 interview with *Xinhua*, Assistant Foreign Minister Liu Zhenmin stated that "China will continue to provide support and assistance within its capacity to the DPRK." In response to reports in March on Chinese food aid to North Korea, the Foreign Ministry spokesperson indicated that "China has been providing assistance to the DPRK as its capacity allows." However, no authoritative reports of the scope of Chinese assistance have been made available.

On Dec. 20, Chinese state media noted that "immediate measures must be taken to push the DPRK's economy forward." Chinese sources estimate North Korea's total grain production is 4.74 million tons, short of the 6 million annual minimum needed, as estimated by food experts, and contradicting Pyongyang's claims last year that the DPRK "is at the highest tide of its development ever in history." In January, Japanese media began reporting on Beijing's decision to send significant amounts of food and fuel aid to the North immediately following Kim Jong Il's death and to be continued through Kim Il Sung's birthday celebrations in an effort to ensure a successful power transition. ROK sources in May estimated that North Korea would spend \$2 billion on the April 15 celebrations, one third of its annual state budget, plus an additional \$850 million to build a three-stage rocket and launch pad for the event.

Chinese economic assistance appears to be a critical source of support for Pyongyang's efforts to honor the dying wishes of Kim Jong Il, who pledged to build a strong and prosperous nation by 2012. According to the Korea Trade-Investment Promotion Agency (KOTRA), China-DPRK bilateral trade reached a historic high of \$5 billion in 2011, triple the volume in 2005. Major Chinese exports to the North are minerals, machinery, and cars. At the same time, there are mixed reports on the status of bilateral investment projects established at the end Kim Jong Il's rule. South Korean media in mid-January claimed that Beijing has rejected North Korea's law announced in December 2011 on developing the Hwanggumphyong and Wihwa islands as a joint economic zone, due to a "lack of business-friendly elements."

China's uncertain friendship with North Korea under Kim Jong Un

North Korea's rocket launch was conducted two days after Kim Jong Un's appointment as first Secretary of the Workers' Party of Korea (WPK) at its fourth conference on April 11, and preceded national celebrations of Kim Il Sung's 100th birthday on April 15. President Hu sent a congratulatory message to Kim Jong Un on April 11 affirming support for DPRK efforts "to build a strong and prosperous state under the leadership of Kim Jong Un." Hu also sent a message of support at the end of last year when Kim was designated as top military commander of the Korean People's Army. But that message was conveyed under Hu's capacity as General

Secretary of the Communist Party of China (CPC) Central Committee and Chairman of China's Central Military Commission rather than PRC President, possibly reflecting that Kim Jong Un's most senior title at the time of Kim Jong Il's death was through his role as a vice chairman of the Worker's Party of Korea Central Military Committee..

The dispatch of Vice Minister Kim Yong Il to Beijing on April 21-23 provided an opportunity for the first high-level consultations following the rocket launch and included a rare meeting with Hu Jintao, during which he presumably called for North Korea not to proceed with a third nuclear test or other provocations. During his meeting with Kim, President Hu vowed to maintain high-level contact between the ruling parties, promote practical cooperation and friendship, strengthen communication and coordination on major regional and international issues, and emphasized joint efforts to maintain peninsular and regional peace and stability. In addition to meeting Hu Jintao, Vice Minister Kim met State Councilor Dai Bingguo, and Chinese Communist Party (CCP) Organizational Department head Li Yuanchao, and held a "strategic dialogue" with CCP counterparts led by International Department head Wang Jiarui. There are media reports from these meetings regarding two potentially significant issues in the relationship raised during Kim Yong Il's visit. First, Kim Yong Il reportedly requested the repatriation of Kim Jong Un's outspoken older brother, who had criticized the generational succession last January in a book published by a Japanese journalist with whom he had corresponded for several years. Second, the two sides reportedly discussed the possibility of a visit to Beijing by Kim Jong Un later this year. No doubt both issues have critical political and economic ramifications for North Korea's regime consolidation.

Another notable exception to an otherwise remarkably quiet period of high-level interaction between China and North Korea was the visit of Maj. Gen. Qian Lihua, director of the Foreign Affairs Office of the PRC Ministry of National Defense. Qian led a People's Liberation Army (PLA) delegation to Pyongyang on April 5-6, the first visit by a PLA delegation since Kim Jong Il's funeral, and met Kim Yong Chun, vice chairman of North Korea's National Defense Commission and minister of the People's Armed Forces. The meetings follow the two political parties' strategic dialogue held in Pyongyang in June 2011 and produced mutual pledges of a continued commitment to promoting the traditional friendship.

China-ROK asymmetric economic interdependence

The commemoration of ROK-PRC diplomatic relations has underscored the rapid growth in bilateral trade, the driving force in the relationship since normalization in 1992. Total trade reached \$220 billion in 2011, a 34-fold increase from \$6.4 billion in 1992. According to South Korean sources, China has accounted for almost 80 percent of overseas ticket sales for the Yeosu Expo that will open on May 12, an event that is anticipated to further the joint achievements of the 2010 Shanghai Expo.

But a rising concern among South Koreans is the growing asymmetry in the Sino-ROK economic relationship. South Korean exports to China account for 30 percent of total exports while China's exports to South Korea account for less than 5 percent of China's total exports. China's trade deficit with South Korea reached a record \$70 billion in 2010; South Korea's trade surplus stood at \$40 billion. President Lee continued his push for expanding ties to newly-

emerging sectors during his January visit to Beijing, when he emphasized cooperation beyond manufacturing to such sectors as energy, the environment, and services. Lee's meeting with Premier Wen Jiabao also focused on accelerating negotiations on a bilateral free-trade agreement and promoting regional economic integration.

South Korean concerns about the changing structure of economic relations have also influenced Chinese assessments of South Korea's approach to China. According to Dong Xiangrong of the Chinese Academy of Social Sciences, "the crux" of the problem in current bilateral ties is Seoul's "fears that China will turn the asymmetric economic interdependence into political leverage." Some analysts see these concerns as driving Seoul's reluctance in promoting the China-ROK FTA in favor of FTAs with the United States and European Union which "reduce its economic dependence on China." Yet, South Korea has finally decided to open Sino-Korean FTA talks, despite concerns about the potential impact on South Korea's domestic economy. South Korean observers suggest that Seoul "needs to grasp China's tendency to put priority on practical interests," arguing that South Korea "may be missing a critical point" in China's focus on pragmatism. For example, Beijing "balanced the forced repatriation" of North Korean refugees by allowing 4 of 11 defectors to go to the South in early April.

China and South Korea have continued to make progress in trilateral mechanisms with Japan in such areas as disaster relief and the environment, launching the first trilateral meeting between agriculture ministers on Jeju Island on April 15. Such achievements are notable given the unprecedented number of bilateral political disputes with China that both South Korea and Japan have confronted during the same period over such vital interests as territorial issues. South Korean analysts acknowledge that while some disagreements with China are "inevitable" amid deepening ties, the relative lack of high-level communication channels has served to "amplify" bilateral strains. A South Korean survey in December 2011 indicated a decline in favorable attitudes toward China since 2005 from 20 to 12 percent, and an increase in unfavorable attitudes from 24 percent to 40 percent. According to the East Asia Institute, favorable Chinese attitudes toward South Korea declined from 73 to 53 percent between 2006 and 2011.

Conclusion: China's post-Kim Jong Il debate

Beijing's calls for diplomatic coordination for "ensuring security on the Korean Peninsula" since Kim Jong Il's death fueled a short-lived public debate in China on the likely course of North Korea's transition under Kim Jong Un and the implications for regional security dynamics. In a Dec. 19 interview with China's *Global Times*, North Korea expert Han Zhenshe of the Chinese Academy of Social Sciences recognized that "Kim Jong Un faces great pressure in maintaining domestic stability," but envisioned a "practical power transition" without "social shake-ups." According to Han, prospects for reform and opening as well as external goals of inter-Korean and regional dialogue on denuclearization remain limited "within this key transition period" since Pyongyang's priority lies in maintaining social stability and government legitimacy. A *China Daily* article on Dec. 20 conveyed Chinese views on the "limited impact" of Kim's death. Zhang Tingyan, China's first ambassador to South Korea who also spent time as a diplomat in Pyongyang, indicated that "a peaceful transition" is likely in North Korea, although "we can't rule out contingencies." Liu Jiangyong of Tsinghua University saw "the future path of DPRK politics" as "fairly clear" given the arrangements for the post-Kim Jong Il power transfer made

prior to his death. But China reportedly tightened up on public commentary regarding North Korea's future, providing further evidence both of its commitment to North Korea's stability and a genuine concern over the predictions of some Chinese analysts that North Korean instability, public unrest, or a coup d'état might be in the offing.

By January, Chinese commentary appeared to be offering a collective sigh of relief. Jin Linbo of the China Institute for International Studies argued that "some might have cited the youth of Kim Jong Un as a concern, but ... things will remain stable for a while." Zhang Yushan of the Jilin Provincial Academy of Social Sciences noted that "if there was any instability in North Korea, China, South Korea and Japan should all share the concern." Under the surface, China has deep concern about prospects for North Korean instability and its implications for the strategic balance on the Korean Peninsula. The Chinese government clearly would regard Korean reunification as a setback, and seems set on buying time and guarding its influence to either delay Korean reunification or shape it according to Chinese interests. An immediate crisis is not welcome in Beijing, especially given the enormous stakes surrounding China's own leadership transition set for later this year.

The future of PRC-ROK relations will bear greater strategic weight in the future, having been driven primarily by economic considerations for its first two decades. Zhang Lianggui of the Party School identifies political trust, North Korea, and trade as the biggest priorities in the PRC-ROK relationship. Dong Xiangrong attributes "Seoul's distrust of Beijing" to "differences in political systems, asymmetric economic interdependence, and different security priorities," arguing that "in this critical period, both leaders can do more than just meet and shake hands." Despite joint pledges to promote DPRK stability and regional dialogue since December, South Korean analysts emphasize a "difference between Seoul and Beijing in their approach to tension." While Zhang has noted that "Lee certainly hopes China exerts influence on the DPRK," Chinese state media has stressed that China "has limited influence and is unwilling to interfere too much in the domestic affairs of the DPRK." Given these circumstances, one of the most consequential issues for the new leadership in China and South Korea will be how the two countries move forward to address an agenda that is increasingly filled with strategic challenges. New South Korean and Chinese presidents might provide an opportunity to "reset" the relationship, but to what end? This question should draw close attention from strategic thinkers in Seoul and Beijing, and should also not escape careful scrutiny from observers in Pyongyang, Tokyo, and Washington.

Chronology of China-Korea Relations

January – April 2012

Dec. 31, 2011: President Hu Jintao sends a congratulatory message to Kim Jong Un on Kim's appointment as top military commander of the Korean People's Army.

Jan. 1, 2012: Presidents Hu Jintao and Lee Myung-bak exchange New Year greetings and launch the year of bilateral friendship.

Jan. 5, 2012: North Korea opens its Kwangbok Area Supermarket in west Pyongyang, a joint venture between the DPRK's Taesong General Trading Corporation and China's Feihaimengxin Trading Company.

Jan. 9-11, 2012: President Lee visits China and meets President Hu, Premier Wen Jiabao, and top legislator Wu Bangguo.

Jan. 13, 2012: China Securities Regulatory Commission grants South Korean sovereign wealth fund Korea Investment Corp. (KIC) investor status.

Jan. 16, 2012: ROK Embassy in Beijing reports that 1,073 medical treatment visas were issued to Chinese nationals in 2011, a 386 percent increase from 2010.

Feb. 11, 2012: Wuhan Maritime Court orders the detention of a ROK cargo ship over a chemical spill that partially contaminated the drinking water source of Zhenjiang.

Feb. 20-25, 2012: PRC Vice Foreign Minister Fu Ying visits Pyongyang and meets DPRK counterpart Kim Sung Gi.

Feb. 21, 2012: ROK Foreign Ministry announces plans to seek support from the UN Human Rights Council for efforts to rescue DPRK refugees under Chinese detention.

Feb. 22, 2012: President Lee Myung-bak in a nationally-televised address calls for China's treatment of DPRK refugees "according to international norms." The PRC Foreign Ministry spokesperson reiterates China's position that DPRK nationals who have illegally entered China for economic reasons are not refugees.

Feb. 24, 2012: PRC Special Representative for Korean Peninsula Affairs Wu Dawei meets US counterpart Glyn Davies in Beijing, at the conclusion of US-DPRK talks in Beijing on Feb. 23.

Feb. 24, 2012: Heilongjiang authorities announce that North Korea's Air Koryo will launch a charter flight route between Pyongyang and Harbin on April 27.

Feb. 26, 2012: PRC Vice Foreign Minister Zhang Zhijun meets First Deputy Foreign Minister of the DPRK Kim Kye Gwan in Beijing.

Feb. 27, 2012: The PRC Foreign Ministry spokesperson confirms Vice Foreign Minister Fu Ying's visit to North Korea the previous week.

Feb. 28, 2012: The PRC Foreign Ministry spokesperson expresses hopes for South Korea's handling of the "illegal border crossing" into China by DPRK nationals.

March 2, 2012: PRC Foreign Minister Yang Jiechi visits Seoul for annual inter-ministerial consultations and meets President Lee Myung-bak and ROK counterpart Kim Sung-hwan.

March 6, 2012: PRC Permanent Representative and Ambassador to the United Nations Cheng Jingye calls for the early resumption of Six-Party Talks at an IAEA board meeting in Vienna.

March 6, 2012: Foreign Minister Yang Jiechi on the sidelines of the annual session of the National People's Congress in Beijing expresses support for progress in US-DPRK nuclear talks.

March 6, 2012: Director of the China Earthquake Administration Chen Jianmin confirms that seismologists from China, ROK, and Japan are conducting a joint research program aimed to strengthen cooperation on combatting earthquakes, volcanos, and tsunamis.

March 8, 2012: PRC Foreign Ministry spokesperson expresses support for US-DPRK contact and food aid talks.

March 14, 2012: The Zhenjiang local government confirms that a ROK ship is being sued over a chemical spill in the Yangtze River.

March 15, 2012: The PRC Foreign Ministry spokesperson asserts China's "consistent" position toward DPRK aid and expresses support for the US-DPRK food aid agreement.

March 16, 2012: North Korea announces that it will launch in April an "earth observation" satellite using a long-range rocket to mark the 100th birthday of the late Kim Il Sung.

March 16, 2012: PRC Vice Foreign Minister Zhang Zhijun meets DPRK Ambassador to China Ji Jae Ryong to express concern over North Korea's planned satellite launch.

March 19, 2012: PRC Special Representative for Korean Affairs Wu Dawei meets DPRK Vice Foreign Minister Ri Yong-ho. The PRC Foreign Ministry spokesperson confirms that senior diplomats have exchanged views with DPRK, Russian, US, ROK, and Japanese ambassadors.

March 20, 2012: Director General of Asian Affairs at the Foreign Ministry Luo Zhaohui affirms that "China has expressed its stance and concern to all sides" regarding North Korea's launch.

March 22, 2012: PRC State Councilor Dai Bingguo and US National Security Adviser Thomas Donilon discuss the Korean Peninsula situation by phone.

March 26, 2012: Presidents Hu Jintao and Lee Myung-bak meet on the sidelines of the Seoul Nuclear Security Summit.

March 29, 2012: China and South Korea launch a three-year joint project on mitigating desertification in Dunhuang, Gansu province.

April 3, 2012: Opening ceremony of the China-ROK Year of Friendship is held at the National Museum of Korea in Seoul, attended by PRC and ROK Vice Culture Ministers Kwak Young-jin and Wang Wenzhang.

April 5, 2012: A delegation of the PLA Foreign Affairs Department led by Maj. Gen. Qian Lihua, director of the Foreign Affairs Office of the Ministry of National Defense, meets DPRK National Defense Commission Vice Chairman and Minister of the People's Armed Forces Vice Marshall Kim Yong Chun in Pyongyang.

April 8, 2012: Sixth China-ROK-Japan Foreign Ministers Meeting is held in Ningbo, China.

April 11, 2012: President Hu Jintao sends a congratulatory message to Kim Jong Un on Kim's appointment as First Secretary of the Workers' Party of Korea.

April 13, 2012: Foreign Minister Yang Jiechi on the sidelines of the China-Russia-India foreign ministers meeting in Moscow calls for calm and restraint after North Korea's failed launch.

April 14, 2012: Foreign Minister Yang Jiechi holds separate talks by phone with US, ROK, and Japanese counterparts on Korean Peninsula tensions.

April 15, 2012: First trilateral meeting between agriculture ministers of China, South Korea, and Japan is held on Jeju Island.

April 16, 2012: PRC Foreign Ministry spokesperson calls for dialogue on North Korea after the UNSC issues a President's Statement condemning North Korea's launch.

April 19, 2012: Incheon District Court issues a 30-year prison term and fine to a Chinese fishing boat skipper for killing a ROK coast guard in December 2011. PRC Foreign Ministry spokesperson rejects South Korea's "unilateral application" of the EEZ law.

April 21-23, 2012: Kim Yong Il, alternate member of the Political Bureau, secretary of the WPK Central Committee, and WPK International Department head, leads a party delegation to Beijing. He holds a "strategic dialogue" with CCP counterparts led by International Department head Wang Jiarui, meets State Councilor Dai Bingguo, and President Hu Jintao, and CCP Organizational Department head Li Yuanchao.

April 24, 2012: PRC Foreign Ministry spokesperson calls for restraint on the Korean Peninsula in response to the Korean People's Army's threat to launch "special operations" against the ROK government and conservative media.

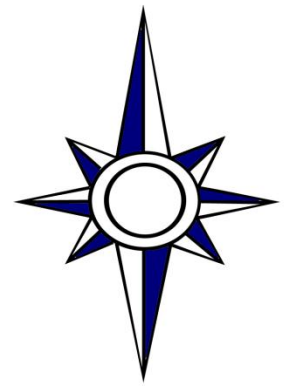
April 26, 2012: PRC Foreign Ministry spokesperson reiterates China's commitment to Korean denuclearization and calls for restraint amid speculation over a third North Korean nuclear test.

April 28, 2012: China's Jilin province launches tourist train services to North Korea between Tumen city and Chilbo Mountain.

April 30, 2012: Nine Chinese fishermen suspected of illegal fishing are detained after clashes in the Yellow Sea leave four ROK Coast Guard officers injured. Two of the Chinese are arrested on May 2.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



Japan-China Relations: Happy 40th Anniversary...?

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With both Tokyo and Beijing intent on celebrating the 40th anniversary of normalization, bilateral relations started well in 2012 – and quickly went downhill. Contested history retuned in a controversy sparked by Nagoya Mayor Kawamura Takashi's remarks questioning the reality of the Nanjing massacre. Repeated incidents in the Senkaku/Diaoyu Islands involving ships of China's State Oceanic Administration Agency and Japan's Coast Guard kept the volatile issue of sovereignty claims politically alive. Both sides engaged in island naming games to enhance sovereignty and EEZ claims in the region. In April, Tokyo Gov. Ishihara Shintaro announced plans for the Tokyo Municipal Government to purchase three of the Senkaku Islands. With that, the relationship moved into May and Prime Minister Noda's visit to China.

Normalization plus 40

In a January interview with *Gaiko* magazine, Foreign Minister Gamba Koichiro reflected on the Japan-China relationship. Citing agreements on “wide-ranging cooperation and exchanges,” Gamba characterized Noda's December visit to China as “very successful.” He noted that it was “a very significant visit as the 40th anniversary approaches” and that Japan wanted to take advantage of the anniversary year to “deepen cultural and people-to-people exchanges.”

The opening ceremony of the anniversary year took place in Beijing on Feb. 16. State Councilor Liu Yandong met a high-level Japanese delegation led by former Minister of Economy Trade and Industry Naoshima Masayuki. He was accompanied by Japanese leaders of seven Japan-China friendship groups, including former Liberal Democratic Party (LDP) Secretary General Kato Koichi, now head of the Japan-China Friendship Association, and former Lower House Speaker Kono Yohei, head of the Japan Association for the Promotion of International Trade. The Japanese delegations were scheduled to meet with President Hu Jintao, but Hu failed to appear, delegating the responsibility to Jia Qinglin, chairman of the Chinese People's Political Conference, fourth in Beijing's political pecking order. When asked the reason for Hu's no-show, Chinese officials reportedly told the delegations that Hu was not pleased with the Japanese government's decision to name uninhabited islands in the Senkakus (Diaoyu in Chinese) and in the East China Sea.

* 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 U.S. government.

History returns

On Feb. 20, the leaders of sister-cities Nanjing and Nagoya met in Nagoya. On the occasion, Nagoya Mayor Kawamura Takashi told Liu Zhiwei, a member of the Communist Party's Nanjing Standing Committee, that he doubted whether the 1937 Nanjing Massacre ever took place. Kawamura accepted that "conventional acts of combat" did occur but not the mass murder and rape of civilians attributed to the Imperial Army. Kawamura cited his father's kind treatment by citizens of Nanjing only eight years after the incident as a reason for his doubts that a massacre took place. He offered to go to Nanjing to debate the issue "if necessary." During the meeting, Liu did not challenge Kawamura's views and afterward the two shook hands and exchanged gifts. In Tokyo, Luo Zhaohui, director general of the Foreign Ministry's Asian Affairs Department, told his Japanese counterpart Sugiyama Shinsuke that Kawamura's remarks represented a "distortion of history."

In Beijing, Foreign Ministry spokesperson Hong Lei cited "irrefutable evidence" that the massacre took place and opined that "some people in Japan should recognize that part of history correctly, face it squarely and draw a real lesson from it." In reaction to Kawamura's remarks, Nanjing announced a temporary suspension of official contact with Nagoya. At the same time, China's Foreign Ministry, after lodging a protest, made clear that Beijing was willing "to make efforts to further stabilize and develop relations with Japan."

Reacting to the suspension of official contact, Kawamura, on Feb. 22, released a statement that read "The friendly ties between the two cities remain unchanged. Such ties should also be maintained in the future. If you examine my remarks, you should see my real intention." He made clear that he had "no intention to withdraw or apologize" for his remarks. Later in the day, Nanjing informed Nagoya that civil exchanges between the two cities could continue.

As nationalist reaction among China's netizens exploded in response, the Nanjing government announced that it would suspend a commemorative China-Japan judo exhibition, featuring Los Angeles Olympics gold medal winner Yamashita Yasuhiro, scheduled for March 2. The event was to mark the second anniversary of the completion of the China-Japan judo stadium built with Japanese government aid. Also postponed was the scheduled March 9-11 "Japan Week in Nanjing," a cultural event that was to feature the Nagoya pop group SKE48. On March 2, Chief Cabinet Secretary Fujimura told reporters that he had heard that the event had been canceled out of concern for the safety of the performers but that efforts were underway to reschedule the event during the 40th anniversary year.

In Japan, Tokyo Gov. Ishihara Shintaro came to Kawamura's defense, telling reporters that "what Mr. Kawamura said is correct." He admitted that some atrocities were possibly committed during the war but that was different from saying that there was a large-scale massacre. Chief Cabinet Secretary Fujimura and Foreign Minister Gamba thought the issue should be resolved by the governments of the two cities. Prime Minister Noda expressed his hope that the matter be resolved "quickly in an appropriate manner." Back in Nagoya, Kawamura again refused to retract his statement, telling reporters that there was no factual evidence of an organized massacre of some 300,000 unarmed civilians. On Feb. 27, Aichi Prefecture Gov. Omura Hideaki, concerned with the downturn ties, told reporters that, as a personal friend, he had advised

Kawamura to “cool down the situation as quickly as possible and maintain the friendly relationship with the city of Nanjing.”

The *Sankei Shimbun* reported that Kawamura had sought to meet the Chinese ambassador to explain his views but that, through the Nagoya Consulate, he had denied his request, making it clear that “as long as the statement was not retracted, there could be no meeting.” During the National People’s Congress, Foreign Minister Yang Jiechi, on March 6, took up issues related to Nanjing and the Senkaku Islands. He said that in both cases the Japanese side had complicated the problems and that he wanted the Japanese side to understand the sensitivity of the issues and manage them from a broad perspective.

On March 7, Nanjing authorities announced that the restoration of official ties between the two sister cities would depend on Kawamura’s retraction and apology. The following day, Kawamura replied that his true meaning was misunderstood and that he would hold to what he had said.

Senkaku Islands

On the morning of Jan. 3, four members of the Ishigaki Municipal Assembly in Okinawa prefecture landed on Uotsuri Island. That evening, China’s Foreign Ministry protested the landing, reasserting China’s “indisputable sovereignty” over the Diaoyu Islands. The following day, Chinese protestors assembled in front of the Japanese Embassy in Beijing. To minimize the impact of the protest on bilateral relations, Chinese police worked to control the demonstration.

On Jan. 16, Chief Cabinet Secretary Fujimura announced the government’s intention to give names to a number of Japan’s distant islands, including four in the Senkakus. The following day, an opinion piece appearing in the *People’s Daily* proclaimed, for the first time, that the Diaoyu Islands were a “core interest” of China and cast the Japanese government’s action as “a blatant move to damage China’s core interests.” On Jan. 20, Hong Kong media reported that the Shanghai office of the State Oceanic Administration Agency had announced that it would initiate regular weekly patrols through the Diaoyu Islands.

Responding to a question about Japan’s intention to name uninhabited islands, Foreign Ministry spokesperson Liu Weimin told reporters that “Diaoyu Island and its affiliated islands have been China’s inherent territory since ancient times. China enjoys indisputable sovereignty over them.” Wen went on to make clear that “Any unilateral action of Japan over the Diaoyu Island and its affiliated islands is illegal and invalid.” Wen, however, did not use the term “core interest” in his remarks. Meanwhile, Foreign Minister Gamba told the Upper House Budget Committee that the Senkaku Islands are an integral element of Japan’s national territory and that as a matter of course Japan would reject China’s unilateral understanding.

On Feb. 12, Japanese Coast Guard ships found two ships of China’s Maritime Fisheries Agency operating in Japan’s contiguous zone near the Senkakus. When challenged, the Chinese ships replied that they were engaged in regular patrol activities. On Feb. 15, a supra-party group of Diet members called on Chief Cabinet Secretary Fujimura and submitted a resolution that called on the government to strengthen Japan’s effective control over the islands. *Kyodo* reported that

the government was considering legislation to allow Coast Guard ships to order foreign ships to leave territorial waters without having to conduct onboard inspections, as required by existing law. On Feb. 21, Chief Cabinet Secretary Fujimura announced the government would introduce legislation to amend the Coast Guard law; the Cabinet approved the decision on Feb. 28.

Meanwhile, on Feb. 19, a patrol ship of China's State Oceanic Administration Agency ordered the Japanese Coast Guard research ship, *Shoyo*, to cease its research activities. The *Shoyo* was operating 110 km on the Japanese side of the mid-line boundary claimed by Japan in the East China Sea. On Feb. 20, Chief Cabinet Secretary Fujimura told reporters that the Coast Guard ship was conducting regular research and that Japan could not accept the Chinese ship's orders to cease its activities. He found China's demands "regrettable."

A similar incident occurred on Feb. 28 when a Chinese ship ordered the Japanese Coast Guard ship *Takuyo* to cease its activities. Responding the next day, Fujimura reiterated Japan's position, making it clear that research activities would continue and that the government had protested the incident through diplomatic channels. In Beijing, China's Foreign Ministry spokesperson Hong Lei told reporters that China was "dissatisfied with Japan's repeated unilateral survey activities in disputed waters in the East China Sea in defiance of China's objections." Hong said that China had "required the Japanese to cease relevant activities immediately so as to avoid infringing on China's rights and interests...." On March 2, *Xinhua* reported that the State Oceanic Administration Agency (SOAA) would take steps to prevent Japan's illegal and unilateral research activities and to strengthen China's surveillance over the East China Sea.

On March 16, two ships belonging to China's SOAA, *Haijan 50* and *Haijan 66*, entered Japan's contiguous zone in the Senkakus, despite repeated warnings from a Japanese Coast Guard patrol boat. When asked by the Coast Guard the purpose of their activities, the Chinese ships replied that they were carrying out maritime patrol responsibilities in the Diaoyu Islands, which are part of China's territory. Vice Foreign Minister Saiki Kenichiro called in Chinese Ambassador to Japan Cheng Yonghua to protest the incident as "extremely serious" and "unacceptable."

In Beijing, the SOAA announced, on its home page, the beginning of regular patrol activities to support Chinese sovereignty and administration in the Diaoyu Islands. In an interview with *People's Daily*, SOAA authorities made clear that the purpose of the patrol activities was "to break" Japan's effective control over the islands. On the morning of April 5, Japanese Coast Guard spotted the *Haijan 202* and the *Haijan 32501* in Japan's contiguous zone in the Senkakus and warned against entering Japan's sovereign waters. Chief Cabinet Secretary Fujimura told reporters that the Chinese ships did not enter the area of Japanese sovereignty but that a diplomatic protest had been made.

Name the islands

On Jan. 16, the Noda government announced that, acting in accordance with the 2009 Basic Guidelines for Conservation and Management of Islands for Ocean Management, it intended to give names to 39 of Japan's 99 distant islands in an effort to strengthen Japan's EEZ claims, four of the islands being located within the Senkaku Island chain. On March 2, the Headquarters for

Oceanic Policy posted on the website of the Prime Minister's Office a statement that it had given names to 39 uninhabited islands in Japanese territorial waters, including four in the Senkakus: Hokuseigoshima, Kitagoshima, Hokutogoshima and Kitagoshima.

In reaction, China's SOAA, on March 3, announced that it had given names to 71 islands, including the Diaoyus, and China's Foreign Ministry spokesperson Hong Lei reiterated China's "indisputable" claim to the islands." Any unilateral action taken by Japan is "illegal and invalid." Lei emphasized that "no matter what names the Japanese side has given ... it cannot in any way alter the fact that these islands belong to China."

On March 6, Foreign Minister Gemba told a press conference that Japan found China's actions "extremely regrettable and had strongly protested." Tokyo again emphasized that the Senkaku Islands are part of Japan's national territory and, accordingly, a territorial problem "does not exist." On March 26, Chief Cabinet Secretary Fujimura told reporters that Japan had registered one of the Senkaku Islands as a national asset. The island was one of the four islands named on March 2. Three other islands remained under private ownership, and Fujimura thought it unlikely that other islands would be registered as national assets. Meanwhile, the *Sankei Shimbun* reported that China's *Legal Times* had called on the government to issue maps of disputed areas in the East China Sea and the South China Sea as clearly indicating the areas to be under Chinese sovereignty.

Buy the Islands

Tokyo Gov. Ishihara Shintaro, in remarks delivered at The Heritage Foundation in Washington DC on April 16, made news when he announced that the Tokyo Metropolitan Government was in negotiations to purchase three of the privately held Senkaku Islands from the owner. The aim of the purchase, Ishihara told his audience, was to protect Japanese territory. Taking a shot at the national government, he went on to say that the Tokyo Metropolitan Government will protect the Senkaku Islands and that no one should "have a problem" with Japan protecting its own territory.

At a press conference following his remarks, Ishihara asked "Don't you think this is a great idea? This will put the government in a predicament. The government has done absolutely nothing so far." Ishihara said that a basic agreement had been already reached with the private owner and that details were being worked out. Sources close to Ishihara reported that he looked to finalize the purchase in April 2013, when the government's lease expires. Following the purchase, the Tokyo Metropolitan Government would begin negotiations with the Okinawa Prefectural Government and the city of Ishigaki with respect to management of the islands.

Chief Cabinet Secretary Fujimura told reporters that "It is fully possible that we will proceed with such an idea if necessary," emphasizing that the Senkaku Islands "are an inherent part of Japanese territory." He indicated a willingness "to exchange views with the Tokyo Metropolitan Government if necessary." On April 18, during a meeting of the Lower House Budget Committee, Prime Minister Noda said that the government had been in contact with the private owner of the islands. As for the islands themselves, Noda reiterated that the Senkakus "are an integral part of Japan's sovereign territory in light of international law and history, and Japan

effectively controls them.” He added that his government “will consider everything while confirming the owner’s true intentions over recent developments.”

China’s Foreign Ministry issued a statement, making clear that “any unilateral action taken by Japan is illegal and invalid. The fact that these islands belong to China remains unchanged.” Foreign Ministry spokesperson Liu Weimin reiterated the government’s position that “the Diaoyu Islands have been China’s inherent territory since ancient times and China holds indisputable sovereignty over them.” Remarks, such as Ishihara’s “not only damage the overall state of China-Japan relations but also harm Japan’s international image.” On April 18, *Xinhua* observed that Ishihara’s remarks were aimed at “sabotaging China-Japan ties” at a time when the two countries were celebrating the 40th anniversary of normalization. Ishihara countered that the activities of Chinese ships in the Senkakus amounted to a “halfway declaration of war.”

As the story was developing, LDP Parliamentarian Santo Akiko told a press conference of her role in bringing together the owner of the islands and Ishihara. According to Santo, the owner, after being approached by an individual believed to be a Chinese national with an offer to buy the islands, had decided to sell the islands to the Tokyo Metropolitan Government. Santo quoted the owner as saying that he had decided to sell the islands to Tokyo because “the current administration has no sense of protecting Japan’s national interests and has no sense of international politics.” Addressing the Ishihara initiative, Foreign Minister Gempa observed that “It’s only natural for the government to study every possible measure for the peaceful, stable maintenance and control of the Senkaku Islands” and that one of the measures could involve a decision to nationalize the islands.

On April 20, the mayor of Ishigaki city, Nakayama Yoshitaka, told the *Sankei Shimbun* that “we agree to everything Governor Ishihara has done.” On April 23, Nakayama met Ishihara to discuss details of the negotiations and expressed his support for their early conclusion. Meanwhile, Tokyo’s Vice Governor Inose Naoki raised the possibility of a national fundraising campaign to support the purchase of the islands. On April 24, the *Yomiuri Shimbun* reported that Ishihara had requested a meeting with Prime Minister Noda to exchange views on the purchase plan. Sources close to Ishihara told the *Yomiuri* that Ishihara would ask Noda for permission to land on the islands, by summer at the latest, in order to conduct surveys as the first step in the purchase plan. Noda met Ishihara on April 27. Afterward, Ishihara told reporters that talks focused on Japan-US base use issues; he did not discuss his Senkaku purchase plan. However, he also told reporters that he was in the process of assembling team to conduct surveys of the islands. Later, the Tokyo Metropolitan Government opened an account at the Mizuho Bank that would allow citizens to contribute toward the purchase of the three islands.

Earlier, on April 24, former Speaker of the Lower House Kono Yohei, leading a delegation from the Japan Association for the Promotion of International Trade, met Vice President Xi Jinping in the Great Hall of the People. Touching on the bilateral relationship, Xi told Kono that both countries should respect each other’s “core interests” and that “important matters should be handled appropriately. He urged continued cooperation to prevent problems from becoming “unmanageable.” He noted that in close relationships like the China-Japan relationship “it was only that natural problems were bound to arise from time to time. But, if goodwill and friendship exist, they can be resolved.”

On April 27, the press councilor at the Chinese Embassy in Tokyo addressed the Ishihara plan, telling reporters that the Diaoyu Islands “are inherently part of China” and that China’s determination to defend its sovereignty over the islands “is firm and unwavering.” He emphasized that, whatever unilateral actions Japan takes, they are “illegal and invalid” and cannot change the reality that the islands belong to China.

Security

On Jan. 19, the Ministry of Defense released figures on scrambles by the Air Self-Defense Force (ASDF) from April to December 2011. In that period, the ASDF launched a total of 143 scrambles against Chinese aircraft, surpassing the 96 in 2010. The Southwest Composite Air Division, with jurisdiction over the East China Sea, experienced the sharpest increase. While there were no instances of Chinese aircraft entering Japanese airspace, many cases involved Chinese aircraft entering Japan’s air defense identification zone. For all of 2011 fiscal year (April 1-March 31) scrambles in response to Chinese aircraft totaled 156, an increase of 60 over fiscal year 2010. (Scrambles against Russian aircraft were 247, which put Russia in first place.) The Ministry of Defense released year-end figures on April 25.

Japan’s National Institute for Defense Studies released its 2011 China Security Report on Feb. 28. The report estimated there is a high possibility that China’s growing military strength could lead China to take assertive positions in both the South China Sea and East China Sea and expressed concern over the growing strength of the PLA within the Chinese government. The report emphasized the need to pay close attention to the activities of the PLA Navy in waters around Japan. China’s Ministry of Defense found the report reflected deep suspicions toward the PLA and charged it exaggerated the “China threat” and exerted a negative influence on the development of China-Japan relations and the peace and stability of the Asia-Pacific region

On March 4, China released its 2012 defense budget. Figures indicated an 11.2 percent increase in defense spending over 2011, amounting to \$106.39 billion. Chief Cabinet Secretary Fujimura observed that “there are some parts in the breakdown of China’s defense budget that are unclear, and it is desirable to boost transparency in the defense budget and China’s defense policies.” Minister of Defense Tanaka Naoki said that China’s lack of transparency is becoming a matter of concern to Japan, the Asia-Pacific region, and the international community.

On March 18, Prime Minister Noda told the graduating class of Japan’s National Defense Academy that “Circumstances in our surrounding regions are increasingly severe, complicated, and remain uncertain.” He noted that China “is reinforcing its military capabilities and continuing activities in surrounding waters.” Similar concerns with China were reflected in the Foreign Ministry’s Bluebook, issued on April 6. At the same time, the Bluebook recognized that “China’s involvement is indispensable for building order in the Asia-Pacific region.”

East China Sea

After detecting drilling-related activities in the Kashi (Tianwaitian) natural gas field at the end of January, Tokyo lodged a diplomatic protest on Jan. 31. The next day, Chief Cabinet Secretary

Fujimura told reporters that “China’s unilateral development is unacceptable, when the two countries have yet to agree on the maritime boundary.” Fujimura explained that flames being emitted from the site suggested that it was highly likely that China was extracting oil. Tokyo asked for an early resumption of negotiations on joint development of the East China Sea. On Feb. 3, *Xinhua* reported that China’s Foreign Ministry had responded that the Tianwaitian field was indisputably in waters under China’s jurisdiction and that development was proper and reasonable.

On April 3, *Kyodo* reported that China had proposed joint China-Japan marine environmental protection projects in the East China Sea as a step toward reducing tensions in the area and that the two governments are studying possible joint projects.

High-level meetings

On March 23, Democratic Party of Japan (DPJ) Secretary General Koshiishi Azuma led a delegation of parliamentarians to Beijing to participate in a conference of Japanese and Chinese legislators. On arrival, Koshiishi met Vice President Xi for 50 minutes in the Great Hall of the People, where he urged the early resumption of negotiations on joint development of the East China Sea natural gas fields. In reply, Xi called for talks at the working level and for the creation of conditions that would allow for the early resumption of negotiations. Koshiishi also touched on the issues of history, citing the 1995 Murayama statement and emphasizing that Japan has thoroughly embraced the cause of peace. Xi answered that both China and Japan should face the future, using history as a mirror.

Koshiishi also met with Li Yuanho, head of the Organization Department in the Central Committee. According to a source who attended the meeting, Li said he was concerned that a “small point of friction in the East China Sea might escalate into a huge bilateral issue” in light of the growing anti-Japanese sentiment among China’s netizens, pointing to the controversy that erupted following Nagoya Mayor Kawamura’s remarks on Nanjing as an example.

On March 24, Koshiishi announced the signing of a memorandum that called for the installation of a “hotline” between the DPJ and Chinese Communist Party (CCP) officials. In making the announcement, Koshiishi said “We are preparing to communicate with governments accurately through various channels over the issue of the disputed Senkaku Islands and possible launch of a missile by North Korea.”

On April 8, the foreign ministers of Japan, China, and the Republic of Korea met in Ningbo China. Afterward, Gemba said that the three “were able to increase our common view, but, frankly speaking, I would not say the three countries completely shared the same view.” Asked if China shared the view that the North Korean satellite launch would be a violation of UN Security Council Resolution 1874, Gemba declined to answer, citing the “sensitivity” of the issue for China. The ministers, however, agreed to work toward the start of free trade negotiations in advance of the May trilateral summit.

In bilateral talks with China on April 7, Gemba asked Foreign Minister Yang for China’s cooperation in dealing with North Korea. According to a press release issued by China’s

Foreign Ministry, Yang told Gemba that China “is concerned and worried” and called for all parties to “keep calm and exercise restraint in light of the overall situation and long-term benefits, continue dialogues and properly resolve relevant issues through peaceful ways.”

At the end of the month Tang Jiaxuan, China’s head of the China-Japan Friendship Association, visited Japan. In Tokyo, on April 25, Tang met Japanese counterpart Kato Koichi and parliamentarians from the Komeito Party. While he felt trends in the bilateral relationship were positive overall, he also called attention to those “whose remarks appear to have the objective of worsening China-Japan relations.” To build a stable relationship, he observed that such problems should be addressed before something happens.

On April 26, Tang met Prime Minister Noda, who took the occasion to say that the 40th anniversary year offered a great opportunity to advance exchanges between the two peoples, to deepen mutual understanding and, in doing so, to strengthen ties. Tang said that Prime Minister Wen Jiabao looked forward to welcoming Noda to China in May. The Ishihara purchase plan was not a subject of discussion.

Looking Ahead

The big question going forward is will April showers bring May flowers when Prime Minister Noda visits China?

Chronology of Japan – China Relations Japan – April 2012

Jan. 3, 2012: Four members of Ishigaki Municipal Assembly land on the disputed island of Uotsuri – known to the Chinese as Diaoyu.

Jan. 6, 2012: Chief Cabinet Secretary Fujimura Osamu rebukes Consumer Affairs Minister Yamaoka Kenji for remarks on the possible bursting of China’s economic bubble.

Jan. 7, 2012: China invites Crown Prince Naruhito and Crown Princess Masako to visit China to celebrate the 40th anniversary of normalization.

Jan. 16, 2012: Chief Cabinet Secretary Fujimura announces the government’s intention to give names to Japan’s distant islands, including four in the Senkakus.

Jan. 16, 2012: Japanese and Chinese parliamentarians meet in Beijing for seventh meeting of parliamentary dialogue.

Jan. 17, 2012: *People’s Daily* proclaims the Diaoyu Islands to be a “core interest” of China.

Jan. 27, 2012: *Kyodo* reports China’s Maritime Safety Administration plans to increase reconnaissance flights over disputed areas in the East China Sea.

Jan. 31, 2012: Tokyo files a diplomatic protest concerning Chinese activities in the Tianwaitan natural gas field.

Feb. 1, 2012: Chief Cabinet Secretary Fujimura states that China's unilateral development of the East China natural gas fields is unacceptable

Feb. 3, 2012: Beijing responds that Tianwaitan gas field is indisputably within Chinese waters.

Feb. 12, 2012: Japanese Coast Guard ships find Chinese Maritime Fisheries Agency ships operating in Japan's contiguous zone near the Senkaku Islands.

Feb. 15, 2012: Supra-party delegation of Diet members calls on the Japanese government to take measures to strengthen Japan's effective control over the Senkaku Islands.

Feb. 16, 2012: China and Japan agree to extend until 2022 the final elimination of chemical weapons abandoned in China by the Imperial Army.

Feb. 16, 2012: Ceremonies marking the 40th anniversary of normalization are held in Beijing.

Feb. 19, 2012: Chinese State Oceanic Administration Agency (SOAA) orders a Japanese Coast Guard research ship to cease activities in waters on the Japanese side of Japan's claimed mid-line boundary in the East China Sea.

Feb. 20, 2012: Leaders of Nagoya-Nanjing sister cities meet in Nagoya; Mayor Kawamura Takashi expresses doubts over Nanjing massacre.

Feb. 21, 2012: Nanjing announces temporary suspension of official contact with Nagoya.

Feb. 22, 2012: Mayor Kawamura says his remarks on the Nanjing massacre were misunderstood and refuses to withdraw or apologize. Nanjing says civil exchanges can continue.

Feb. 24, 2012: "Genki Nihon" exhibition opens in Beijing as part of ceremonies to mark 40th anniversary of normalization.

Feb. 28, 2012: Japan's National Institute for Defense Studies releases China Security Report.

Feb. 28, 2012: China's SOAA ship orders Japanese Coast Guard ship to stop research activities.

Feb. 29, 2012: Chief Cabinet Secretary Fujimura states that research activities will continue and announces a diplomatic protest. China says it is dissatisfied with Japan's unilateral activities.

March 1, 2012: Prime Minister Noda calls for Nagoya-Nanjing matter to be resolved quickly in an appropriate manner.

March 2, 2012: Japan gives names to 39 distant islands, including four in the Senkaku Islands; Taiwan protests.

March 3, 2012: China announces it has given names to 71 islands, including Diaoyu Islands.

March 5, 2012: The seventh Korea-Japan-China Senior Foreign Affairs Officials' Consultation and the first Asian Policy Dialogue are held in Beijing.

March 6, 2012: Foreign Minister Gamba Koichiro finds China's decision to give names to Senkaku Islands extremely regrettable; announces a diplomatic protest.

March 6, 2012: Foreign Minister Yang Jiechi calls on Japan to understand the sensitivity of history and Diaoyu issues and to manage them appropriately.

March 7, 2012: Nanjing authorities state that restoration of official sister-to-sister ties will depend on a Kawamura apology.

March 8, 2012: Kawamura replies that his true meaning was misunderstood and refuses to withdraw remarks.

March 9, 2012: Minister of Defense Tanaka announces appointment of Keio University professor and China scholar Kokubun Ryosei to head the National Defense Academy.

March 12, 2012: *People's Daily* publishes Prime Minister Noda's appreciation for China's assistance following the 2011 tsunami-Fukushima disaster.

March 12, 2012: US, EU, and Japan bring China's restrictions on rare earth exports to the World Trade Organization.

March 13, 2012: Japanese Minister of Economy, Trade and Industry Edano Yukio expresses dissatisfaction with China's protection of trademarks.

March 13, 2012: Foreign Minister Gamba says Japan has no intention to turn China's restrictions on rare earth exports into a political issue.

March 15, 2012: Okinawan citizens' judicial panel indicts, in absentia, Chinese captain of fishing boat involved in September 2010 Senkaku incident.

March 16, 2012: Chinese ships *Haijian 50* and *Haijian 66* enter Japan's contiguous zone in the Senkaku Islands.

March 18, 2012: Prime Minister Noda expresses concerns over China's growing military capabilities in an address to National Defense Academy graduates.

March 23, 2012: Democratic Party of Japan Secretary General Koshiishi Azuma leads a DPJ delegation to Beijing and meets Vice President Xi Jinping and Li Yuancho, head of the Chinese Communist Party's Central Committee Organization Department.

March 26, 2012: Chief Cabinet Secretary Fujimura announces that Japan has registered one of the Senkaku Islands as a national asset.

March 31, 2012: *Xinhua* reports an agreement between China's National Library and Shanghai Transport University to establish a Center for the Study of the Tokyo War Crimes Tribunal.

April 5, 2012: Japanese Coast Guard finds two Chinese ships operating within Japan's contiguous zone in the Senkaku Islands.

April 6, 2012: Japanese Foreign Ministry releases its annual Diplomatic Bluebook.

April 7, 2012: Japanese and Chinese foreign ministers meet in Ningbo, China.

April 7, 2012: Japanese and Chinese finance ministers meet in Tokyo.

April 8, 2012: Japanese, Chinese, and ROK foreign ministers meet in Ningbo, China.

April 12, 2012: Fixed-wing aircraft of SOAA approaches Japan Maritime Self-Defense Force (MSDF) ship in East China Sea. China defends the action as being in accordance with international regulations and part of regular flight activities.

April 16, 2012: Tokyo Gov. Ishihara Shintaro announces that the Tokyo Municipal Government is negotiating to purchase three of the privately owned Senkaku Islands.

April 19, 2012: China's Foreign Ministry reiterates China's claim to the Diaoyu Islands.

April 19, 2012: Liberal Democratic Party (LDP) Secretary General Ishihara Nobuteru, son of Tokyo governor, announces postponement of his scheduled visit to China.

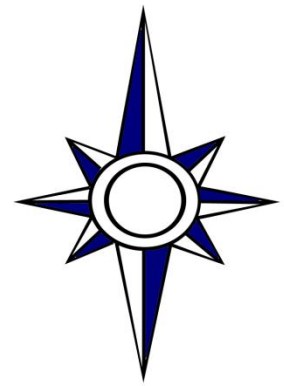
April 20, 2012: Supra-party delegation of 81 parliamentarians visits the Yasukuni Shrine in advance of Spring Festival; no Cabinet members are among the group.

April 20, 2012: Japan National Tourist Organization reports a 5.7 percent increase in tourists from China in March, a total of 130,000 visitors.

April 21, 2012: Chinese and Japanese citizens plant 1,000 trees in Beijing as part of ceremonies marking 40th anniversary of normalization; Ambassador Niwa and Chairman of the China-Japan Friendship Association Tang Jiaxuan participate.

April 24, 2012: Japanese Minister for Foreign Affairs Kono Yohei meets Vice President Xi Jinping in Beijing.

April 27, 2012: Tokyo Metropolitan Government opens an account at Mizuho Bank to allow citizens to contribute toward purchase of Senkaku Islands.



**Japan-Korea Relations:
Sisyphus**

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The most dramatic events affecting Japan-Korea relations in early 2012 concerned North Korea. The power transition appears to be proceeding smoothly, although mixed signals over the “Leap Day” agreement with the US followed by an attempted missile/satellite launch give signs that a clear foreign policy has not yet been worked out by the leadership in Pyongyang. While most attention was paid to North Korea’s apparently contradictory moves, relations between South Korea and Japan continued on their seemingly disconnected tracks of low and high politics. In economic relations and management of day-to-day issues, they continue to move closer together on a range of issues from dealing with tax evasion to joint disaster relief planning. Yet, territorial claims to islands or claims about history are a constant irritant in the relationship and threaten to derail relations at any time. This winter, both Japan and South Korea seemingly wanted relations to worsen by picking fights over Dokdo/Takeshima and making claims about history. One could dismiss the squabbling as peripheral to the main relationship, but these disputes hinder coordination and planning over important issues, divert diplomatic attention, and remain salient for domestic politics of both sides.

Crystal ball of public opinion polls

Like clockwork, the beginning of a new year heralds an irresistible urge to conduct polls in the hope of using them as blueprints for predictions about the future. One particular poll released by the *Asahi Shimbun* on Jan. 13 conducted in South Korea, Japan, and China was a joint collaboration by *Donga Ilbo* and *Channel A TV* of South Korea, and the *Asahi Shimbun* of Japan. Some 3,000 respondents from the three countries were asked: “Do you think your lives will be better five years from now, or worse, or unchanged?” The Chinese were the most optimistic with 71 percent claiming that their lives will be better, 48 percent of the South Koreans were equally optimistic, but only 7 percent of Japanese felt their lives would be better. A follow-up question sought to gauge the respondent’s views about the economic situation in the next five years, where once again, the Chinese showed the highest proportion of those with a favorable view at 64 percent, followed by the South Koreans at 51 percent, and only 12 percent of Japanese. On general sentiments regarding bilateral relations, the Japanese and the Chinese were the most negative, with 83 percent and 62 percent stating that the two did not have good ties, respectively. Similarly, 62 percent of South Koreans did not perceive ROK-Japan relations to be in good shape, with roughly 50 percent selecting China as the most important for the country’s economy in the future – unlike Japan, which pinpointed the United States as playing the vital role. Slightly more South Koreans dislike Japan than they dislike China (62 percent negative v. 57 percent negative). Even the proportion of South Koreans that perceived China in a positive light (31 percent) did not match those with a negative view (57 percent). To echo the somewhat grim

mood, a question about whether issues related to history have been resolved resulted in 88 percent of Koreans, 90 percent of Chinese, and 61 percent of Japanese claiming that problems remained. Nevertheless, even the skeptics had a favorable view of a possible trilateral free trade agreement (FTA) among South Korea, Japan, and China, with those either “very approving” or “relatively approving” of the FTA coming in at 55, 52, and 82 percent, respectively.

In a different poll on the economy, a survey of 368 companies by the Korea Chamber of Commerce and Industry (KCCI) showed that Korean exporters have been able to benefit from the disastrous 3/11 earthquake in Japan. A total of 32.1 percent of the respondents pointed to an increase in shipments to markets contested by Japanese rivals, 28 percent claiming an increase in exports due to the quake, with 21.2 percent attributing the natural disaster as facilitating more business investments from Japan. Furthermore, the survey showed that 23.9 percent of the companies expected increased exports to Japan in 2012, outweighing the 13 percent that foresaw a drop in shipments. Nevertheless, 32.6 percent of those polled viewed the unstable exchange rates as affecting exports in the future, with 32.2 percent expressing concerns about weak demand in Japan’s domestic economy. This is all in the context of an increase in South Korean exports to a record high of \$556.5 billion in 2011, a jump of 19.3 percent from the previous year. Specifically, product shipments to Japan increased 40.9 percent year-on-year in 2011, with the trade surplus shrinking to \$28 billion in 2011 from \$36.3 billion in 2010.

This advantage to Korean businesses since the disastrous earthquake in Japan was not lost on the Japanese media. The Jan. 9 *Asahi Shimbun* detailed the heightened sales pitch by South Korea to woo investment from Japanese manufacturers, especially those engaged in high-tech materials. According to the article, five Japanese companies have set up operations in South Chungcheong province in central South Korea, compared to zero in 2010. The South Korean Ministry of Knowledge Economy has stated that the investment value from Japanese companies totaled roughly \$1.43 billion (110 billion yen) between January and September 2011, an increase of about 40 percent from the same period in 2010.

Yet, despite the relatively and consistently optimistic economic relations captured by the KCCI survey, the underlying mood reflected in the general attitudinal survey was not too far off from the events involving South Korea and Japan during the first four months of 2012. In spite of Ambassador Shin Kak-soo’s emphasis in a Jan. 9 interview with *Yonhap News* on pursuing a “relationship of the 21st century in which both sides win and cooperate,” he singled out sexual slavery during World War II (or ‘comfort women’) as being the “most symbolic” issue for 2012. Accordingly, bilateral cooperation efforts dealt with issues having low impact or visibility, or those involving a third party.

The domination of low politics

Several initiatives involving Korea and Japan in 2011 carried over to 2012. For instance, cooperation on disaster management continued with the announcement in March by the Korea International Cooperation Agency (KOICA) that it was launching a multi-year development program in conjunction with the Japan International Cooperation Agency (JICA), following bilateral consultations a month prior. Unlike similar existing programs, the Multi-year Joint Capacity Development Program or MJCD will conduct a needs assessment and feasibility study

in advance. The program will alternate forums between Myanmar and Azerbaijan each year. The decision marked the latest efforts in joint disaster management, following a March 8-9 Asian Developing Bank Institute (ADBI) conference on “Disaster Risk Management in Asia: Lessons and Challenges” in Tokyo and another international conference on “Lessons from Japan: Is Japan Korea’s Future?” held on March 12 by the ADBI and the North East Asian Research (NEAR) Foundation in Seoul. A few weeks prior, the Japan Foundation funded a symposium on “The Post-Disaster Paradigm Shift and ROK-Japan Relations” in Seoul, in the wake of the one-year anniversary of the March 11 disaster in Japan.

Other areas of bilateral cooperation included a meeting between ROK National Tax Service (NTS) Commissioner Lee Hyun-dong and Japanese counterpart Kawakita Chikara in April on tackling offshore tax evasion; a Korea-Japan symposium on March 28-29 aimed at protecting sea turtles, supported by the Ministry of Land, Transport, and Maritime Affairs and attended by Naoki Kamezaki, chairman of the Sea Turtle Association of Japan, and; a re-launch of the Korea-Japan exchange program for junior diplomats. The exchange program was conducted from 1998 to 2001, but was halted due to souring relations over the territorial and historical disputes. *Yonhap* quoted ROK Foreign Ministry spokesperson Cho Byung-jae as stating that the exchange program would help junior diplomats build a “human network and facilitate smooth communication” and accentuate the ‘future-oriented’ quality of the bilateral relations.

Third parties and opportunities for bilateral cooperation

To continue the momentum of ROK-China-Japan trilateralism generated in the latter part of 2011, ASEAN+3 agreed to expand their currency swap deal, known as the Chiang Mai Initiative, by doubling their reserve pool to \$240 billion to better deal with external shocks and the ongoing crisis in Europe. Moreover, the seventh round of ROK-China-Japan Senior Foreign Affairs Officials’ Consultation was held in Beijing, on March 5. The forum was chaired by Chinese Vice Foreign Minister Fu Ying and attended by Japanese Deputy Minister for Foreign Affairs Bessho Koro, and ROK Deputy Foreign Minister Kim Jae-shin. They discussed issues including disaster management, nuclear safety, the completion of a joint feasibility study on a trilateral Free Trade Agreement (FTA), and increased exchanges in the areas of education, tourism, and culture. On the subject of the FTA, an editorial in the March 17 *Daily Yomiuri* voiced concerns about the impacts of the KORUS (Korea-US) FTA – which went into effect on March 15, 2012 – for Japanese automakers and electronics firms in the North American market. According to the editorial, observers in Japan were expecting an “uphill battle” while Tokyo tries its luck at the Trans-Pacific Partnership (TPP) free trade agreement. The anxiety was probably magnified as Seoul has proceeded with separate bilateral negotiations on a Korea-China FTA. A high-level forum on the March 17 to mark the 20th anniversary of the establishment of diplomatic ties between South Korea and China was followed by a Korea-China forum at the Korea Chamber of Commerce and Industry, where experts agreed that delaying the bilateral FTA would be a disadvantage to South Korea.

Events in Indonesia also set the stage for collective action between Seoul and Tokyo. The *Jakarta Post* reported on Feb. 6 that the Japanese and South Korean emissaries along with representatives from Taiwan had filed complaints with the Indonesian government over its handling of a labor dispute, claiming negative repercussions for business. According to the

article, the three countries represent not only the largest investors in labor-intensive sectors (textiles, footwear, electronics) in Indonesia, but also have roughly 1,000, 1,600, and 12,000 companies operating in Indonesia, respectively. This amounts to roughly 1.8 million local workers being employed by such companies. Moreover, Japan and Korea are Indonesia's second and fifth largest foreign direct investors. The initial rally involved tens of thousands of Bekasi workers who took to the streets over wage issues on Jan. 27, which resulted in damages to property owned by the investors.

Closer to home, North Korea again bolstered traditional threat-driven cooperation between Seoul and Tokyo. In fact, Pyongyang's typical lambasting of Japan – the bylined commentary in the April 25 *Rodong Sinmun* in reaction to Japan's release of its Diplomatic Blue Book claiming sovereignty over the disputed islands as an example – could not garner enough sympathy from Seoul to downplay Tokyo as a partner. On the denuclearization front, South Korea's nuclear envoy, Lim Sung-nam, met Japanese counterpart, Sugiyama Shinsuke, in early January in Seoul prior to a trilateral meeting in mid-January among senior officials from South Korea, Japan, and the US on Jan. 16 in Washington, DC. The Six-Party Talks have been dormant since 2008, and the death of Kim Jong Il in December 2011 introducing more uncertainty about their future.

Attention shifted when North Korea announced its plans on March 16 for a satellite launch to coincide with Kim Il Sung's birthday on April 15. Despite assuring words from the spokesperson from the Korean Committee for Space Technology that North Korea will “strictly abide by relevant international regulations and usage concerning the launch of scientific and technological satellites for peaceful purposes,” many were unconvinced. Seoul and Tokyo held talks on March 23 to discuss steps in response Pyongyang's announcement. Similar issues were discussed at the April 8 trilateral meeting attended by ROK Foreign Minister Kim Sung-hwan, Chinese Foreign Minister Yang Jiechi, and Japanese Foreign Minister Gamba Koichiro. While the three agreed that Pyongyang's planned launch would be a violation of United Nations (UN) Security Council resolutions, the Chinese representative called for “calm and restraint” rather than outright denunciation. This meeting was held against the background of recent Japanese efforts to extend sanctions against North Korea. Japan first levied sanctions in 2006 after North Korea's nuclear test, extending them each year. Japan's Chief Cabinet Secretary Fujimura Osamu told reporters that “We decided to extend by one year a measure that prohibits North Korean ships from calling at Japanese ports and another measure that bans imports and exports with the North.” If there is any ‘satisfaction’ to be had by North Korea from its failed satellite launch, it may be that it reaffirmed in Tokyo's mind that its most vital partner remains the US. An editorial in the April 15 *Yomiuri Shimbun*, called for closer collaboration with the US on joint military exercises and programs for dealing with missile attacks.

One notable hint of progress in Japan-North Korea relations was a report in the March 15 *Sankei Shimbun* on Japan's plans to hold talks with North Korea on the return of Japanese women who had accompanied their Korean husbands to North Korea on a repatriation project from 1959-84. According to the article, some 93,000 Korean Japanese moved to North Korea during that period under the auspices of the Japanese government; roughly 1,800 of those were Japanese wives. Nakai Hiroshi, chief of the House Representatives Budget Committee and former chairman of the National Commission on Public Safety, was scheduled to visit Mongolia to meet Song Il Ho, the North's top negotiator on normalizing relations with Japan. According to *Yomiuri Shimbun*,

the unofficial talks took place on March 17, but between Song and Takushoku University professor Manabe Sadaki, a de facto proxy for Nakai. Professor Manabe is a key member of the investigation commission on missing Japanese. A similar homecoming program managed by Red Cross societies between 1997 and 2000 allowed 42 wives to visit Japan for reunions with their relatives. But in all likelihood, Pyongyang's attempted satellite launch snuffed out any chances of replicating such program in the near future.

The fate of Sisyphus and deterioration of ROK-Japan relations

According to statements released during a press briefing by the spokesperson and ROK Deputy Minister for Public Relations Cho Byung-jae on April 12, Foreign Minister Kim Sung-hwan had compared Korea-Japan relations to that of Sisyphus. In Greek mythology, Sisyphus was cursed for eternity to repeatedly roll an immense boulder up a hill, only to have it roll back down. At the ROK-Japan-China Foreign Ministers Meeting in Ningbo, China in early April, Kim used the metaphor to describe how the territorial disputes and distortions of history work as gravity to pull ROK-Japan relations back to square one. Rightly so, as there was a string of contentious issues that significantly overshadowed the cooperative efforts described above.

In January, three notable events took place. First, the Jan. 8 *Asahi Shimbun* reported that a Chinese man claiming to have a grandmother that was forced into prostitution during WWII for the Japanese Imperial Army was arrested for a firebomb attack at the Japanese Embassy in Seoul. Later in the month, two women who were forced into sexual slavery during WWII met Foreign Minister Kim Sung-hwan, accusing him of “doing nothing” to resolve outstanding grievances on the issue. This came at a time when the weekly demonstrations outside the Japanese Embassy in Seoul demanding compensation and an apology from Japan had reached their 1,000th protest in December 2011. At the end of January, relations became further strained following a policy speech by Japanese Foreign Minister Gempa Koichiro in which he asserted that Takeshima (Dokdo) was a legitimate claim of Japan. Following standard operating procedure, the Korean Foreign Ministry called in the Japanese ambassador and made a formal complaint, but the statement was neither revised nor withdrawn.

The Dokdo/Takeshima territorial dispute figured prominently during the first months of 2012. In February, there were three notable incidents. First, the *Hankuk Ilbo* reported that a Japanese rightwing group, the Zaitokukai (the “Citizens against Special Privilege of Zainichi”), had applied to erect a monument in front of the Korean Embassy in Tokyo, just as the Koreans set up their own “peace monument” near the Japanese Embassy in Seoul in December 2011. The unifying slogan was that Takeshima belongs to Japan. Second, a ceremony for “Takeshima Day” was held in Matsue, Shimane prefecture on Feb. 22. The prefecture had designated “Takeshima Day” in 2005 to commemorate the centennial of the 1905 declaration that Japan was the rightful owner of the disputed islets. When asked by reporters why he did not attend the ceremony despite being sent an invitation, Chief Cabinet Secretary Fukimura was quick to point out that it was certainly not out of concern for diplomatic considerations. Third, the Korea media hit back with news of Korea's grand plans for solidifying sovereignty over Dokdo. In the wake of reports that Shimane prefecture had requested a separate state agency to oversee the contentious islets and elevate “Takeshima Day” to a nation-wide event, the *Korea Times* reported on the extent to which Korea was committed to protecting its territorial integrity. According to a government

paper, the Prime Minister's Office is currently in charge of 28 different projects regarding Dokdo, with a budget of 1.1 trillion won (\$978 million). Roughly half of those are aimed at constructing residential and surveillance facilities on the island, with the latest being structural reinforcement of a police-owned helipad in September 2011. Furthermore, the National Police Agency has reinforced power and communications cables to increase response to emergency situations, while the Ministry of Land, Transport, and Maritime Affairs has earmarked roughly 407.4 billion won (\$353 million) to establish a giant breakwater to safeguard properties from violent waves. Meanwhile, the Ministry of Culture, Sports, and Tourism has spent 280 million won (\$250,000) on monitoring the dispute and developing countermeasures to negative perceptions abroad.

The boulder continued to roll down the hill in March with a speech by ROK President Lee Myung-bak commemorating the 93rd anniversary of the March 1 uprising against Japan's colonial rule. Lee urged Japan to "resolve urgently" the compensation issue for those women forced into sexual slavery by the Japanese military during WWII. In fact, one of the surviving victims ran for a proportional representation seat with the main opposition Democratic United Party (DUP) for the April parliamentary elections. According to *Donga Ilbo*, Lee Yong-su announced her bid in response to the weekly demonstrations at the Japanese Embassy in Seoul, claiming that "Japan hasn't changed its stance a bit on the issue [of compensation and apology for forced prostitution during WWII] for the last 20-30 years. I want to make sure we get an official apology from them if I win a seat at the April parliament election." She has been spearheading efforts on the sexual slavery issue, having testified at the US House of Representatives in 2007, which adopted a resolution on so-called "comfort women."

The focus, however, quickly swung back to territorial issues, with reports by *Kyodo News* that Shimane Gov. Zembee Mizoguchi announced that the prefectural government had requested the central government to erect a Self-Defense Forces camp on the Okinoshima islets, which are nestled between the main Japanese island of Honshu and Dokdo/Takeshima. In late March, the Japanese government approved three new high school textbooks claiming Takeshima as Japan's territory, inciting protests from Korean counterparts.

The month of April began with more acrimony as Seoul lodged a protest over Japan's claims to the disputed islets in its 2012 Diplomatic Bluebook. According to *Donga Ilbo*, Japan had included an addendum to the 2012 version that Tokyo has been vehemently protesting Seoul's effective control of Dokdo/Takeshima. As standard operating procedure, Seoul summoned Matsuo Hirotaka, the minister for political affairs at the Japanese Embassy in Seoul, and gave him a diplomatic letter outlining the Korean government's official stance on the issue. Also, the Korean Foreign Affairs and Trade Ministry spokesperson Cho Byeong-jae stated that "As long as Japan claims territorial sovereignty over Dokdo as a captive of its ill-advised understanding of history, future-oriented Korea-Japan relations will only remain blank pledges, and Japan will have no chance to play a responsible role in the international community."

The debate over the Sea of Japan or the East Sea also reached a fever pitch, with a petition on the White House's website, *We the People*, calling for US government action on naming of the body of water. The website promises official response to any petition that receives more than 25,000 signatures within 30 days; the petition, which was started on March 22, reached more than the

required quota within 15 days of posting. The initial petition was started by a Korean-American association in Virginia, showing the transcendent nature of bilateral disputes and the role of immigrant communities. Shortly thereafter, the International Hydrographic Organization (IHO) convened for its general assembly meeting in Monaco – the sole significance of which for the Korean media being that the name of the Sea of Japan/East Sea was on the agenda. After initial triumphant reports that Japan had failed in its bid to convince the IHO General Assembly to adopt the single entry in a new edition of *Limits of Oceans and Seas* (the standard reference for map production), the IHO officials decided to postpone publication of the new edition until a decision is made at its next meeting in 2017. The North Korean delegation to the IHO was also South Korea's ally on the cause, calling the sole use of 'Sea of Japan' a "criminal act."

Months ahead

Late spring and summer promise to be interesting. The power transition in North Korea means that both Seoul and Tokyo will be paying close attention to any signs of instability or change. Given the coming presidential election in South Korea, a period of stability appears likely in ROK-Japan relations. Outgoing ROK President Lee Myung-bak is unlikely to pursue any major initiatives with Japan, opting instead to focus on economic issues or North Korea. For its part, the Japanese leadership remains more focused on domestic issues, most importantly recovery from the "triple disaster" of March 2011, and appears likely to make foreign policy overtures only in a reactive manner for the time being.

Chronology of Japan-Korea Relations January – April 2012

Jan. 8, 2012: *Asahi Shimbun* reports that a Chinese man was arrested for a firebomb attack at the Japanese Embassy in Seoul. The man reportedly said his grandmother was the victim of sexual slavery by the Japanese Imperial Army during World War II.

Jan. 9, 2012: In an interview with *Yonhap News*, ROK Ambassador Shin Kak-soo states that Seoul and Tokyo must work toward finding a solution to the issue of compensation for Korean women forced into prostitution for the Japanese Imperial Army in World War II.

Jan. 12, 2012: South Korea's chief nuclear envoy Lim Sung-nam and Japanese counterpart Sugiyama Shinsuke meet in Seoul to discuss issues regarding North Korea.

Jan. 16, 2012: The first three-way talks among senior officials from South Korea, Japan, and the US since the death of Kim Jong Il take place in Washington.

Jan. 25, 2012: "Comfort women" receive media attention as the survivors of those forced into prostitution by the Japanese Imperial Army meet ROK Foreign Minister Kim Sung-hwan.

Jan. 26, 2012: *Mainichi Daily News* details the speech by Japanese Foreign Minister Gamba Koichiro, asserting Japan as the legitimate owner of Takeshima. South Korea government immediately protests and lodges a formal complaint with the Japanese ambassador.

Feb. 2, 2012: *Hankuk Ilbo* reports that the Japanese right-wing group Zaitokukai (the “Citizens against Special Privilege of Zainichi”) has applied for a permit to erect a monument in front of the site of the new Korean Embassy, claiming Japan as the sole owner of Dokdo/Takeshima.

Feb. 6, 2012: *Jakarta Post* reports that the Japanese and South Korean ambassadors along with the Taiwanese representative have filed complaints to the Indonesian government over its handling of the recent labor unrest, claiming damages to their businesses in Indonesia.

Feb. 17, 2012: The Japan Foundation funds a symposium on “The Post-Disaster Paradigm Shift and ROK-Japan Relations” in Seoul.

Feb. 17, 2012: South Korea and Japan resume their exchange program for junior diplomats.

Feb. 21, 2012: In a press conference, Korean Ambassador to Japan Shin Gak-su states that the request made by Japanese Prime Minister Noda Yoshihoko in December to get rid of the “peace monument” near the Japanese Embassy in Seoul was inappropriate.

Feb. 21, 2012: *The Korea Times* reports that South Korea is quickly solidifying its hold on Dokdo, with 28 different projects either underway or completed on the rocky islets.

Feb. 22, 2012: Japan’s Shimane prefecture hosts a rally condemning Korea’s “illegal occupation” of Takeshima. The Shimane Prefectural Government has been hosting an exhibition of various records buttressing Japan’s claim to the disputed territory since January.

Feb. 22, 2012: *Kyodo News* reports that 11 Japanese lawmakers attended the annual “Takeshima Day” ceremony in Matsue, Shimane prefecture to promote Japan’s territorial claims to Takeshima.

Feb. 23, 2012: *Chosun Ilbo* covers the latest moves by Shimane prefecture officials and their request to elevate “Takeshima Day” into a national holiday.

March 1, 2012: In a speech during a ceremony to commemorate the 93rd anniversary of the March 1 uprising against Japanese colonial rule of Korea, President Lee Myung-bak urges Japan to “urgently resolve” the compensation issue for South Korean “comfort women.”

March 5, 2012: The seventh Korea-Japan-China Senior Foreign Affairs Officials’ Consultation and the first Asian Policy Dialogue are held in Beijing.

March 9, 2012: ROK Vice Foreign Minister Ahn Ho-young meets Japanese counterpart Sasae Kenichiro and calls on Japan to “take fundamental measures that are acceptable to the victims [of sex slavery] as the issue is one of the most important pending issues between the two nations.”

March 11, 2012: *Asahi Shimbun* publishes an op-ed by President Lee Myung-bak entitled “3/11 and Korea-Japan Relations: An Affirmation of Friendship.”

March 14, 2012: *Daily Yomiuri* quotes Gov. Mizoguchi Zembee as calling on the central government to build a Self-Defense Forces camp on part of the Okinoshima islets, which are located between Honshu and the disputed islets of Dokdo/Takeshima.

March 15, 2012: *Sankei Shimbun* reports on an unofficial meeting between Tokyo and Pyongyang to discuss repatriation of Japanese women who moved to North Korea with their Korean husbands.

March 16, 2012: North Korea announces its planned satellite launch to mark the centennial of state founder Kim Il Sung's birthday.

March 17, 2012: According to a *Daily Yomiuri* report, the Korea-US Free Trade Agreement will likely hurt Japanese automakers and electronic firms in the North American market.

March 19, 2012: Korea International Cooperation Agency (KOICA) announces its decision to launch a multi-year development program with the Japan International Cooperation Agency on disaster management.

March 23, 2012: The top nuclear envoys from South Korea and Japan hold talks in Seoul to discuss the steps following North Korea's announcement of a planned rocket launch.

March 27, 2012: The Japanese government approves three new high school textbooks claiming Takeshima as Japanese territory, inciting protests from the Korean government.

March 28, 2012: *Kyodo* announces new plans by Korea, Japan, and China along with the 10 Southeast Asian countries to double their reserve pool to \$240 billion to better deal with the potential spillovers from the crisis in Europe.

March 28-29, 2012: A Korea-Japan symposium supported by the ROK Ministry of Land, Transport, and Maritime Affairs takes place on Jeju Island, aimed at protecting sea turtles.

April 3, 2012: Chief Cabinet Secretary Fujimura Osamu tells reporters that Japan will extend its sanctions against North Korea by a year.

April 5, 2012: *The Japan Times* announces that Japan has completed its deployment of its ground-based *Patriot Advanced Capability-3 (PAC-3)* interceptors ahead of North Korea's planned rocket launch.

April 6, 2012: Japan releases its 2012 Diplomatic Bluebook, which garners severe protests from its Korean neighbor for reaffirming its territorial claims over the disputed islands.

April 8, 2012: The ROK-China-Japan Foreign Ministers' Meeting takes place in Ningbo, China. Bilateral meetings preceded the three-way talks the day before.

April 12, 2012: Roughly 800 Japanese gather at the constitutional government memorial near the National Diet Building to protest the issue of sovereignty over Dokdo/Takeshima. *JoongAng*

Daily reports that more than 60 Japanese lawmakers from both the ruling and opposition parties supported the rally and 49 personally attended.

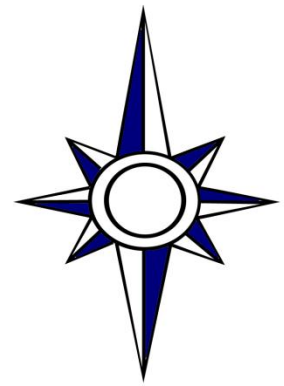
Apr. 13, 2012: North Korea attempts to launch a satellite; the rocket carrying the satellite breaks apart within moments of launch.

April 18, 2012: ROK National Tax Service (NTS) Commissioner Lee Hyun-dong meets Japanese counterpart Kawakita Chikara to address the issue of offshore tax evasion.

April 20, 2012: A South Korean civic group holds a rally in downtown Paris to urge the International Hydrographic Organization (IHO) to formally adopt the 'East Sea' name to the currently labeled 'Sea of Japan,' ahead of the IHO general assembly meeting in Monaco.

April 21, 2012: The petition site operated by the US White House shuts down due to a flurry of activity regarding a petition to change the naming of the Sea of Japan to the East Sea.

April 23-27, 2012: The general assembly of the IHO takes place in Monaco.



China-Russia Relations:

Succession, Syria ... and the Search for Putin's Soul

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By any standard, the first four months were a rough start to the year for both Russia and China. While succession politics gripped first Russia and then China, Moscow and Beijing coordinated closely over the crises beyond their borders (Syria, Iran, and North Korea). Toward the end of April, the Russian and Chinese navies held the largest joint bilateral exercise in seven years, codenamed *Maritime Cooperation-2012* (海上联合-2012; *Morskoye Vzaïmodeystviye-2012*), in the Yellow Sea. Meanwhile, China's future premier Li Keqiang traveled to Moscow to meet Russia's future-and-past President Putin in Moscow.

Succession politics

There was little doubt about the outcome of the March 4 presidential elections in Russia, as Vladimir Putin and his United Russia Party dominated the electoral process and public space. The process of Putin getting the next six, or possibly 12, years in the Kremlin, however, did not bode well for the new-and-old president-elect. For three months between the legislative elections on Dec. 4, 2011 and the presidential election on March 4, 2012, protests and counter-protests (pro-government) of various sizes and duration swept through Russia. Some protested perceived electoral fraud, others vented their anger toward rampant corruption, others expressed frustration over the return of Putin for a third term as Russia's president. Although Putin received almost two-thirds (63.64 percent) of the votes on March 4, the persistence of the protests by large number of young professional and middle-class Russians – many of whom had benefitted from Putin's rule since 2000 – cast a long shadow over the next few years.

Meanwhile, the sudden fall of a top Chinese leader (Bo Xilai) in mid-March – which began with an unexpected one-day “visit” on Feb. 7 to the US Consulate in Chengdu by Wang Lijun, who was Bo's anti-corruption czar in Chongqing – shook the top Chinese leadership, which will undergo a major personnel change in the fall.

Despite these signs of weakening authority succession processes, bilateral relations did not seem to be affected, at least for the time being. Beijing moved quickly to engage President-elect Putin. The day after the Russian presidential election, President Hu Jintao sent a message to Putin, congratulating him. Hu noted that Russia under Putin has “scored tremendous achievements” in terms of stability and development. He promised China's cooperation in furthering the Sino-Russian comprehensive strategic cooperative partnership in the coming decade. A day after Hu's cable, he and Putin spoke by telephone regarding bilateral ties and major international and regional issues. Hu said that China “firmly support[s] Russia's choice of its own development

path according to its national conditions as well as the efforts to safeguard its national sovereignty and security and boost its economic development,” and that China “stands ready to work with Russia to boost practical cooperation and strategic coordination in a bid to continuously lift the China-Russia comprehensive strategic partnership of coordination to higher levels.” Putin, in turn, said China is a good neighbor and good friend to Russia and the bilateral ties have been built on the solid foundation of their fundamental interests. Regarding the international situation, Putin said that Chinese-Russian cooperation “is playing an important role in safeguarding world peace and stability.” Meanwhile, *People’s Daily* predicted continuity and stable bilateral relations after Putin’s election.

Putin’s eyes and minds

Putin’s third term as president, though widely predicted, was the most discussed topic by Russian and Chinese analysts, with a wide range of assessments. Russian experts tended to see continuity and pragmatism in Russia’s domestic and foreign policies with Putin as president. That is, to hold the West, bolster neighbors, and face the East. Indeed, as a pragmatic helmsman, Putin will be expected to steer the Russian ship of state and kept it a safe distance – not too close to or too far – from the American one.

Some Chinese analysts, however, predicted a more assertive Putin in the future. An anonymous commentary in the *Huangqiu Shibao* (*Global Times*) described Putin as an “outstanding statesman” with qualities of a “great leader” (世界伟人), such as decisiveness, wisdom, and ambition. “Give me 20 years and I will make Russia strong and powerful again,” the article recalls Putin’s promise in the early days of his previous eight-year presidency (2000-08). Now he returns to add 12 more years to that dream. A great leader should not only change Russia but also the world. In this regard, Putin’s election may be a nightmare for the US, whose strategy was described as wanting to dominate the world.

Yin Shuguang, councilor of the China Foundation for International Studies, argued that Putin has a strong sense of history; revival of the past glory and greatness of Russia has become the ideological cornerstone of his national development strategy. His foreign policy, therefore, would be tough over the issues of Syria and Iran. Putin sees Russia-US relations as unstable because the US has persistently been meddling in Russia’s backyard. Putin does not see the rise of China as a threat and believes China and Russia need each other to be prosperous and stable.

Putin’s return to the Kremlin occurred when the US is executing its strategic “pivot” to Asia, which is widely perceived in China as an effort to contain a rising China. In a policy conference “US Strategic Pivot to Asia and China’s Security” sponsored by China’s State Security Policy Committee, some analysts debated the need for China to form alliances with other countries, particularly with Russia. The consensus was to deepen the current strategic relationship to the point of forming a quasi alliance, or alliance in essence but not in appearance (非盟之盟), which is far more flexible and pragmatic than an open and declared alliance with Moscow. Despite the fact that no analyst pushed for an open alliance with Moscow, *Huangqiu Shibao* (*Global Times*) used a rather sensational title for the news story, “China alone cannot deal with the US; Sino-Russian military alliance inevitable.” In a separate piece, a Chinese historian argued that China should not avoid allying with Russia just because doing so with the Soviets cost China a lot.

In the midst of high expectations for Putin, a notable exception among Chinese analysts is Wu Dahui, director of the Eurasian Institute of Qinghua University in Beijing, who highlights six tensions in Putin's domestic and foreign policies:

- between Russia's potential as a regional power and its ambition to be a global power;
- between traditional rule of man and rule of law;
- between promoting economic growth based on the current resource-oriented economy and on a future and innovative new economic infrastructure;
- between social welfare and national defense;
- between a mutually needed and competitive relationship with the US; and
- between the existing and future political elites.

Given these constraints, Putin's Russia would have to change while maintaining stability. Russia today is not the Russia that existed when Putin first came to power. Nor is Putin the same. Some likely, as well as inevitable, changes include the transition from hard to soft authoritarianism and from an economy based on "raw" (unprocessed) to processed energy. Wu also predicts that Putin's Russia will be more assertive with the US. He saw this as an opportunity for more cooperative relations between Moscow and Beijing.

Only Putin himself, however, knows what is going on in his mind – aside from former President George W. Bush who claimed, shortly after his first meeting with Putin in Prague in May 2001, that he saw Putin's "soul" in his eyes. Perhaps Bush was not entirely wrong. As Yeltsin's hand-picked successor, Putin's immediate action in 2000 was to distance himself from Yeltsin's "overly pro-China" stance; his first few foreign visits were to Western European capitals. He went so far as to confide to the visiting US Secretary of State Madeline Albright of his "European essence" and superficiality in regard to Asian interests (practicing judo and eating Chinese food) (see, Yu Bin, "New Century, New Face, and China's 'Putin Puzzle'," *Comparative Connections*, Vol. 2, No. 1, April 15, 2000). After 9/11, Putin was the first foreign head of state to pledge support for Washington. This was followed by Russian advisors to Afghanistan, assistance to the Northern Alliance, sharing intelligence, opening up transit routes and allowing the US to use bases in Kyrgyzstan and Uzbekistan. Putin's goal was to make Russia a full partner of the West. In October 2001, Putin went so far as to make a direct request to then NATO Secretary General Robertson in Brussels to join NATO. Robertson's evasive answer was equivalent to a "no." Only after this and NATO ongoing expansion, did Putin become more defensive and assertive in his policies toward the West. In his mind, and perhaps his heart, Putin is by no means anti-West. What he wants is to be equal with the West.

It remains to be seen if Obama's "open microphone" promises to Medvedev on March 26 – that he would have "more flexibility" in missile defense negotiations after the 2012 elections – will

materialize. Perhaps an alliance with China is only a tactic, while Putin's goal is to restore Russia's greatness.

Russia and China draw the line on Syria

During the first four months in 2012 Russia and China closely coordinated their Syria policies:

- On Feb. 4, after days of negotiations, Russia and China vetoed a UN Security Council resolution backing an Arab-West peace plan that called for Syrian President Bashar al-Assad to step down. The other 13 UN Security Council members voted in favor of the resolution. This was the second time that Russia and China vetoed a resolution on Syria; in October 2011, they vetoed a sanctions resolution drafted by Europe condemning Syria.
- On Feb. 16, China and Russia voted against a draft UN General Assembly resolution condemning Syria that was adopted by a 137-12 margin with 17 abstentions.
- On March 1, Russia and China voted against a draft resolution of the UN Human Rights Council condemning crimes in Syria.
- In mid-March, both China and Russia supported Kofi Annan's mission in Syria.

Beyond the UN, Moscow and Beijing adopted a proactive approach to resolving the Syrian conflict. On Feb. 8, Russian Foreign Minister Sergey Lavrov and Foreign Intelligence Service Director Mikhail Fradkov paid a "lightning visit" to Damascus. Although the visit was planned before the UN vote, the two brought al-Assad a message from President Medvedev. This was the first visit to Syria by high-ranking representatives of Russia during the more than 10 months of unrest. On March 7, China sent an envoy to Syria to discuss ways to end the crisis with a six-point peace plan presented to Syrian Foreign Minister Walid Muallem and opposition figures. Meanwhile, China offered \$2 million in humanitarian aid. On April 19, China announced it was considering sending observers to monitor a Syrian ceasefire that came into force a week before.

These proactive policies by Moscow and Beijing were directly shaped by the Libya experience where Russia and China registered huge losses. At the beginning of the year, Moscow and Beijing became sufficiently alarmed by the West's regime-change policy toward Syria. "Russia will not be able to prevent foreign military intervention in Syria, but will never allow such intervention to be sanctioned by the UN Security Council," claimed Foreign Minister Lavrov in mid-January. Later, Deputy Foreign Minister Gennady Gatilov warned that the proposed Western-Arab UN Security Council resolution on Syria would lead the country down a "path to civil war." Russia's policy is understandable, given that Syria is Russia's only ally in the region and Moscow has invested heavily (Russia sold around \$1.5 billion worth of arms to Syria in 2000-2010, making Damascus Moscow's seventh-largest client).

China's calculations, though overlapping with those of Russia to a certain extent, are more complicated. Unlike Russia, which is a seasoned player in Middle Eastern politics, Beijing had until recently been quite aloof from regional politics while focusing almost exclusively on economics. Nor does China have a substantial military and economic stake in Syria. The

prospect of the quick fall of the al-Assad regime, however, convinced Beijing that doing nothing was harmful to the long-term interests of China in the Middle East. An editorial in the *Huanqiu Shibao* (*Global Times*) argued that after the Syria domino, the next would be Iran, where China does have substantial economic and security interests. Moreover, if Iran was in trouble, China-Russian relations would be complicated in that China's dependence on Russian oil would increase. By engaging the West in Syria and Iran, China does not have to face the West in China's vicinity. It is still possible for China to do something to turn the Syrian "revolution" into an "evolution" because the Syrian opposition, the Arab League, and the West are not as united as they appear.

Yan Xuetong, an analyst in Qinghua University in Beijing, calculated the Russian factor somewhat differently. China's veto at the UN served to strengthen ties with Russia, whose strategic support to China is more substantial than that of 33 Arab countries. Russia's support could also be extended to East Asia while the Arab countries have no such an impact. Moreover, the longer the Syria issue continues, the further a war in Iran would be postponed, which means the longer the Chinese will not have to worry oil supply problems. Besides, the more difficulty the West finds in Syria, the less energy the West would divert toward China. In the final analysis, even if China supported the proposed Arab-West resolution, argues Yan, the Arab countries and the West won't appreciate it. Nor would it do anything to improve China's international image.

At the end of April, the Syrian crisis was far from over and the ceasefire remains fragile. The immediate collapse of the al-Assad regime, however, was averted. In March and April when the Iranian and Korean crises were deepening, Moscow and Beijing also worked closely to ensure a soft-landing for both cases.

Multilateralism: SCO and BRICS

By late March when the Syrian crisis had stalemated, Beijing and Moscow turned their attention to the Shanghai Cooperation Organization (SCO). As the rotating chair, China hosted a series of ministerial meetings in preparation for the annual summit that will be held in June in Beijing. These included Russian Deputy Foreign Minister I.V. Morgulov's consultations on March 29 with Chinese Deputy Foreign Minister Cheng Guoping in Beijing, Russian Deputy Foreign Minister A.I. Denisov's meeting in Shanghai with China's First Deputy Foreign Minister Zhang Zhijun on April 5, the seventh session of the SCO Security Council Secretaries Meeting in Beijing on April 11-12, and the SCO Defense Ministers Meeting in Beijing on April 24.

One of the key issues for the SCO is enlargement of the organization, particularly India and Pakistan's accession to full SCO membership and Afghanistan's request for observer status. By April, the prospect of these "upgrades" looked good as both Russia and China expressed support for their accession. According to Foreign Minister Lavrov, the SCO is "now finalizing the legal, organizational and financial aspects of admitting new members," and that all formalities would be completed "in a short time and we can take the decision to admit India and Pakistan."

Until recently, China had not been keen on SCO enlargement. After the annual summit of BRICS nations (Brazil, Russia, India, China, and South Africa) in India on March 29, and especially after the 11th Foreign Ministerial Meeting of Russia, India and China on April 13 in

Moscow, Beijing's concerns seemed alleviated as India, together with the rest of BRICS, moved significantly toward the position of Moscow and Beijing regarding Syria and Iran. As the host nation for the annual BRICS Summit, India's initiative to create a BRICS developmental bank was well received by other member states. Despite some tension, all the BRICS nations called for more responsible economic and financial policies by the West; for ending "excessive liquidity" through aggressive policy actions taken by Western central banks and fostering excessive volatility in capital flows and commodity prices; and for reforming international organizations with more representation of the emerging economies.

Beyond that, the propensity of the BRICS today – with India's active participation – may be indicative of what the SCO will be like with Indian participation as a full member state. Although China's weight within the SCO may be reduced proportionally, it does not mean the end of China's influence within the SCO. In an ironic, as well as pragmatic, sense, China's "excessive" influence in the SCO, particularly in the economic area, may not be in the long-term interests of Beijing as others get increasingly uncomfortable with China's expansive economic power. India's ascension to full membership of the SCO will provide some breathing space for smaller SCO members. Besides, a lack of SCO membership has not prevented India from developing ties with SCO members. In the final analysis, India's international clout and friendly relationship with the West may even strengthen the SCO's international posture.

In April, the accession of Afghanistan to SCO observer status also looked brighter as the SCO members were said to be "actively" discussing the Afghan request, which will be brought up at the June summit, according to SCO Secretary General Muratbek Imanaliyev in Beijing on April 20. The real challenge regarding Afghanistan, however, will come in 2014 when NATO forces will leave the war-torn country. The SCO would have to prepare for that eventuality. In his meeting on April 24 with SCO defense ministers, Vice President Xi Jinping said that China was ready to make solid efforts with other members to advance defense cooperation. Xi, who is poised to take over China from President Hu Jintao later this year, expressed China's readiness to work with other SCO members to develop a blueprint for defense and security cooperation in the future, particularly the SCO's capacity to fend off practical threats.

Naval exercises in the Yellow Sea

Close diplomatic coordination between Beijing and Moscow in the first four months paralleled their military-to-military interactions. At the height of the Syrian crisis, Russian Deputy Chief of the General Staff Serlyukov traveled to Beijing on Feb. 13-14 for talks with Chinese counterpart Ma Xiaotian. Serlyukov's visit was not part of the regular meetings between the Chinese and Russian militaries. In Beijing, Ma greeted Serlyukov with the statement that the visit "is in line with the fundamental interests of the two countries and two peoples for the two militaries to enhance strategic mutual trust and elevate the level of cooperation, which is also conducive to safeguarding *the peace and stability of the region and the world at large.*" [Emphasis added]. Serlyukov later was received by Chen Bingde, member of the Central Military Commission (CMC) and the PLA's chief of general staff. Chen told his Russian guest that "Under the current complex and volatile international and regional situations, the two militaries should strengthen cooperation with each other and promote the development of the China-Russia comprehensive strategic cooperative partnership, which is of far-reaching significance in maintaining the

sovereignty, security and development interests of the two countries and promoting the world peace and stability.” In his reply, Gen. Serlyukov said that the Russian side is “willing to make joint efforts with the Chinese side to strengthen communication and coordination,” so as to consolidate friendship, deepen mutual trust, seek close cooperation and achieve mutual benefits.

The most significant military activity was the Russian-China joint naval exercise codenamed *Maritime Cooperation 2012*” (海上联合-2012; *Morskoye Vzaimodeystviye-2012*) in the Yellow Sea on April 22-27, which was the largest joint exercise between the two countries in seven years. The exercise was jointly initiated by the chiefs of general staff the two militaries during their meeting in August 2011 and was jointly approved by them on April 17, 2012 in a direct telephone conversation.

The exercise included 23 surface ships (seven from Russia and 16 from China), two submarines (from China), 13 fixed-wing aircraft, nine helicopters, and two special operations contingents. According to the Chinese, the exercise was the largest with any foreign navy. Two groups of Russian naval ships participated in the drill: the *Admiral Tributs* anti-submarine warfare ship, the *MB-37* tug boat and the *Pechenga* tanker sailed from the Gulf of Aden and joined the Pacific Fleet’s *Varyag* missile cruiser, the *Admiral Vinogradov* and *Marshal Shaposhnikov* anti-submarine warfare ships, and the *SB-522* tug boat.

The active phase of the exercise began on April 26 with three simultaneous components. The first was to detect a submarine. The second was for the *Marshal Shaposhnikov* to lead the rescue of hostages from a ship held by pirates. The third was for the *Varyag* and *Admiral Tributs* to engage surface and airborne targets, with Chinese drones serving as enemy aircraft.

During the exercise, Rear Adm. Sukhanov, deputy chief of staff of the Russian Navy traveled to the Chinese port city of Qingdao as general director of the exercise for the Russians. His counterpart was Vice Adm. Ding Yiping, deputy commander of the Chinese Navy. Wu Shengli, member of the Central Military Commission (CMC) and commander of the PLA Navy was also in Qingdao during the exercise.

The two sides maintained that the drill was “routine” and “not directed at any third party,” but for deepening “pragmatic cooperation” of the Chinese and Russian navies. The exercise claimed to have a high level of joint actions including a joint exercise direction group, a joint campaign command post, and a joint maritime formation command post. The two navies practiced tasks such as anchorage defense, maritime supply, joint anti-submarine operation, live fire against air, sea, and underwater targets, and search and rescue of a hijacked ship.

By any standard, *Maritime Cooperation 2012* was unprecedented. The assessment of the exercise, however, was also unusual. On one hand, official media from both countries extolled the level of coordination and expertise shared between the two navies. On the other hand, and perhaps for the first time, the Chinese media, particularly the internet chat room discussions, pointed to the outdated equipment and backwardness of the Russian Navy, particularly its surface combatants, even compared with those in the Chinese Navy, let alone those of the Western countries. Some Chinese media also noticed that Russian gunners even failed to knock out a slow moving target drone. Still others warned not to exaggerate the significance of the

exercise, which actually was part of military diplomacy and could by no means be compared with operational exercises conducted by the US and its allies. Even communication between the Russians and Chinese remained problematic. Although the official means of communication for the exercise was Russian, officers from both sides actually used English and hand signals to communicate in the joint headquarters, according to an official *Xinhua* story.

The real significance of the exercise lies in its strategic and even psychological implications. Duan Shaoxian, deputy chief of staff of the PLA Navy, believed that the biggest gain from the exercise was to strengthen strategic trust. Fleet Adm. Ivan Kapitanets remarked that the main aspect of the exercise was the “return to active cooperation” with the friendly Chinese Navy. “It is the first exercise of this scale in more than 10 years, and it is especially important that it is being held with the Chinese Navy. For us, this is a positive development, because the Russian Navy was left alone after the collapse of the USSR, while we had many friendly navies before,” Kapitanets said. For China, the exercise was badly needed given the heightened tension on the Korean Peninsula and growing maritime disputes with Japan and other countries.

Li Keqiang visits Russia

In early 2012 succession issues preoccupied both Moscow and Beijing. By the end of April, Putin was about to be inaugurated for his third term as Russia’s president and Beijing was able to control most of the damage from the fall of a political star (Bo Xilai). When Presidents Medvedev and Hu met in New Delhi on March 28, a day before the annual BRICS Summit, the two countries seemed to be doing business as usual. When Chinese Vice Premier Li Keqiang paid an official visit to Russia on April 26-30, the two countries were working for the next decade of bilateral relations.

Li, who is widely believed to be in line to succeed Premier Wen Jiabao in the fall, was the first Chinese leader to visit Russia after the presidential election. This was a good opportunity for the future leaders to size up each other. In Moscow, Li met President Medvedev, Prime Minister Putin, and Chairman of State Duma Sergei Naryshkin. Putin was described as looking into Li’s eyes and taking careful notes while listening to Li’s remarks, something that Putin never did before in his meetings with other dignitaries. The Li-Putin talks were stretched from one hour to almost two hours. Li reportedly quoted Confucius words, “Promises must be kept and actions must be executed (言必信，行必果).” For this, Li said that Sino-Russian cooperation should not only be pragmatic, but also reciprocate trust.

Li’s visit was not just symbolic. Chinese press reported that Li had an “in-depth exchange of views” with the Russians on preparations for the Beijing SCO Summit scheduled for June and on major international and regional issues of common concern. Li also presided over the signing of 27 commercial agreements worth \$15 billion. During the visit, Li also called for stepping up bilateral, cultural, and people-to-people exchanges, which was the theme of his Russian visit. In Moscow, Li met with a group of Russian veterans of World War II who participated in the battles in China’s northeast against the Japanese. As a sign of Li’s “human touch,” he gave each veteran a special package of Chinese liquor, Chinese tea, a computer, and a blood pressure monitor. Li’s speech to 1,600 students and faculty at the Moscow State University was also said to be well-received by the young Russians.

Li's four-day Russia visit was the beginning of the next decade of bilateral relations. During his visit, an editorial of the *Huanqiu Shibao* (*Global Times*) noted that international relations are at a crossroad and the West has defined China and Russia as part of the non-West. Globalization has expanded the political sphere of the West while restricting the choices for development by non-Western countries. The editorial, titled "Sino-Russian Hand Shake: More Unequivocal and More Elegant [中俄的握手更清晰，也更有魅力]," stated that in the longer term, the biggest challenge for Sino-Russian cooperation is to protect the basic rights of non-Western countries in terms of their national independence and political diversity. This does not mean an open alliance against the West, but a linkage of the reasonable strategic interests of the two countries, which requires self-protection but not external aggression. Therefore, it is imperative for the two governments to make people aware of the importance of Sino-Russian relations. Mutual perceptions of the two peoples have been rather complex and outsiders are eager to sow discord. The two countries need to carefully manage "internal noises" toward each other, particularly when external pressure declines.

The editorial ends by claiming that both China and Russia are world powers and they should maintain a state of equilibrium in the world with their independent postures. They should not be self-deprecating, nor should they follow the footsteps of the West. It is a mistake for either China or Russia to make its relations with the West the main sources of its international influence. It is unclear how Russia received these words, which seem to target both Chinese and Russian audiences. China is embedded in its non-Western, non-Christian, and Confucian roots. Russia's identity, however, remains an undetermined variable.

Chronology of China-Russia Relations **January – April 2012**

Jan. 5, 2012: The 2012 Sino-Russia Tourism Year kicks off in Harbin, Heilongjiang province. The initiative is the third of its kind between China and Russia, following Sino-Russia National Year and the Sino-Russia Year of Language held in 2006 and 2009, respectively.

Feb. 4, 2012: [Russia](#) and [China](#) veto a UN Security Council resolution calling for the Syrian president to step down.

Feb. 4, 2012: Russian Foreign Minister Sergey Lavrov talks by telephone with Chinese counterpart Yang Jiechi regarding a draft UN Security Council resolution on Syria put forward by a group of Western and Arab states.

Feb. 13-14, 2012: Russian Deputy Chief of the General Staff Serlyukov travels to Beijing and meets Chinese counterpart Ma Xiaotian. He is also received by Chen Bingde, member of the Central Military Commission and PLA's chief of general staff.

Feb. 23, 2012: Foreign Minister Lavrov talks by telephone with counterpart Yang Jiechi regarding the situation in Syria.

March 1, 2012: Russia and China vote against a draft resolution of the UN Human Rights Council in Geneva condemning crimes in Syria.

March 5, 2012: President Hu Jintao sends a message to Putin to congratulate him on his election as the president of the Russian Federation.

March 6, 2012: President Hu Jintao talks via telephone with President-elect Putin on bilateral ties and major international and regional issues. They reiterate their commitment to strategic cooperation between the two countries.

March 4-8, 2012: The third round of consultations of the Shanghai Cooperation Organization defense officials (except Uzbekistan) is held in Khujand, Tajikistan, to prepare the *Peace Mission 2012* anti-terrorist exercises.

March 23-25, 2012: Russian Deputy Prime Minister Vladislav Surkov visits China for the opening ceremony of the 2012 Sino-Russia Tourism Year in China. Vice Premier Wang Qishan meets Surkov and the two attend the opening ceremony of Sino-Russia Tourism Year and Sino-Russia Tourism Cooperation Forum in Beijing. Surkov also meets Vice President Xi Jinping.

March 28, 2012: Russian President Dmitry Medvedev and Chinese counterpart Hu Jintao meet in New Delhi before the opening of the annual BRICS Summit and discuss bilateral and international cooperation, particularly the Korean satellite crisis.

March 29, 2012: Russian Deputy Foreign Minister I.V. Morgulov meets Chinese Deputy Foreign Minister Cheng Guoping in Beijing to prepare for the annual SCO Summit.

April 5, 2012: Russian Deputy Foreign Minister A.I. Denisov and China's First Deputy Foreign Minister Zhang Zhijun meet in Shanghai to discuss bilateral relations, SCO, the Middle East, Iran and Korea.

April 11-12, 2012: The seventh session of the SCO Security Council secretaries is held in Beijing and hosted by Chinese State Councilor Meng Jianzhu.

April 13, 2012: FM Lavrov, FM Yang, and Minister of External Affairs S. M. Krishna meet in Moscow for the 11th Meeting of the Foreign Ministers of China, Russia and India. They call for a peaceful solution to the Iranian nuclear issue and oppose new sanctions on North Korea.

April 13, 2012: Military experts from Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and China visit Alabino, Moscow Region. The visit is part of the 26th session of the Joint Control Group consisting of military, technical specialists, and diplomats of the five Asian countries for the implementation of agreements on arms reduction.

April 22-27, 2012: Russia and China conduct the *Maritime Cooperation 2012* joint naval exercise in the Yellow Sea.

April 24, 2012: SCO Defense Ministerial Meeting is held in Beijing and chaired by Defense Minister Liang Guanglie. Vice President Xi Jinping meets SCO defense ministers.

April 24, 2012: The seventh session of the SCO Forum opens in Almaty as a prelude to the SCO annual summit. Participants include more than 80 delegates and experts from SCO bodies, members, observers, dialogue partners, Afghanistan, and the EurAsian Economic Community.

April 24, 2012: A meeting of the chief justices of SCO member states is held in Beijing.

April 26-27, 2012: Deputy Prime Minister Dmitry Rogozin visits Beijing and meets Gen. Guo Boxiong, vice chairman of the Central Military Commission and State Councilor Dai Bingguo.

April 26-30, 2012: Vice Premier Li Keqiang visits Russia where he is received by President Medvedev, Prime Minister Putin and Chairman of State Duma Sergei Naryshkin. Li also travels to Kazan and meets local leaders of the Volga Federal District.

About The Contributors

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