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, DC. 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.

The online version of Comparative Connections is available at https://cc.csis.org.
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BY RALPH COSSA, PACIFIC FORUM CSIS & BRAD GLOSSERMAN, PACIFIC FORUM CSIS

In our last issue we argued that there had been more continuity than change in America’s Asia policy. The Trump administration’s senior national security team has tried to prove us right over the past four months. Defense Secretary James Mattis noted that the Asia Pacific remained “a priority region” for the US. Secretary of State Rex Tillerson reaffirmed the US commitment to democracy and human rights while laying out Washington’s “peaceful pressure” policy against Pyongyang. Acting Assistant Secretary of State Susan Thornton said that America’s “active engagement [in Asia] is frankly continuing and is not going to be changing anytime soon.” The major exception was the abandonment of the Trans-Pacific Partnership (TPP) and the president’s frontal attack on “bad” trade deals. These attacks, against the Korea-US Free Trade Agreement (KORUS) and the North America Free Trade Agreement (NAFTA) have continued, although the US has not (yet) withdrawn from either accord. The final statements from two major economic gatherings in recent months, the G7 and G20 Summits, endorsed the principles of free trade, although this was despite, rather than because of, the US, which used to champion this cause. The absence of US leadership has compelled others to speak up and carry the ball.

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BY SHEILA A. SMITH, COUNCIL ON FOREIGN RELATIONS & CHARLES MCCLEAN, UNIVERSITY OF CALIFORNIA, SAN DIEGO

The summer of 2017 was an uneasy one in both Tokyo and Washington. In Japan, Prime Minister Abe Shinzo struggled as public approval dropped precipitously following scandals and a miserable performance for his party in the Tokyo metropolitan elections. In the US, President Donald Trump moved from conflict to conflict, resulting in a historically low approval rating for a new administration and deep fissures within the Republican Party. Alliance cooperation largely focused on the continuing tensions with North Korea. A long-awaited Japan-US Security Consultative Committee (2+2 Meeting) between the defense and foreign policy principals could not be scheduled until after Abe reshuffled his Cabinet in August. While the discussions proved cordial, there was little indication that a strategic look ahead was in the making. Troubles at home for both administrations seemed to forestall any effort at a comprehensive US-Japan discussion about the Asia-Pacific region.
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BY BONNIE GLASER, CSIS/PACIFIC FORUM & COLLIN NORKIEWICZ, CSIS

The Trump administration’s focus on increasing pressure on North Korea to abandon its nuclear and missile programs kept that issue at the top of the US–China agenda. In phone calls and a meeting between Presidents Trump and Xi Jinping on the margins of the G20 Summit, at the Diplomatic and Security Dialogue, and at the ASEAN Regional Forum, North Korea received the greatest attention as the US urged Beijing to use its economic leverage against Pyongyang in a bid to change Kim Jung Un’s calculus. After a seven-month hiatus, the US resumed freedom of navigation (FON) operations in the South China Sea, conducting one operation in the Spratly Islands in May and another in the Paracel Islands in July. Marine Corps Gen. Joseph Dunford made his first visit to China as chairman of the US Joint Chiefs of Staff. The first Comprehensive Economic Dialogue convened, but made little progress in easing bilateral economic friction. In August, the Trump administration formally initiated a Section 301 investigation into China’s theft of intellectual property.

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BY STEPHEN NOERPER, KOREA SOCIETY AND COLUMBIA UNIVERSITY

Tensions rose to new levels on the Korean Peninsula as North Korea fired multiple missiles demonstrating markedly enhanced capabilities and crowned the Labor Day weekend with a sixth nuclear test with a significantly larger yield than previous tests. The United States tackled its most significant global security challenge by reinforcing its deterrent capabilities, tightening the financial noose on the North, President Trump tweeting stern warnings, and military and diplomatic leaders calling for dialogue. South Korea responded by reiterating its military readiness, expanding its own missile capabilities, and reeling from Trump’s rhetoric that likened President Moon Jae-in’s push for talks to “appeasement” and his threat to scrap the KORUS trade agreement. Despite joint military exercises, live fire drills, B-1 dispatches, and shared statements condemning Pyongyang to signal alliance strength, the relationship between the United States and South Korea appears frayed in dramatic new ways.

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BY SHELDON W. SIMON, ARIZONA STATE UNIVERSITY

Unlike its predecessor, the Trump administration has not devoted much attention to Southeast Asia; there is no clear policy toward the region. Instead, two areas have been emphasized: an increase in the number of Navy ship-days in the South China Sea and regular economic pressure on Southeast Asian states based on the president’s “America First” principle. Insofar as there is a security policy, it has been to gain support for Washington’s efforts to isolate North Korea. US relations with the Philippines have improved because there have been limited complaints about President Duterte’s war on drugs and increased support for the Philippine Armed Forces’ counterterrorism actions in Mindanao. Vietnam Prime Minister Nguyen Xuan Phuc’s trip to Washington focused on reducing Hanoi’s trade surplus, and, in August, Secretary of Defense Mattis promised a visit by a US aircraft carrier to Vietnam, the first since the end of the Vietnam War. Washington applauded the ASEAN–China agreement on a framework for a code of conduct for the South China Sea, urging that the actual code be legally binding, a stipulation opposed by China.
STEWARDSHIP IN SOUTH CHINA SEA

BY ROBERT SUTTER, GEORGE WASHINGTON UNIVERSITY & CHIN-HAO HUANG, YALE-NUS COLLEGE

Though periodically distracted by the North Korea crisis that intruded on deliberations during the ASEAN Regional Forum and other ASEAN meetings in Manila, China–Southeast Asia relations remained focused on the South China Sea. China and ASEAN reached agreement on a framework for a code of conduct in the South China Sea that supported Beijing interests. Modest advances in Chinese control of the territory and resources of the South China Sea continued while Beijing rebuffed Philippine and Vietnamese efforts to unilaterally drill for oil and gas in their exclusive economic zones that fall within China’s broad claim. Challenges posed by US freedom of navigation exercises and statements by US and allied leaders at odds with China’s policies and practices were dismissed as Chinese propaganda outlets highlighted Xi Jinping’s personal leadership in China’s success in the South China Sea amidst the hagiography for him prior to the 19th Party Congress that will be held this fall.

CHINA INCREASES PRESSURE, TSAI HOLDS THE LINE

BY DAVID G. BROWN, JOHNS HOPKINS SCHOOL OF ADVANCED INTERNATIONAL STUDIES & KEVIN C. SCOTT

In the run-up to the 19th Party Congress, Beijing has pursued an inflexible policy toward Taiwan, consistently blocking its international participation, establishing diplomatic relations with Panama, and conducting military exercises around Taiwan. Despite such pressures, President Tsai, whose priorities are domestic economic and social reform, has not changed her policy that neither accepts nor explicitly challenges Beijing’s one-China principle, and she has urged Beijing to join in seeking a new formula. With the US Congress expressing increased support for Taiwan, the Trump administration approved a new arms sales package and took other steps to improve ties with Taiwan. Beijing has warned Washington about closer ties with Taipei, raising the prospect that Taiwan will again become a divisive issue in US–China relations. In the absence of dialogue, unstable and risky cross-strait relations will continue in the months ahead.

HAS KIM JONG UN MADE SUNSHINE MOONSHINE?

BY AIDAN FOSTER-CARTER, LEEDS UNIVERSITY, UK

Despite dreaming that the inauguration of Moon Jae-in as the new president in South Korea would lead to an improvement in North–South relations, events over the summer of 2017 precluded any semblance of reconciliation on the Korean Peninsula. In the context of Kim Jong Un’s aggressive pursuit of the North’s ballistic missile and nuclear weapon programs, Moon’s olive branches were consistently rebuffed while Kim exchanged bombastic rhetoric with US President Donald Trump and thumbed his nose at the UN Security Council. By summer’s end, there was little prospect for a return to the “sunshine” era in the South. Instead, South Koreans were increasingly interested in having their own nuclear weapons and the South Korean military openly talking about a decapitation unit to deal with the North Korean leadership.
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BY SCOTT SNYDER, COUNCIL ON FOREIGN RELATIONS & SEE-WON BYUN, BATES COLLEGE

Days after Moon Jae-in’s presidential victory in Seoul on May 9, Pyongyang continued a series of missile tests that demonstrated the range and capability of its weapons, including an intercontinental ballistic missile capable of striking the United States. Early exchanges between Chinese leaders and the new Moon administration provided a chance to reset bilateral ties, including at Beijing’s Belt and Road Forum in June and South Korea’s hosting of the AIIB meeting in Jeju a month later. China supported the adoption of new UN Security Council Resolutions 2356 and 2371 on North Korea, pledging to enforce expanded sanctions and announcing domestic measures to enhance sanctions enforcement. The China-ROK strategic dialogue in June and the first Xi-Moon meeting in July, however, failed to narrow differences over THAAD, clouding Beijing and Seoul’s 25th anniversary celebrations of diplomatic normalization in August. Meanwhile, public attacks between Chinese and North Korean media indicate continued deterioration in the China-DPRK relationship.

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BY JUNE TEUFEL DREYER, POLITICAL SCIENCE DEPARTMENT, UNIVERSITY OF MIAMI

The pattern of warm trade and cold politics continued over the summer of 2017. No discernible progress was made in resolving issues between Japan and China. Leadership interaction was limited, while economic relations showed some signs of improving and tensions in the East China Sea dominated defense activity. At the end of September, the government-sponsored China Daily opined that it was “no exaggeration to say that the past five years have been among the darkest days in Sino-Japanese ties since the two established formal diplomatic ties.”

ON BOARD FOR A DUAL TRACK APPROACH .................. 101

BY DAVID KANG, UNIVERSITY OF SOUTHERN CALIFORNIA & KYURI PARK, UNIVERSITY OF SOUTHERN CALIFORNIA

With the inauguration of Moon Jae-in in South Korea on May 10, relations between Seoul and Tokyo witnessed a significant turnaround over the summer months of 2017. In particular, the dispute over the “comfort women” agreement reached in 2015 escalated as the Moon administration reversed course, launching a task force on July 31 to review the agreement. Meanwhile, concerns that measures the Park administration had adopted to improve security ties with Japan might be revoked were dispelled when Seoul and Tokyo agreed to maintain close security cooperation on the North Korea issue. In addition, despite the continued tension over Dokdo/Takeshima and Japan’s wartime crimes, Seoul and Tokyo chose to “pursue forward-looking relations” through diplomatic exchanges. Given that the Moon administration has indicated that it wants relations to go smoothly regardless of the comfort women issue, we expect diplomatic exchanges and security cooperation to continue. Sustained improvement will depend on South Korea’s “final” decision on the 2015 comfort women agreement.
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BY YU BIN, WITENBERG UNIVERSITY

Between April and early September, top Chinese and Russian leaders met four times: in Beijing (BRI Summit), Astana (SCO Summit), Moscow (Xi’s official visit), and Xiamen (BRICS Summit). Each time, Xi and Putin hammered on the “best-ever” theme for Sino-Russian relations. Meanwhile, the two militaries signed a four-year guideline for military cooperation and conducted their first naval exercise in the Baltic Sea. The world according to Beijing and Moscow, however, was being turned upside-down and inside-out as threats of nuclear war were hurled between the US and North Korea. Moscow and Beijing tried hard to coordinate their Korea policies. In May, China’s Belt and Road Initiative (BRI) Forum received Russia’s public if not enthusiastic support. India’s unambiguous objection, however, turned out to be the precursor to a protracted standoff between India and China over a remote road on the Doklam plateau. The crisis was defused only a few days before the BRICS Summit in Xiamen. Few, if any, of those gathered at the summit’s 10th anniversary expected to be jolted by North Korea’s hydrogen bomb test on Sept. 3. Welcome to a brave new world of strong, and sometimes strange, leaders whose decisions have serious consequences for the world.

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BY GRAEME DOBELL, AUSTRALIAN STRATEGIC POLICY INSTITUTE

The uncertainty generated by President Donald Trump has made Australia cling ever tighter to the US alliance. The Trump effect hit Canberra within days of Trump taking office. The phrase “shock and awe” springs to mind – rendered in the alliance realm as “shake and appall.” The first phone conversation between Trump and Prime Minister Malcolm Turnbull was a version of “shake, rattle and roll.” Canberra wants to play nice with The Donald, and say nothing publicly that is critical of the president. The template for the Australian approach was on display early when the president withdrew the US from the Trans-Pacific Partnership. The Turnbull government expressed great regret at the decision but said nothing about the man who’d made it. While striving not to affront the president, Australia’s language about China has become shriller. Tongue-tied by Trump, Canberra gives stronger voice to concerns about China. Turnbull has referred to the “dark view” of a “coercive China” seeking Asia domination. Stern words about China’s threat to the rules-based system serve a dual purpose: speak to Beijing about the value of the system while implicitly pleading with the US not to abandon what it has built and policed – and mightily profited from.

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In our last issue we argued that there had been more continuity than change in America’s Asia policy. The Trump administration’s senior national security team has tried to prove us right over the past four months. Defense Secretary James Mattis noted that the Asia Pacific remained “a priority region” for the US. Secretary of State Rex Tillerson reaffirmed the US commitment to democracy and human rights while laying out Washington’s “peaceful pressure” policy against Pyongyang. Acting Assistant Secretary of State Susan Thornton said that America’s “active engagement [in Asia] is frankly continuing and is not going to be changing anytime soon.” The major exception was the abandonment of the Trans-Pacific Partnership (TPP) and the president’s frontal attack on “bad” trade deals. These attacks, against the Korea-US Free Trade Agreement (KORUS) and the North America Free Trade Agreement (NAFTA) have continued, although the US has not (yet) withdrawn from either accord. The final statements from two major economic gatherings in recent months, the G7 and G20 Summits, endorsed the principles of free trade, although this was despite, rather than because of, the US, which used to champion this cause. The absence of US leadership has compelled others to speak up and carry the ball.
Emerging Trump doctrine: “principled realism”

We will start our review slightly outside the Asia-Pacific region to show that continuity is not an East Asia phenomenon. In explaining his decision to stay the course in Afghanistan and support a (modest) troop enhancement (dare we call it a “surge”?), President Trump noted that “my original instinct was to pull out – and, historically, I like following my instincts. But all my life I’ve heard that decisions are much different when you sit behind the desk in the Oval Office; in other words, when you’re President of the United States.”

After examining the consequences of a rapid exit from Afghanistan and finding them “predictable and unacceptable,” Trump OK’d a Pentagon request to bring in additional troops as part of US efforts to “work with allies and partners to protect our shared interests.” In contrast with previous administrations, he did note that he would be basing decisions on “conditions on the ground” rather than “arbitrary timetables,” while “integrating American diplomatic, economic, and military power to achieve America’s goals.” While one can argue the wisdom of staying the course in Afghanistan, Trump’s decision was a thoughtful one, driven by US national interests and with consideration for near- and long-term consequences. This tendency to trust his generals rather than his instincts could also pay dividends if followed in regard to North Korea.

Mattis reaffirms US commitment to freedom of navigation

Defense Secretary Mattis’ speech at the Shangri-La Dialogue in Singapore repeated all the themes stressed by previous administrations. “The United States is a Pacific nation, both in geography and outlook” he asserted; the Asia-Pacific region is “a priority region for us.” The US has an “enduring commitment to the security and prosperity of this region. That enduring commitment is based on strategic interests, and on shared values of free people, free markets and a strong and vibrant economic partnership, a partnership open to all nations, regardless of their size, their populations, or the number of ships in their navies, or any other qualifier.”

“America’s engagement” he continued, “is also based on strong military partnerships, robust investment and trade relationships, and close ties between the peoples of our countries.” Like his predecessor Defense Secretary Ash Carter, Mattis expressed a strong US commitment to freedom of navigation: “the United States remains committed to protecting the rights, freedoms and lawful uses of the sea, and the ability of countries to exercise those rights in the strategically important East and South China Seas.”

Noting that the 2016 ruling by the UNCLOS Tribunal at the Permanent Court of Arbitration on the case brought by the Philippines on the South China Sea is “binding,” he called on “all claimants to use this as a starting point to peacefully manage their disputes in the South China Sea.” The US opposes “countries militarizing artificial islands and enforcing excessive maritime claims unsupported by international law. We cannot and will not accept unilateral coercive changes to the status quo.”

In 2015 and 2016, then–Defense Secretary Carter had strongly stated that “the United States will continue to fly, sail, and operate wherever international law allows, so that everyone in the region can do the same.” Mattis repeated this pledge: “We will continue to fly, sail and operate wherever international law allows, and demonstrate resolve through operational presence in the South China Sea and beyond.”

Tillerson defines “America first”

In remarks to State Department employees in early May, Secretary Tillerson shared his perspective on “how you translate ‘America first’ into our foreign policy”: “it’s America first for national security and economic prosperity, and that doesn’t mean it comes at the expense of others. Our partnerships and our alliances are critical to our success in both of those areas.” Arguing that “when we deal with our trading partners – that things have gotten a little out of bounds here, they’ve gotten a little off balance – we’ve got to bring that back into balance because it’s not serving the interests of the American people well.”

But, he argued, “it doesn’t have to come at the expense of others, but it does have to come at an engagement with others. And so as we’re building our policies around those notions, that’s what we want to support. But at the end of it, it is strengthening our national security and promoting economic prosperity for the
Tillerson also tried to explain the difference between US values, which are enduring, and US policies, which may shift during the pursuit of these values: “guiding all of our foreign policy actions are our fundamental values: our values around freedom, human dignity, the way people are treated. Those are our values. Those are not our policies; they’re values. And the reason it’s important, I think, to keep that well understood is policies can change. They do change. They should change. Policies change to adapt to the – our values never change. They’re constant throughout all of this.”

But, he warned, “if you condition our national security efforts on someone adopting our values, we probably can’t achieve our national security goals or our national security interests. If we condition too heavily that others must adopt this value that we’ve come to over a long history of our own, it really creates obstacles to our ability to advance our national security interests, our economic interests. It doesn’t mean that we leave those values on the sidelines. It doesn’t mean that we don’t advocate for and aspire to freedom, human dignity, and the treatment of people the world over. We do. And we will always have that on our shoulder everywhere we go.”

Remember when then–Secretary of State Hillary Clinton suggested that human rights somehow took a back seat to broader geopolitical interests in dealing with China? Tillerson just said essentially the same thing. This approach has resulted in (slightly) improved relations with several Southeast Asian nations (Philippines, Thailand, Malaysia) that had been roundly criticized by the previous administration. It did not, however, prevent the State Department from speaking out in support of the rights of Myanmar’s Rohingya minority.

**North Korea: regime transformation remains the goal**

Secretary Tillerson also argued that the administration was being “very open and transparent about our intentions” when it came to dealing with North Korea. Echoing assurances provided by at least four prior administrations, he noted that US policy “is not about regime change, this is not about regime collapse, this is not about an accelerated reunification of the peninsula, this is not about us looking for an excuse to come north of the 38th Parallel. So we’re trying to be very, very clear and resolute in our message to them that your future security and economic prosperity can only be achieved through your following your commitments to denuclearize.”

Secretary Tillerson did not rule out eventual dialogue: “We are ready and prepared to engage in talks when conditions are right. But as you’ve heard me say, we are not going to negotiate our way to the negotiating table. That is what Pyongyang has done for the last 20 years, is cause us to have to negotiate to get them to sit down. We’ll sit down when they’re ready to sit down under the right terms.” The goal of the administration’s “peaceful pressure” policy is thus to persuade Pyongyang that the costs of not denuclearizing will exceed the costs of doing so. Regime transformation remains the objective, as it was for Obama and several of his predecessors. “Peaceful pressure,” we would argue, is very much like “Obama’s “strategic patience” approach, only louder.

Regardless of the arguable nuances between the two approaches, one thing unfortunately is unchanged: Pyongyang remains unconvinced. We will leave it to our fellow authors of Korea–related chapters to discuss in more detail Pyongyang’s actions and their implications but must note for the record the Sept. 3 test of an estimated 150 kiloton “city buster” nuclear weapon and earlier intermediate range and intercontinental ballistic missile (ICBM) tests. Efforts to “bring Kim Jong Un to his senses” are still not working. It remains to be seen if a further tightening of the noose, anticipated (or at least hoped for) in the wake of the sixth nuclear test, will have the desired effect.
Looking ahead in Korea

Given the increase in both missile tests and rhetoric, many are predicting some type of Armageddon – “fire and fury like the world has never seen” – in the coming months. Not hardly! Trump and his generals know that nothing short of an attack against the US or its allies would justify or merit a major military operation against the DPRK and Kim Jong Un is not crazy; his quest for nuclear weapons is aimed at regime survival, not annihilation.

Once Kim is convinced that we are convinced that his deterrence capabilities are credible and in place – and he could very well be close to this point after the latest nuclear and ICBM tests – he will likely agree to sit down and discuss a freeze in testing (but not on his missile or nuclear programs per se; the centrifuges will keep spinning and static testing will continue unabated). In return, he will seek not only a reduction or elimination of military exercises but primarily a lifting of sanctions and a resumption of economic and humanitarian assistance so that he can deliver on his Byungjin policy’s dual promise of both economic development and nuclear weapons. The world will have to live with North Korea as a de facto nuclear weapon state with the prospects of nuclear blackmail, which are almost certain to follow. Hard as it is to believe right now (and as foolhardy as it is to try to make predictions regarding Pyongyang), we are more likely to be writing about the North’s latest smile offensive in four months’ time than picking up the pieces after a military strike by one side or the other.

And then there’s US trade policy!!!

Apparently, politics and physics share at least two immutable laws: for every action there is an equal and opposite reaction and nature abhors a vacuum. Thus, President Trump’s apparent abdication of the US role in protecting the international economic order has prompted other leaders to fill that void. At international gatherings throughout the quadrimester, the US has been alarmingly consistent in its retreat from language supporting a free and open trading system, compelling other governments to stand up more forcefully against protectionism. Some of those new defenders are opportunists, whose rhetoric does not align with their government’s policies. Still, if Trump’s retreat from decades of US trade orthodoxy obliges other governments to pick up the slack, some good may yet come from America’s new trade nationalism.

For decades, gatherings of world economic and political leaders invariably mouthed paens to free trade and promised to avoid protectionism. The single most important statement that came from the G20 meeting in the aftermath of the Global Financial Crisis in 2007–8 was the pledge to disavow protectionism and ensure that borders remained open. Over time, that commitment eroded but it has been the hymnal of global economic policy and the chorus was led by the US president. Trump and his team sing from a different song sheet.

At the G7 finance ministers meeting in Bari, Italy in early May, US objections obliged the group to water down its statement in which they were “working to strengthen the contribution of trade to our economies” rather than overtly fight protectionism. At the Asia Pacific Economic Cooperation (APEC) trade ministers meeting in Hanoi shortly thereafter, the final declaration made no mention of protectionism, a marked retreat from language in the minister’s meeting in November 2016. Again, US objections were identified as the obstacle. At the G7 Leaders’ Summit in Taormina also held in May, the final declarations reiterated the leaders’ commitment “to fight protectionism,” but hedged at Trump’s reported insistence by including that “we commit to adopting appropriate policies so that all firms and citizens can make the most of opportunities offered by the global economy.” The G20 Hamburg Summit that followed in July ultimately agreed on similar language, offering support for...
protectionism but promising to fight unfair trade practices. This formula was characterized by German Chancellor Angela Merkel, host of the meeting, as “a compromise” that followed hard bargaining with the US.

Eagle-eyed observers will note that the leaders’ declarations don’t drastically depart from established policy, but all reporting has indicated intense US opposition to the traditional language. More revealing are statements from US officials about existing trade deals, in particular the president’s inclination to rip them up and start again to get something better for the US. NAFTA? End it. The Korea–US Free Trade Agreement (KORUS)? “A horrible deal.” (Although Trump isn’t as inclined to tear it up in the wake of North Korea’s sixth nuclear test.) He even appears ready to pick a fight with China over intellectual property rights and advanced technology.

These may be negotiating ploys to maximize US leverage — and all such deals include clauses calling for periodic assessment and modernization and the US has not elected (yet) to walk away from these deals, tweets notwithstanding — but even so, Trump’s apparent readiness to undo decades of trade deals is evidence of new thinking about trade policy in the pursuit of his “America First” agenda. (One of the great ironies of this approach is that reportedly some of the changes that his administration is pushing in the NAFTA renegotiation are modeled after provisions in the Trans-Pacific Partnership (TPP) that Trump withdrew from on day one of his administration.)

Trump’s position has created opportunities for other world leaders to assume the mantle of “protector of an open trading order.” In this, as in so many other endeavors, German Chancellor Merkel is among them. But no one has been as assiduous as Chinese President Xi Jinping in staking out that role. Xi has positioned himself (and China) as the defender of globalization. Speaking at the Belt and Road Forum in Beijing in May, he declared “We need to seek results through greater openness and cooperation, avoid fragmentation, refrain from setting inhibitive thresholds for cooperation or pursuing exclusive arrangements, and reject protectionism.” Three months later, at the BRICS Summit he hosted in Xiamen, he contrasted China’s policies with “Some countries [who] have become more inward-looking, and [whose] desire to participate in global development cooperation has decreased.” He went on to note at the BRICS conclave that “Beggar-thy-neighbor policy and a zero-sum game mind set don’t benefit global economic growth.”

Xi smells opportunity more generally: US retreat from global leadership not only creates space for his global leadership but it allows for a more aggressive attempt to rewrite global rules in a way that benefits China and like-minded “revisionist” powers. No assembly is more eager to exploit that opportunity than the BRICS, the group that includes Brazil, Russia, India, China and South Africa, and seeks a more distributed and decentralized global order. Their annual summit, held this year in Xiamen, was especially timely and fueled more than the usual speculations about the group’s role, influence, and future. That interest was ironic given deepening divisions among members: the growing gap between the economies that have grown with globalization (China and India) and those “disadvantaged” by it (Brazil, South Africa, and to a lesser degree Russia) and the military face-off between China and India over disputed territory in Dokla that ended just before – and likely because of – the summit.

Another champion in the fight for trade has been Japanese Prime Minister Abe Shinzo. Abe has been the most stalwart defender of the TPP and, after recognizing the depth of Trump’s antipathy to it, has pushed for a residual deal that keeps the agreement alive. In May, the 11 remaining members agreed to try to move ahead without the US, in the hope of concluding a deal by November. Two months later, representatives of those 11 governments met in Japan to see what common ground they could find. Japan’s chief negotiator summarized the progress, noting the 11 “achieved mutual understanding on a path forward” without the US. “We need a new international agreement,” he said. "I think we have reached a rough picture of what it will be like.” Deadlines invariably slip, so a November agreement would be a nothing less than a diplomatic tour de force; still, the commitment to preserving TPP is notable.

Not just in good ways, though, concluded some Chinese. In analysis published in China Daily, a senior writer editorialized that preserving TPP is a “desperate” move by Japan “to widen its influence in the region ... [and] to contain China’s economic influence in the region.”
Instead, Japan should “wake up from its TPP dream” and embrace “more inclusive regional economic arrangements such as the Regional Comprehensive Economic Partnership (RCEP)” which is backed by China.

If Tokyo and Beijing are truly committed to free and open trade, they will push for any and all opportunities to reduce barriers and obstacles, recognizing more stringent deals (like TPP, touted as a “gold standard”) as goals and less onerous ones (like RCEP) as intermediate steps toward a more liberal order. Otherwise, it all looks like posturing and political theater, and we don’t need more of that.

Whither the pivot?

In summary, while terms like pivot and rebalance not surprisingly departed with the Obama administration, Asia remains a “high priority” area for this administration, especially when it comes to regional security. Acting Assistant Secretary of State for East Asia and the Pacific (and the choice of many for the position permanently) Susan Thornton addressed the “rebalance” head on, when asked during an August 2 teleconference if this strategy had been abandoned by the Trump administration:

“I think that slogans are sometimes overrated or overused, but certainly, what the rebalance was trying to denote was that the U.S. is an Asia Pacific power, we’re going to be engaged in the Asia Pacific region, we’re a provider of security in the region, it’s key to our prosperity and our economic future, and we are going to pay a lot of attention to Asia and we’re going to put a lot of resources into our policy focus and our engagement and our interaction with Asia.

And so I think you’ve seen the engagement by all – so many high-level officials, with leaders coming here, with our high-level cabinet officials going there, with the President’s trip upcoming later this fall, so I think it’s really just a matter of naming it. And I think I would say our active engagement is frankly continuing and is not going to be changing anytime soon.”

As we argued in our May Regional Overview, administrations may change but national interests do not. But if this is true, then why does everyone in Asia still seem so nervous? Part of it is the concern that comes with any regime change in Washington. National security strategy documents outlining the overall direction of US policy are still to be written and many fear the worst, even though continuity has traditionally been the order of the day.

But a big part is the uncertainty and unpredictability, sometimes by accident but often by design, in President Trump’s personal approach to foreign policy (and politics in general). US leaders in our lifetime have been aware of one simple fact: presidents don’t have personal opinions. Whatever a president says is seen as a declaration of US policy. But this is not always the case when it comes to this president, especially during his early morning visits to the Twittersphere.

President Trump’s recent reassurance that a military option vis-à-vis North Korea is “not a first choice” suggests he is becoming more aware of and concerned about how his words are affecting friends and allies as well as potential adversaries. It’s been a steep learning curve, more often characterized by curves than by straight-line progress. But there are encouraging signs. New White House Chief of Staff Gen. John Kelly seems to be bringing discipline and thoughtfulness to the White House and the departure of bomb-throwers like Steve Bannon and Sebastian Gorka has caused a few loud sighs of relief. Now if the tweets would only stop, perhaps a more stable “new normal” can be achieved.
REGIONAL CHRONOLOGY

MAY – AUGUST 2017

April 29 – May 2, 2017: CIA Director Mike Pompeo makes unannounced visit to South Korea and meets counterpart in South Korea’s National Intelligence Service and other senior South Korean and US officials.

May 1, 2017: US Forces Korea announces that the recently deployed Terminal High Altitude Area Defense (THAAD) missile defense system has achieved initial operational capability.

May 2, 2017: China calls for immediate dismantlement of the THAAD missile defense system in South Korea.

May 4, 2017: Secretary of State Rex Tillerson meets foreign minister of 10 ASEAN countries in Washington and urges them to do more to help cut funding streams for North Korea’s nuclear and missile programs and to minimize diplomatic relations with Pyongyang.

May 5, 2017: North Korea accuses the US CIA and South Korea’s intelligence service of a plot to attack its “supreme leadership” with a biochemical weapon.

May 8 – 19, 2017: US and Philippines conduct 33rd iteration of Balikatan military exercises, with special focus on humanitarian assistance and disaster relief (HADR) and counter-terrorism operations, in multiple locations in the Philippines.

May 9, 2017: Jakarta Gov. Basuki Tjahaja Purnama is found guilty of blasphemy and sentenced to two years in prison following a trial seen as a test of Indonesia’s religious tolerance.

May 11, 2017: In Beijing for the Belt and Road Forum, Vietnam’s President Tran Dai Quang meets President Xi Jinping at the Great Hall of the People. They have “positive” talks, “without any criticism of each other” on the South China Sea.

May 14, 2017: North Korea conducts a test of what KCNA identifies as a Hwasong-12 missile and describes as a “medium long-range missile that “can carry a heavy nuclear warhead.”

May 14 – 15, 2017: China hosts delegates from 138 countries for Belt and Road Forum in Beijing, including: Philippines’ President Rodrigo Duterte, Malaysia’s Prime Minister Najib Razak, Indonesia’s President Joko Widodo, Vietnam’s President Tran Dai Quang, Cambodian Prime Minister Hun Sen, Laotian President Bounnhang Vorachith, and Myanmar’s State Counselor Aung San Suu Kyi.

May 18, 2017: The 14th meeting of senior officials from China and ASEAN on implementation of a code of conduct (COC) in the South China Sea is held in Guiyan, China. Participants agree on a draft COC, which will be submitted to the foreign ministers for consideration.

May 21, 2017: North Korea launches an intermediate-range missile (Pukguksong-2, also known as KN-15) 500 km into the East Sea (Sea of Japan). KCNA claims the test demonstrates accuracy of the missile’s guidance system and confirms the capacity of the rocket’s propulsion system.

May 21, 2017: US, ROK, and Japan call for an emergency session of the UN Security Council to discuss the latest missile launch by North Korea.

May 21, 2017: On the sidelines of APEC meetings in Hanoi, the remaining 11 countries of Trans-Pacific Partnership (TPP) agree to pursue the trade agreement without the US. The APEC forum fails to issue a consensus statement when the US refuses wording agreed by the other 20 APEC countries that supported free trade and opposed protectionism.

May 22, 2017: UNSC condemns North Korea’s latest missile test and directs its sanctions committee to redouble its efforts to implement existing sanctions.

May 23-24, 2017: Philippine President Duterte visits Russia and meets President Vladimir Putin. Duterte cuts his trip short after declaring martial law in Mindanao following a skirmish between the military and members of the Maute Group, a terrorist group affiliated with the Islamic State.

May 29-31, 2017: Vietnam Prime Minister Nguyen Xuan Phuc visits the US and meets President Trump, first Southeast Asian leader to visit Washington during Trump administration.

June 1-3, 2017: USS Carl Vinson and USS Ronald Reagan strike groups and Japanese destroyers Hyuga and Ashigara conduct a joint exercise in the Sea of Japan (East Sea).

June 2-4, 2017: Shangri-La Dialogue (16th Asia Security Summit) is held in Singapore.

June 2, 2017: UNSC expands North Korea sanctions, banning 14 officials from traveling to UN member states and four companies, including Koryo Bank and Kangbong Trading, from doing business with UN member state entities.

June 4-8, 2017: Vietnam’s PM Nguyen visits Japan and meets Prime Minister Abe Shinzo.

June 5-6, 2017: Secretary of State Tillerson and Secretary of Defense James Mattis visit Sydney for the 2017 Australia-US Ministerial Consultations hosted by Foreign Minister Julie Bishop and Defense Minister Marise Payne.

June 8, 2017: Two US Air Force B-1B Lancer bombers fly a training mission from Guam over the South China Sea in conjunction with the Navy’s USS Sterett guided-missile destroyer.

June 9, 2017: The 17th meeting of the Council of Heads of States of the Shanghai Cooperation Organization (SCO) is held in Astana.

June 13, 2017: Otto Warmbier, a US citizen who had been detained in North Korea since January 2016, is released to US Special Representative for North Korean Policy Joseph Yun and returns to the US. He reportedly has been in a comatose state for the past 17 months.

June 16, 2017: Indian Army intercepts and stalls road-laying efforts by Chinese in Doka La area of the Doklam Plateau, leading to a standoff between the Indian Army and China’s PLA.

June 19, 2017: Indonesia, Malaysia, and Philippines launch trilateral maritime patrols of borders, which will allow hot pursuit operations to cross borders until authorities of the other country take over.

June 20-23, 2017: China stages military exercises in the Paracel Islands.


June 25-26, 2017: Indian Prime Minister Naendra Modi visits the US and meets President Trump. They agree to promote strategic cooperation.

June 27, 2017: US releases annual Trafficking in Persons Report. It downgrades China’s status as among the world’s worst offenders, citing Beijing’s complicity in North Korea’s export of forced labor.

June 28, 2017: KCNA says North Korea will impose a “death penalty” on former South Korean President Park Geun-hye and former head of the National Intelligence Service Lee Byong-ho for their alleged plot to assassinate Kim Jong Un.


June 29, 2017: Chinese President Xi travels to Hong Kong for celebrations to mark the 20th anniversary of the city’s return to Chinese sovereignty and to oversee the July 1 swearing-in of Hong Kong’s first female chief executive Carrie Lam.

June 29-30, 2017: South Korean President Moon Jae-in visits the US and meets President Trump. Discussion between the two focuses on North Korea and US-ROK trade.

June 30, 2017: China files formal protest against Washington’s decision to sell arms to Taiwan.
July 2, 2017: US destroyer USS Stethem conducts FON operation within 12 nm of Triton Island in the Paracel Island chain while shadowed by a Chinese warship.

July 4, 2017: North Korea tests what it claims to be its first intercontinental ballistic missile (ICBM) capable of carrying a large nuclear warhead.

July 5, 2017: US and South Korea conduct military exercise that is described as a response to the North Korean missile launch on July 4.

July 6, 2017: Two US bombers fly over parts of the South China Sea amid territorial disputes, asserting the right to treat the region as international territory.

July 3–4, 2017: China’s President Xi visits Russia and meets President Putin. They sign several agreements related to trade and investment, agriculture, infrastructure, energy, and culture. The joint statement reaffirms their support for denuclearization of the Korean Peninsula, maintenance of regional stability, and solving the North Korean nuclear issue through dialogue.

July 7–8, 2017: G20 Summit is held in Hamburg, Germany. Leaders from Australia, China, India, Indonesia, Japan, Russia, South Korea, and US attend.

July 10–17, 2017: Naval ships, aircraft, and personnel from India, Japan, and the US participate in exercise Malabar, which features ashore training in Chennai and at-sea training in the Bay of Bengal.

July 12–13, 2017: Eleven TPP countries meet in Hakone, Japan and agree to draft a new version of the TPP text that makes minimal changes to reflect the US withdrawal from the group.

July 14, 2017: Indonesia unveils a new official map of the national archipelago that includes renaming of the southwest part of South China Sea to North Natuna Sea.

July 19, 2017: US–China Comprehensive Economic Dialogue is held in Washington DC.


July 24, 2017: Vietnam orders a private oil company to stop drilling in contested territory one week after China allegedly threatens to attack its bases in the Spratly Islands.

July 28, 2017: North Korea launches a ballistic missile into the Sea of Japan (East Sea). The missile reportedly travels for 45 minutes and lands in Japan’s Exclusive Economic Zone.

Aug. 2–8, 2017: ASEAN–related meetings are held in Manila including the 50th ASEAN Ministerial Meeting and Post–Ministerial Conferences, 18th ASEAN Plus 3 Foreign Ministers Meeting, 7th East Asia Summit Foreign Ministers Meeting, and 24th ASEAN Regional Forum.

Aug. 3, 2017: National security advisers from the US, South Korea, and Japan hold a video conference to coordinate their response to North Korea’s missile and nuclear threats.

Aug. 5, 2017: UNSC passes Resolution 2371 in response to North Korean long-range missile tests. It bans North Korean exports of coal, iron, iron ore, lead, lead ore, and seafood. It also prohibits countries from increasing the current number of North Korean laborers working abroad, and bans new joint ventures with North Korea and new investment in current joint ventures.

Aug. 6, 2017: Foreign ministers from ASEAN endorse a framework for the South China Sea code of conduct. It is adopted on Aug. 6 during the ASEAN–China Post–Ministerial Conference.

Aug. 7, 2017: North Korean Foreign Minister Ri Yong Ho, speaking at the ASEAN Regional Forum, blames the US for the situation on the Korean Peninsula and says Pyongyang would “teach the US a severe lesson” if it used military force against North Korea.

Aug. 8, 2017: President Trump warns that “North Korea best not make any more threats to the United States. They will be met with the fire and the fury like the world has never seen.”

Aug. 9, 2017: KCNA reports that the KPA Strategic Force is “carefully examining” plans to launch four missiles toward Guam and surround the US territory in an “enveloping fire.”
Aug. 12, 2017: China’s President Xi calls for a peaceful resolution to the North Korean nuclear issue in a telephone call with President Trump.


Aug. 15, 2017: Indian and Chinese soldiers are involved in an altercation in the western Himalayas, raising tensions between two countries that are already locked in a two-month standoff in another part of the disputed border.


Aug. 21–30, 2017: ROK and US Combined Forces Command conduct the annual *Ulchi Freedom Guardian* military exercise. In addition, UN Command forces from seven countries, including Australia, Canada, Columbia, Denmark, New Zealand, the Netherlands and the United Kingdom, participate.

Aug. 24, 2017: The Rakhine Advisory Commission, led by former UN Secretary General Kofi Annan, releases report that says the Muslim community in Myanmar’s Rakhine State has become particularly vulnerable to human rights violations due to protracted statelessness and profound discrimination.

Aug. 25, 2017: Chinese Foreign Ministry sends official note to the Indonesian Embassy in Beijing expressing opposition to Jakarta’s renaming of the southwest part of South China Sea to North Natuna Sea.

Aug. 28, 2017: India and China agree on an “expeditious disengagement” of troops at a disputed border area at the Doklam Plateau in the Himalayas.

Aug. 29, 2017: North Korea launches a missile over Japan that lands in waters off the northern region of Hokkaido.

Sept. 3, 2017: North Korea conducts its sixth nuclear test, a powerful nuclear device that it claims is a hydrogen bomb.
The summer of 2017 was an uneasy one in both Tokyo and Washington. In Japan, Prime Minister Abe Shinzo struggled as public approval dropped precipitously following scandals and a miserable performance for his party in the Tokyo metropolitan elections. In the US, President Donald Trump moved from conflict to conflict, resulting in a historically low approval rating for a new administration and deep fissures within the Republican Party. Alliance cooperation largely focused on the continuing tensions with North Korea. A long-awaited Japan-US Security Consultative Committee (2+2 Meeting) between the defense and foreign policy principals could not be scheduled until after Abe reshuffled his Cabinet in August. While the discussions proved cordial, there was little indication that a strategic look ahead was in the making. Troubles at home for both administrations seemed to forestall any effort at a comprehensive US-Japan discussion about the Asia-Pacific region.
North Korea's barrage of missiles

North Korea dominated the news over the summer, bringing a growing sense among US allies of an impending regional crisis. As if the spring warnings that “all options were on the table” were too vague, President Trump doubled down on his rhetorical assault on North Korea, promising “fire and fury like the world has never seen.” But was this a threat of a preemptive strike? Was the new US president willing to risk nuclear war? Or was it simply more bluster from a commander-in-chief who wanted to sound tough for a domestic audience? Hard to say. Yet, despite the war of words between Trump and Kim Jong Un, consultations were frequent between Trump and Abe. Meanwhile, US Cabinet members and military leaders traveled to the region to reassure alliance solidarity in their effort to increase financial and military pressure on the Kim regime.

By the end of the summer, Kim’s regime had fired 21 missiles during 14 tests in 2017, bringing the total to 87 for his tenure in office according to an analysis by the Center for Nonproliferation Studies. This is more than his father (16) and grandfather (15) combined, and indicative of the seriousness of his stated intention to develop an intercontinental ballistic missile (ICBM) capable of reaching the US homeland. In June, Pyongyang fired several cruise missiles from its east coast into the Sea of Japan, and in July, two missile tests of the Hwasong-14, first on July 4 and again on July 28, revealed the improved range of North Korea’s missiles. Kim called the July 4 ICBM test part of a “package of gifts” for the “American bastards” on their Independence Day holiday. The July 28 launch was scrutinized by technical experts and deemed to be a second successful demonstration of Pyongyang’s ICBM capability, although the question of whether it could manage a heavy warhead remained. While it was initially unclear as to how far into the US this ICBM could travel, the conclusion now is that Pyongyang has the ability to strike the US.

By August, Kim decided to take President Trump up on his brinksmanship, and his generals reportedly devised a plan to send four missiles to the waters of Guam, where the US Air Force maintains their bombers as well as the THAAD missile defense system. Secretary of Defense James Mattis, however, made it clear that any North Korean missiles approaching Guam would be treated as an attack on the US that “could escalate into war very quickly,” and Kim seemed to pause. Upon receipt of his general’s plan for the Guam launch, Kim stated that he would “watch a little more the foolish and stupid conduct of the Yankees” before deciding whether to approve the plan. Meanwhile, testing of the alliance capability to intercept a missile accelerated.

Annual US-ROK exercises, known as Ulchi Freedom Guardian, began on Aug. 21, and there seemed to be some signaling that the US was willing to take a step in the direction of de-escalation. Approximately 17,500 US service members took part in the drills, down from the 25,000 involved in the 2016 drills. While the Pentagon did not officially mention the reduction of troops, it did emphasize the defensive nature of the drills.

But on Aug. 29, as US and Japanese forces in Japan practiced their ballistic missile defense readiness, the North Koreans sent a missile across Japan without warning. While Pyongyang’s rockets have traversed Japan with its Taepodong launch in 1998 and skirted Japanese territory with its Kwangmyongsong launch in 2009, both of these were described as satellite launch attempts. This year, however, there was no mistaking that this was a demonstration of North Korea’s growing missile capability, and that Tokyo faced greater hurdles in responding to Pyongyang’s military threat than Washington did.
economy. Meanwhile, President Trump tweeted repeatedly that while he thought China was trying, it was not doing enough. Secretaries Mattis and Tillerson continued to argue for more pressure to get Kim to the negotiating table.

At the G20 Summit, Prime Minister Abe also made North Korea his priority as he met European leaders and Russian President Vladimir Putin. The United Kingdom was on board with the notion that Pyongyang’s proliferation was of global consequence, and France had already committed itself to a bigger role in Asia’s largest security challenge. Abe and Putin reiterated their concern over rising tensions in the region, and Abe continued to appeal to China to increase efforts at sanctioning its ally.

As Abe sought greater US pressure on the North, others were less sanguine about the military escalation. Beijing and Moscow, alarmed at the precipitous rise in tensions between Kim and Trump, openly advocated a freeze on missile tests in return for a freeze on US military exercises. On Aug. 5, the UN Security Council announced Resolution 2371, which imposed sanctions on trade in four critical commodities: coal, iron ore, lead, and seafood products, threatening an estimated one-third of North Korean earnings from trade.

Perhaps one silver lining to be found is the increased cooperation between Japan, the United States, and South Korea. The troubled bilateral relationship between Seoul and Tokyo seemed destined to backtrack when Moon Jae-in came into office on May 9 as he had campaigned on reopening the “comfort women” agreement reached by impeached President Park Geun-hye and Prime Minister Abe in December 2015. However, Moon quickly sent an emissary to Tokyo to indicate that he was not going to let differences over history get in the way of cooperation on other issues. Moreover, as Pyongyang’s missiles continued to fly, Moon and Abe found ample cause for cooperation. Not only did Moon consult with Trump during the heightened tensions over North Korean launches, he and Abe too were in direct contact over how to respond to the August launch over Hokkaido.

By Aug. 31, it was clear that Japan, Korea and the US were now militarily aligned to respond to any actual use of force. Not only were Japanese and US forces exercising simultaneously with the annual US–Korea exercises, but Japanese Air Self-Defense Force fighters joined the South Korean Air Force as they accompanied US B1-B bombers across southern Japan to the Korean Peninsula. The demands of presenting a united front against Pyongyang’s provocative displays of its new military power eased some South Korean concerns about working closely with Japan’s military when planning for a contingency.

Abe’s political troubles

It was not just North Korea that challenged Prime Minister Abe this summer. From June to August, the Abe Cabinet support rating dropped by over 20 points in most media polls. The Yomiuri Shimbun, perhaps the most sympathetic to his leadership, recorded a 12-point drop from 61 to 49 percent in June, followed by another drop of 13 points to 36 percent in July.

Scandals eroded Abe’s public approval rating throughout the summer. While the first scandal to break in the spring seemed to have little direct connection to the prime minister, a second involving the Ministry of Education’s approval for a veterinary school seemed more damaging. Memos produced by a former ministry bureaucrat, Maekawa Kihei, suggested a direct link to the Cabinet in giving priority to one of Abe’s friends, Kake Kotaro. It did not help that the government was widely rumored to have tried to discredit Maekawa.

The second blow to the prime minister’s popularity came in of the Tokyo Metropolitan elections on July 2. The Liberal Democratic Party (LDP) had already been dealt a critical blow when their candidate failed to win against the popular Koike Yuriko in the governor’s race. Koike won that seat by a margin of 3 million votes, and then began to form her own party, which she dubbed Tokyo First. In July’s Assembly elections, 50 candidates carried the banner of Tokyo First, and 49 of them won seats. Six incumbents joined Koike’s party for the race. This election was interesting for one of Koike’s interests – women’s empowerment. Of Tokyo First’s 55 members, 18 (32.7 percent) are women. Today, women hold 36 of the 127 (28.3 percent) Tokyo Metropolitan Assembly seats. By comparison, women comprise 20.7 percent of Japan’s House of Councillors and only 9.3 percent of the House of Representatives. The average percentage of women elected to local assemblies in Japan is 9.9 percent, making
Tokyo a striking example of the growing number of women who seek political leadership. Election turnout was also notable, with an additional 1 million voters participating. Voter turnout for the 2017 assembly election was 51 percent, up from 43.5 percent in 2013. Whereas Tokyo voters were enthusiastic about Koike and her new party, they were far less impressed with the prime minister’s party. The LDP suffered an ignominious defeat in Japan’s capital. Abe’s party had 57 seats going into the election, yet held on to just 23. Moreover, the LDP lost 373,000 votes compared to the previous election despite the larger voter pool. Equally devastating were the results for the Democratic Party, once thought to be the champion of Tokyo’s urbanites: its share of the Assembly declined from 7 seats to 5. The crushing defeat by Koike of the LDP sent Abe’s public support numbers plunging once again.

The LDP responded to these setbacks by rallying around a new Cabinet. This was the third Abe Cabinet since his return to office in December 2012. But unlike the previous two, it included a conspicuous number of critics of the prime minister or who had been marginalized in his return to office. Noda Seiko joined the Cabinet, becoming one of its most senior politicians, to take on three portfolios: minister for internal affairs and communications, minister in charge of women’s empowerment, and minister of state for the social security and tax number system. Kono Taro was the surprise pick for minister of Foreign Affairs. Folded into this reshuffle was the replacement of the beleaguered Defense Minister Inada Tomomi by the return of Onodera Itsunori, who served in Abe’s first Cabinet. In his time out of the ministry, Onodera had led the LDP’s policy discussion on Japan’s missile defenses, presenting Abe with a proposal for considering the acquisition of Japan’s own conventional missiles. By the end of the summer, the Cabinet’s support rating had risen slightly to 42 percent, perhaps aided by concern over North Korea’s missile launches as well as by the “all LDP” effort to regain the public’s trust.

A shakeup for the 7th Fleet

The cascade of accidents involving the US Navy also troubled the US-Japan alliance. The US 7th Fleet faced an unprecedented series of accidents and mishaps in and around Japanese waters over the summer, prompting the firing on Aug. 23 of Vice Adm. Joseph Aucoin, the fleet commander. Several incidents of sailors falling overboard were reported in Asian waters. One turned out to be a false alarm after the missing sailor was found hiding in the engineering compartment, but the other sailor was never found. Earlier in the year on Jan. 31, the USS Antietam, a Ticonderoga-class guided-missile cruiser, ran aground in Tokyo Bay just outside the entrance to the US naval base at Yokosuka. No personnel were injured, although the ship did discharge hydraulic oil into the bay.

But it was the two Aegis destroyers colliding with civilian vessels that shocked the region. The first collision involved the USS Fitzgerald and a Philippine container ship in the early hours of June 17 in the busy shipping lanes near Tokyo Bay. The captain of the ship was badly injured in his cabin and seven sailors lost their lives, as sleeping compartments were flooded. The Japanese Maritime Self-Defense Force (JMSDF) and the Coast Guard joined in the search and rescue effort, and provided assistance in getting the hobbled destroyer back to Yokosuka. The US Navy investigation found the crew derelict in their duty, and three officers were relieved from duty.

A second remarkably similar collision took place when the USS John S. McCain collided with a Liberian tanker in the busy Strait of Malacca near Singapore. Again, the crew sleeping quarters were flooded, and 10 sailors were reported missing. Singapore provided assistance to the USS John S. McCain, as did Indonesia and
Malaysia. The US Navy paused operations globally for several days. Although the investigation into this second collision is still ongoing, Adm. Scott Swift, commander of US Pacific Fleet, relieved the commander of the 7th Fleet of his post because he no longer had confidence in his leadership.

Rumors that cyber attackers might be to blame for the collisions circulated in the press, but Chief of Naval Operations Adm. John Richardson said that while he could not rule this out, he would be focused on “how we do business on the bridge.” Vice Adm. Aucoin’s replacement, Vice Adm. Phil Sawyer, had already been confirmed to take command of the 7th Fleet, and is now tasked with a comprehensive review of fleet operations to determine what caused the series of accidents.

Damage to the reputation of the US Navy in the Pacific is unmistakable. Chinese media did not hesitate to highlight the troubles as the Global Times gloated that the days of US maritime dominance were receding. It did not help that in the midst of Pyongyang’s intensifying missile threat, both of these destroyers were Aegis-equipped as part of the US Navy’s missile defense system in the Pacific. On Sep. 2, Adm. Harry Harris, commander of the US Pacific Command, announced that two other Aegis destroyers will be assigned to the 7th Fleet in 2018 to replace the damaged ships, and ensure US readiness.

New faces in alliance management

The summer also brought some new faces to US-Japan alliance management. On June 13, the Senate approved William Hagerty as US ambassador to Japan. A businessman from Tennessee, Hagerty served on the Trump transition team and his experience in the George H.W. Bush administration made him a valuable asset. He spent several years in Japan with the Boston Consulting Group early in his career. During his confirmation hearings, Hagerty mostly faced questions about challenges posed by North Korea and China, as well as how to expand US exports to Japan. In the absence of political appointees at Defense and State responsible for East Asia, Hagerty is now the most senior Japan policymaker.

Tokyo has also changed its team at the Ministry of Defense and Ministry of Foreign Affairs. While Onodera is returning to office after a relatively short absence, Kono is a fresh face in alliance management. However, he does have experience with the US-Japan alliance and Japan's foreign policy in Asia. Educated at Georgetown University, Kono speaks English fluently and is widely respected by many in the United States as one of Japan’s leading globalists.

As a member of the Lower House from Kanagawa Prefecture, Kono has particular expertise related to US military bases and the Status of Forces Agreement (SOFA) that governs their presence in Japan. Moreover, Kono is one of Japan’s most knowledgeable legislators on nuclear issues, and as foreign minister will be well-suited to lead the conversation with Washington over the US-Japan nuclear cooperation agreement which is due for renewal next year.

The Security Consultative Committee (“2+2”) meeting on Aug. 17 provided an early opportunity for these new members of Japan’s alliance management team to meet their US counterparts. Coming as it did on the heels of Pyongyang’s intensified missile launches, Secretaries Tillerson and Mattis joined Ministers Kono and Onodera in condemning North Korea’s missile tests and agreeing to bolster alliance capabilities to respond in areas such as missile defense. Japan’s Defense Ministry plans to introduce a land-based Aegis Ashore missile defense system, and hopes to convince the US government to share its next-generation radar, known as Spy-6. Washington appears reluctant, however, to share the advanced radar technology in the near future, given that the first Spy-6-equipped Aegis warship is not expected to begin operations until 2022. Without Spy-6, Tokyo will have to rely on existing radar technology, which has a smaller range than the newest generation of ballistic missile defense interceptor missiles.

Apart from North Korea, the 2+2 meeting participants also expressed concern about the security environment in the East and South China Seas. They reaffirmed that Article 5 of the US-Japan Security Treaty applies to the Senkaku Islands and stressed that any disputes in the South China Sea must be settled peacefully in accordance with the United Nations Conventions on the Law of the Sea.
Looking ahead

As fall approaches, the Abe Cabinet will be looking to restore public confidence in government. Diplomacy is likely to be high on the agenda as the prime minister and foreign minister head to the UN General Assembly meeting in New York in September. Conversations between Abe and Trump have been frequent throughout the summer, and both leaders continue to insist publicly that the correct course is to continue to increase pressure on the Kim regime.

North Korea can also be expected to intensify its military challenge to the US-Japan alliance. The Sep. 9 anniversary of the founding of the DPRK is expected to bring new demonstrations of Kim Jong Un’s increasingly lethal arsenal. A sixth nuclear test on Sept. 3 offered a prelude to the anniversary that has many in the region worried. In response to the nuclear test, Abe instructed his government to monitor North Korean behavior, measure radiation levels, and do all that is necessary to defend the Japanese people. US and Japanese military planners will continue to accelerate their ability to intercept a North Korean missile should Kim test Japanese or US defenses further. Cooperation with Seoul will also be imperative, but Abe is likely to reach out to the leaders of China, Russia, and Europe to gain support for a global coalition of condemnation.

Finally, although the planned meeting between Deputy Prime Minister Aso Taro and Vice President Mike Pence has been cancelled, it remains to be seen how Tokyo and Washington will manage their economic relationship as the Trump administration continues to unsettle its trading partners by threatening to terminate the North American Free Trade Agreement (NAFTA) and the Korea-US Free Trade Agreement (KORUS). President Trump has also created strain in the US-Korea alliance by accusing President Moon Jae-in of “appeasing” North Korea. As the region faces the worst security crisis in decades, the tension between the Trump administration’s trade agenda and its strategic aims continue to undermine confidence across the region, and concerns over the alliance continue to grow in Tokyo.
CHRONOLOGY OF US-JAPAN RELATIONS
MAY – AUGUST 2017

May 9, 2017: Guided–missile cruiser USS Lake Champlain collides with a South Korean fishing vessel in international waters east of the Korean Peninsula. No injuries are reported.


May 14, 2017: North Korea tests a Hwasong-12 intermediate range ballistic missile (IRBM), which it says is capable of carrying a nuclear warhead. The missile flies 430 miles before falling into the Sea of Japan.


May 21, 2017: North Korea tests a Pukguksong-2 medium–range ballistic missile, which flies 310 miles before falling into the Sea of Japan.

May 26, 2017: President Donald Trump and Prime Minister Abe Shinzo meet in Taormina, Italy on the sidelines of the G7 Summit. They discuss cooperation on North Korea, maritime issues, and terrorist threats.

May 29, 2017: North Korea tests a Scud–class short–range ballistic missile, which flies 280 miles before falling into the Sea of Japan.

June 1–2, 2017: Acting Assistant Secretary for International Security and Nonproliferation Eliot Kang travels to Japan to attend the biannual Plenary Meeting of the Global Initiative to Combat Nuclear Terrorism.

June 8, 2017: North Korea test–fires cruise missiles from its east coast into the Sea of Japan.

June 8, 2017: US sailor is reported missing and assumed overboard from the guided–missile cruiser USS Shiloh while it is conducting routine operations 180 miles east of Okinawa.

June 11, 2017: US Navy suspends search for missing US sailor from the USS Shiloh after US Navy, JSDF, and Japan Coast Guard assets spend more than 50 hours in a comprehensive search of 5,500 square miles of the Philippine Sea.


June 15, 2017: Missing US sailor from USS Shiloh is found hiding in an engineering space on the ship.

June 17, 2017: Aegis destroyer USS Fitzgerald collides with Philippines freighter ACX Crystal off the coast of Japan, resulting in the deaths of seven US sailors and injuries to three others. US Navy search and rescue efforts begin with the help of the Japan Coast Guard and JMSDF.

June 23, 2017: North Korea tests a rocket engine that, according to US officials, could be part of a program to develop an intercontinental ballistic missile (ICBM).

July 2, 2017: Tokyo Gov. Koike Yuriko's Tokyo First party scores sweeping victory in Tokyo Metropolitan Assembly elections, upsetting the ruling Liberal Democratic Party. Supporters of Koike now control 79 of 127 seats, including 49 held by Tokyo First.

July 2, 2017: President Trump and PM Abe speak by phone to exchange views on the threat posed by North Korea.

July 4, 2017: North Korea tests its Hwasong-14 ICBM, which flies 578 miles before landing in the Seat of Japan.
July 6, 2017: President Trump, PM Abe, and President Moon hold a US-Japan-ROK trilateral meeting on the sidelines of the G20 Summit in Hamburg, Germany.

July 8, 2017: President Trump and PM Abe meet on sidelines of the G20 Summit in Hamburg, Germany. They condemn North Korea’s July 4 missile test.


July 19, 2017: Senior Policy Advisor to the Secretary of State and Director of Policy Planning Brian Hook, Deputy Foreign Minister for Foreign Policy Suzuki Satoshi, and Director General of the Policy Planning Bureau Ma Sang-yoon hold trilateral policy planning dialogue in Washington, DC.

July 20–21, 2017: Fifth Japan-US Cyber Dialogue is held in Tokyo. The Japanese delegation is led by Deputy Director General of the Foreign Policy Bureau and Ambassador for Cyber Policy Otaka Masato. The US delegation is led by Christopher Painter, Coordinator for Cyber Issues at the State Department.

July 24–25, 2017: Prime Minister Abe appears in a special Diet hearing to reassert that he never rigged the government’s decision to back a new veterinary department at a university run by his close friend, Kake Kotaru.

July 27, 2017: Defense Minister Inada Tomomi announces that she will resign following allegations that she withheld information from the Diet about the dangers facing Japanese soldiers on a UN peacekeeping mission in South Sudan.

July 27, 2017: House of Councillors lawmaker Renho announces that she will resign as president of Japan’s opposition Democratic Party.

July 28, 2017: North Korea tests an ICBM that appears capable of reaching the West Coast of the US. It flies 620 miles and lands in the sea near Hokkaido, Japan.

July 28, 2017: Japan’s Ministry of Finance announces that the country will raise tariffs on frozen beef imports from the US and other countries to 50 percent (up from 38.5 percent) until March 2018 to protect domestic farmers.

July 30, 2017: PM Abe and President Trump speak on the phone to exchange concerns about North Korea’s recent missile test.

Aug. 1, 2017: US sailor is reported missing and assumed overboard from the guided-missile destroyer USS Stethem while it is conducting routine operations about 140 miles west of Subic Bay in the Philippines.

Aug. 3, 2017: PM Abe reshuffles his Cabinet. Onodera Itsunori is appointed minister of defense and Kono Taro is appointed minister of foreign affairs.


Aug. 7, 2017: FM Kono and Secretary of State Rex Tillerson meet on the sidelines of the ASEAN Regional Forum (ARF) in Manila.

Aug. 7, 2017: FM Kono, Secretary Tillerson, and South Korean Minister of Foreign Affairs Kang Kyung-wha hold a trilateral meeting on the sidelines of the ARF in Manila.

Aug. 8, 2017: President Trump threatens to unleash “fire and fury” if North Korea endangers the US or its territories.

Aug. 9, 2017: North Korea announces it is reviewing plans to strike US military targets in Guam with four ballistic missiles.


Aug. 15, 2017: President Trump and PM Abe speak on the phone to discuss the growing threat from North Korea.


Aug. 17, 2017: Japan-US Security Consultative Committee ("2+2 Meeting") convenes in Washington. The meeting is attended by FM Kono, DM Onodera, Secretary of State Tillerson, and Defense Secretary Mattis. A joint statement is issued.

Aug. 17, 2017: Following an initial review of the USS Fitzgerald collision, Vice Adm. Joseph Aucoin, head of the 7th Fleet, announces that the commanding officer, executive officer, and command master chief of the ship will be relieved from duty.


Aug. 21, 2017: Aegis destroyer USS John S. McCain collides with Alnic MC, a Liberian tanker, in the Strait of Malacca, resulting in 10 missing US sailors and injuries to five others.

Aug. 21, 2017: US Chief of Naval Operations Adm. John Richardson announces that the Navy will conduct a fleet-wide review and halts some operations to focus on safety procedures.

Aug. 23, 2017: US Pacific Fleet Commander Adm. Scott Swift announces that Vice Adm. Joseph Aucoin, head of the 7th US Fleet, will be relieved from duty following the collisions of the USS Fitzgerald and USS John S. McCain.

Aug. 26, 2017: North Korea tests three short-range ballistic missiles. One explodes immediately after launch, while two others flew approximately 155 miles before falling into the Sea of Japan.

Aug. 29, 2017: North Korea launches a Hwasong-12 IRBM over northern Japan. The missile lands approximately 733 miles east of the island.

Sept. 3, 2017: North Korea conducts its sixth nuclear test, a powerful nuclear device that it claims is a hydrogen bomb.
The Trump administration's focus on increasing pressure on North Korea to abandon its nuclear and missile programs kept that issue at the top of the US–China agenda. In phone calls and a meeting between Presidents Trump and Xi Jinping on the margins of the G20 Summit, at the Diplomatic and Security Dialogue, and at the ASEAN Regional Forum, North Korea received the greatest attention as the US urged Beijing to use its economic leverage against Pyongyang in a bid to change Kim Jong Un’s calculus. After a seven-month hiatus, the US resumed freedom of navigation (FON) operations in the South China Sea, conducting one operation in the Spratly Islands in May and another in the Paracel Islands in July. Marine Corps Gen. Joseph Dunford made his first visit to China as chairman of the US Joint Chiefs of Staff. The first Comprehensive Economic Dialogue convened, but made little progress in easing bilateral economic friction. In August, the Trump administration formally initiated a Section 301 investigation into China’s theft of intellectual property.
North Korea tests ties

North Korea’s missile tests and an escalating war of words between Pyongyang and President Donald Trump kept North Korea on the front burner in the US-China relationship. In May, North Korea conducted three ballistic missile tests, using different delivery systems. Following the May 29 test, Trump tweeted that “North Korea has shown great disrespect for their neighbor, China, by shooting off yet another ballistic missile... but China is trying hard!” A few days earlier, Acting Assistant Secretary of State Susan Thornton told reporters in Beijing after meeting Chinese counterparts that Beijing understood the urgency of pressuring North Korea and had taken measures to tighten security along its border, including increased customs inspections.

The US and China were able to forge a consensus on a new UN Security Council Resolution on June 2 that extended a travel ban and asset freeze on senior North Korean officials and North Korean entities involved with the regime’s nuclear and ballistic programs. However, US Ambassador to the UN Nikki Haley was unable to persuade Beijing to pre-negotiate even tougher sanctions that would follow another North Korean nuclear test. China apparently balked at discussing punitive steps in advance of another nuclear explosion. Testifying before the Senate Foreign Relations Committee on Capitol Hill on June 13, US Secretary of State Rex Tillerson characterized Chinese cooperation on North Korea as “notable,” but added that it had been “uneven.” He also revealed that the Trump administration had asked China to take action against a number of Chinese banks and companies suspected of doing illicit business with North Korea. “We have made it clear to them, and we have provided them a list of entities that we believe they need to take action against,” Tillerson said. He also reiterated that President Trump had told Chinese President Xi Jinping that “if they either don’t want to take the action or they do not take the action, we will act on our own.”

On the eve of the first US-China Diplomatic and Security Dialogue in Washington DC on June 21, President Trump tweeted that he appreciated President Xi’s efforts to help with North Korea, but “it has not worked out,” adding “At least I know China tried!” The tweet appeared to be aimed at putting pressure on the Chinese delegation, led by State Councilor Yang Jiechi, to deliver more concrete actions by China to squeeze North Korea. The last-ditch effort failed, however. The Chinese insisted that they were doing their utmost to comply with the UN sanctions and did not commit to taking actions to shut down Chinese banks that are enabling North Korean companies involved in illegal activities to launder money through the US banking system. Apparently, the Trump administration held off on scheduling a meeting for Yang Jiechi with Trump in the Oval Office in the hope that the Chinese would offer something to secure the meeting. Even though the Chinese didn’t table anything new, Yang got his meeting with Trump nonetheless.

Speaking to the press after the Dialogue, Secretaries Tillerson and Mattis did not provide many details, but there were hints at disagreement. For example, on North Korea, Tillerson said the US side stressed to China that it has a diplomatic responsibility to “exert much greater economic and diplomatic pressure on the regime if they want to prevent further escalation in the region.” On the South China Sea, Mattis said the two countries had a “disconnect, where our understanding of the problem is very different from theirs.” China issued a very positive nine-point statement on the Diplomatic and Security Dialogue, which characterized the two countries as in agreement on every issue discussed.

Frustrated with China’s incremental approach to pressuring North Korea, the Trump administration took a series of steps to signal its unhappiness. The US Treasury designated the Bank of Dandong as a foreign bank of primary money laundering concern and announced sanctions on two Chinese citizens and a Chinese shipping company. A $1.42 billion arms package for Taiwan, which had been awaiting approval for six months was notified to the US Congress. A US destroyer conducted a FON operation in the Paracel Island chain. Finally, in a move whose timing was probably coincidental, the US State Department downgraded China to its lowest rating in its annual Trafficking in Persons Report. On the heels of those actions, which left the Chinese reeling, President Trump held a phone call with Xi Jinping. According to Xinhua, Xi said that the relationship had been “affected by some negative factors” and stressed that the two sides “need to control the general direction of the bilateral relationship in light of the consensus they reached at the Mar-a-Lago.
meeting” last April. Xi also urged the US to “handle the Taiwan issue appropriately in accordance with the one-China principle and the three China-US joint communiques.”

On July 3, North Korea conducted its 11th ballistic missile test launch of the year. Trump appeared to still hold out hope that Xi would work with the US to address the growing threat. Trump tweeted: “Perhaps China will put a heavy move on North Korea and end this nonsense once and for all!” The following day, North Korea provided the US with an Independence Day gift by launching its first intercontinental ballistic missile (ICBM), which Korean Central News Agency claimed could hit the “heart of the United States” with “large heavy nuclear warheads.” Trump lashed out at Beijing, criticizing China’s growing trade with North Korea. “So much for China working with us – but we had to give it a try!” he tweeted. US Ambassador to the UN Haley called for tougher measures against North Korea, including restricting “the flow of oil to their military and their weapons programs.” From Washington’s perspective, the ICBM launch was a major escalation and required a forceful response, but Beijing appeared to side with Moscow, which denied the latest test was a long-range missile.

A week later, the US and Chinese leaders met on the margins of the G20 Summit in Hamburg. Xinhua’s readout said that Trump hailed the relationship with Xi and expressed confidence in their success in addressing common problems together. The report also cited Xi as calling for the two countries to respect each other’s core interests and major concerns, and properly address differences and sensitive issues.

In the meantime, there were leaks that the Trump administration was frustrated with Beijing’s unwillingness to do more to rein in North Korea, and was preparing to hit China with more sanctions. The sanctions plan, along with possible trade actions against China, surfaced days before the US-China Comprehensive Economic Dialogue on July 19. When the Dialogue convened, the US reportedly communicated to the Chinese side that the Trump administration was prepared to impose unilateral sanctions on more than 10 Chinese companies and individuals conducting business with North Korea unless rapid progress was made at the UN on a new sanctions resolution.

On July 28, North Korea conducted yet another ICBM test that appeared capable of reaching at least the US West Coast. China’s Foreign Ministry spokesman called on Pyongyang to “halt any actions that may lead to a further escalation of tensions on the peninsula.” At the same time, he urged “all parties” to “act prudently, and prevent a spiraling escalation of tensions.” Secretary of State Tillerson issued a statement that said China and Russia “bear unique and special responsibility” for North Korea’s ballistic missile program. Trump’s frustration was evident in his tweet the next day: “I am very disappointed in China. Our foolish past leaders have allowed them to make hundreds of billions of dollars a year in trade, yet they do NOTHING for us with North Korea, just talk. We will no longer allow this to continue. China could easily solve this problem!” Nikki Haley chimed in with her own tweet, which said “Done talking about NKorea. China is aware they must act.”

The US and China reached a compromise on UN action the following week. On Aug. 5, the UN Security Council unanimously passed Resolution 2371, which contained the toughest sanctions on North Korea to date. In an effort to curb hard currency going to North Korea’s nuclear and missile programs, the resolution banned all exports of North Korean coal, iron, iron ore, lead, lead ore, and seafood. Although the US likely pushed for further cutting off foreign revenue earnings by prohibiting North Korea from sending workers abroad, the resolution only banned increasing the number of those workers. There was also no mention of restricting Chinese crude oil exports to North Korea.

A new round of Korean Peninsula tensions was triggered only a few days later when President Trump, in response to North Korean rhetorical nuclear threats against the United States, warned Pyongyang to cease its provocations or be “met with fire and fury” like the world has never seen. North Korea called his remarks a “load of nonsense” and announced plans to fire missiles into the waters off Guam. China’s Foreign Ministry spokesman tried to calm the waters, saying both sides should avoid “going down the old path of alternately showing strength and continuously escalating the situation.”

As the war of words escalated between Washington and Pyongyang, Trump and Xi
talked by phone on Aug 12. The White House readout of the call urged North Korea to stop its “provocative and escalatory” behavior. It also noted that “the relationship between the two presidents is an extremely close one, and will hopefully lead to a peaceful resolution of the North Korea problem.” According to Xinhua, Xi Jinping encouraged “the parties concerned” to “exercise restraint and avoid words and actions that will aggravate tension in the Korean peninsula situation.” During the call, Trump affirmed his intention to visit China later this year.

In an effort to further increase pressure on North Korea, the US Treasury’s Office of Foreign Assets Control slapped sanctions on Chinese and Russian entities that it said help fund and facilitate North Korea’s nuclear and ballistic missile programs. The designated companies included Dandong Rich Earth Trading Co., Ltd, which allegedly violated UN sanctions by importing vanadium ore from North Korea. Mingzheng International Trading Limited, based in China and Hong Kong, was also designated for purportedly acting as a front company for North Korea’s Foreign Trade Bank. Three Chinese coal companies were also sanctioned – Dandong Zhicheng Metallic Materials Co, Ltd, JinHou International Holding Co., Ltd, and Dandong Tianfu trade Co., Ltd – for allegedly importing nearly half a billion dollars’ worth of North Korean coal between 2013 and 2016. Treasury Secretary Steven Mnuchin declared that the US is “taking actions consistent with UN sanctions to show that there are consequences for defying sanctions and providing support to North Korea and to deter this activity in the future.”

China’s Foreign Ministry spokesperson Hua condemned the unilateral sanctions as an effort by the US to impose “long-arm jurisdiction” on China based on its own domestic laws. Hua called on the US to “immediately stop the relevant wrongdoing” which, she maintained, is not conducive to mutual trust and cooperation between China and the United States on North Korea. Hua insisted that China “always implements the DPRK-related resolutions of the UN Security Council in their entirety.” She added, however, that Beijing would “investigate and deal with” the Chinese enterprises and individuals in accordance with Chinese laws.

On the same day, Chinese State Councilor Yang Jiechi held a telephone conversation with US State of Secretary Tillerson. Per Chinese reports on the phone call, the officials discussed Afghanistan, not North Korea. Yang expressed his hope, however, that “the two countries will expand cooperation and properly settle differences so as to keep up a good momentum for the development of China-US relations.”

A week later, North Korea launched an intermediate-range ballistic missile over Japan’s northern island of Hokkaido. China’s envoy to the UN said that Beijing opposed Pyongyang’s ballistic missile launches and urged North Korea to comply with UN Security Council resolutions. He also called on “all parties concerned” to “exercise restraint” and avoid “mutually provocative actions” that could exacerbate regional tension. China agreed to a US-drafted statement at the UN that condemned the launch as an “outrageous” threat.

Then, on Sept. 3, North Korea exploded what it claimed to be a hydrogen bomb. The explosion created a magnitude 6.3 tremor, making it the most powerful weapon Pyongyang has ever tested. The test will undoubtedly create more friction between Washington and Beijing over how to deal with North Korea.

South China Sea FON patrols Resume

On May 25, seven months after the last FON operation by the US Navy in the South China Sea, the USS Dewey sailed within six nm of Mischief Reef, a low-tide elevation on the Philippines’ continental shelf that is illegally occupied by China, according to an arbitral tribunal’s findings in July 2016. Challenging any potential claim to a territorial sea, the USS Dewey remained inside 12 nm for about 90 minutes, cruising in a zigzag pattern. In addition, it conducted a man-overboard drill. The operation marked the first FON operation by the Trump administration and took place a week prior to the Shangri-La Dialogue in Singapore, an annual gathering of senior defense officials and experts from the Asia-Pacific. Signaling a departure from the Obama administration, the Pentagon confirmed the FON operation, but offered no details, saying it would be reported next year along with all other US Navy FON operations in the Fiscal Year 2017 Freedom of Navigation report. On the same day as the operation, two Chinese J-10 fighter jets came within several hundred feet of a US Navy P-3 Orion surveillance plane over the South China Sea. The incident was one of several close
encounters between US and Chinese military assets during this May to August period.

Secretary of Defense James Mattis’ speech at the Shangri-La Dialogue echoed many of the themes discussed in prior years by his predecessor Ash Carter, included the abiding US commitment to reinforcing the rules-based international order and its determination to fly, sail and operate wherever international law allows. In addition, Mattis noted that the 2016 ruling in the case brought by the Philippines against China on the South China Sea is binding and called on all claimants to use the ruling as a starting point to peacefully manage their disputes. He used particularly harsh language to condemn Chinese behavior in the South China Sea, highlighting “China’s disregard for international law, its contempt for other nations’ interests, and its efforts to dismiss non-adversarial resolution of issues.”

In a departure from the past practice of US defense secretaries at the Shangri-La Dialogue, Mattis stated in his prepared remarks that the US Department of Defense (DoD) remains “steadfastly committed to working with Taiwan and with its democratic government to provide in (sic) the defense articles necessary, consistent with the obligations set out in our Taiwan Relations Act.” In the question and answer period, a PLA officer queried whether the mention of Taiwan, which he noted was unusual on this occasion, signaled a change regarding the US “one China” policy. Mattis denied any change of policy and called for a peaceful resolution of China-Taiwan differences.

The week after the Shangri-La Dialogue, the DoD released its annual report on military and security developments involving the People’s Republic of China. The report contained seven pages of satellite photos and graphics illustrating China’s extensive land reclamation on the seven features it occupies in the Spratly Islands chain. The DoD concluded that China will be able to use these expanded features “as persistent civil–military bases to enhance its long-term presence in the South China Sea significantly.”

In July, just over five weeks after the FON operation around Mischief Reef, the USS Stethem conducted a FON operation around Triton Island in the Paracels, challenging excessive maritime claims by China, Vietnam, and Taiwan. A few days later, two US B-1 Lancer bombers flew from Guam over the South China Sea in a freedom of navigation flight. Yet another FON patrol took place Aug. 10, once again within 12 nm of Mischief Reef. This time the operation lasted six hours and was carried out by the USS John S. McCain. According to US officials, two P-8 Poseidon reconnaissance aircraft flew above the McCain (though not over Mischief Reef) as part of the operation. One US official told the media that a Chinese frigate warned the US destroyer at least 10 times, asking the ship to leave Chinese waters.

The Chinese Foreign Ministry protested against all the US FON operations in the South China Sea, accusing the US Navy ships of illegally entering China’s waters, increasing the risk of accidents, and damaging Chinese sovereignty and security. Following the August FON patrol, the MFA also accused the US of violating Chinese and international law, and maintained that US actions justified Chinese efforts to bolster its defense capacity in the South China Sea.

The South China Sea was also on the agenda at the East Asia Summit ministerial meeting and the ASEAN Regional Forum in early August. Secretary of State Tillerson and counterparts from Japan and Australia released a joint statement expressing “serious concerns over maritime disputes in the South China Sea.” The statement also called on Beijing to endorse a legally binding code of conduct for the region. The representatives from the three countries reminded China that the July 2016 ruling was “legally binding on both parties” and urged that it be implemented. The statement also urged all South China Sea claimants to “refrain from land reclamation, construction of outposts, militarization of disputed features, and undertaking unilateral actions that cause permanent physical change to the marine
environment in areas pending delimitation.” At a press conference, Chinese Foreign Minister Wang Yi accused the three countries of not appreciating the positive changes that are taking place in the South China Sea and refusing to endorse the valuable progress that China and ASEAN have made.

**Joint Chiefs Chairman Dunford visits China**

In mid-August, Marine Corps Gen. Joseph Dunford made his first visit to China as chairman of the US Joint Chiefs of Staff. The visit kicked off with a meeting with Gen. Fang Fenghui, vice chairman of the Central Military Commission and chief of the CMC Joint Staff Department that focused on the Korean Peninsula, the South China Sea, Taiwan, and the US–China military relationship. Fang commended the progress made between the US and Chinese militaries in recent years, but noted that “there are also negative factors that carry important adverse impact.” Dunford told Fang that the US and China have “many difficult issues” to work through. Speaking to reporters later in the visit, Dunford said that his conversations with his Chinese counterpart were interesting, transparent, and candid.

The two top military officers signed a framework agreement on a bilateral joint staff dialogue mechanism that is aimed at improving military communications between the US and Chinese militaries and reducing the risk of miscalculations. Gen. Dunford described the mechanism as “a framework for us to have a conversation.” The first meeting will be convened in November in Washington.

After his initial meetings in Beijing, Gen. Dunford and his delegation traveled to Shenyang where they observed a Chinese infantry unit demonstrate combined arms maneuvers at the Northern Theater Command’s Haicheng Camp, which is approximately 200 km from the border with North Korea.

Returning to Beijing, Gen. Dunford met President Xi Jinping. In their discussions, Xi stated that the visit provided evidence that the bilateral military relationship had made “a substantial step forward.” In his opening remarks, Dunford expressed his appreciation to Xi for his support for the US–China military relationship. “We both know that you and President Trump are committed to our improvement in military-to-military relations and we have approached it with great commitment, candor and we certainly want to deliver results,” Dunford said.

**100-day action plan**

The meeting between President Trump and President Xi in April at Mar-a-Lago led to an agreement to implement a 100-day action plan to further bilateral economic cooperation prior to the first US–China Comprehensive Economic Dialogue (CED) set for mid-July. A joint statement listing initial results and agreements was released on May 11. Concrete achievements included the resumption of Chinese imports of US beef and reciprocal imports of Chinese cooked poultry by the United States; US recognition of the importance of China’s Belt and Road Initiative; Chinese commitment to expand access for a range of US financial services and biotech products and to reduce regulation on US exports of liquefied natural gas to China; and the implementation of a one-year plan to further advance cooperation.

The 100-day plan was completed on July 16, with the first CED held July 19. Many on the US side considered the plan a meaningful start, but were disappointed that the plan did not include several key issues such as overcapacity and forced technology transfer. Some US experts viewed the deal skeptically, noting that follow-through was required by China’s regulatory agencies and that China has often not delivered on past promises. Jorge Wuttke, president of the European Chamber of Commerce in China, indicated that both his chamber and the American counterpart “had hoped for a broad opening of the market, not a piecemeal opening due to political pressure.” Chinese experts generally viewed the deal more positively. For example, Xu Hongcai, deputy chief economist at the China Center for International Economic Exchange, described the plan as having “so far made a good start ... based on mutually opening-up markets, aiming to address trade imbalances between China and the US.”

**Li Keqiang speaks to US-China business community at Summer Davos**

Premier Li Keqiang spoke on the shared interests of the two largest economies at the Annual Meeting of the New Champions 2017, colloquially known as “Summer Davos.” The meeting, established in 2007 by the World Economic Forum, hosts officials, executives,
and media representing over 90 countries to discuss inclusive growth and economic cooperation. Noting that bilateral trade between the US and China stood at more than $500 billion in 2016, Premier Li emphasized that stable relations between the two countries benefited global development and cooperation. Li further called for a strengthening of ties between the two nations’ business communities and support for free trade, reminding attendees that common interests outweighed differences in the bilateral relationship. The premier stressed that China gives fair and equal treatment to both foreign and domestic firms, ignoring widespread criticism to the contrary. He also briefly mentioned that China would open up its services and manufacturing sectors, but offered no details.

**Comprehensive Economic Dialogue**

The purpose of the CED, according to the US Treasury, is “to enable the two countries to address and resolve the comprehensive set of economic issues in our relationship,” and represents the highest-level bilateral economic forum. Established by Presidents Trump and Xi at their Mar-a-Lago summit, the CED mechanism replaces the US-China Strategic and Economic Dialogue created by the Obama administration and is indicative of the Trump administration’s focus on economic issues. The first CED was held in Washington, DC on July 19. The dialogue was co-chaired by Treasury Secretary Mnuchin, Commerce Secretary Wilbur Ross and Vice Premier Wang Yang.

![First China-US Comprehensive Economic Dialogue. From left to right: US Treasury Secretary Steven Mnuchin, Chinese Vice Premier Wang Yang, US Commerce Secretary Wilbur Ross (Forbes)](image)

A week prior to the CED, President Trump told reporters that he was considering placing steel import quotas and tariffs on China, stating “They’re dumping steel and destroying our steel industry, they’ve been doing it for decades and I’m stopping it. There are two ways – quotas and tariffs. Maybe I’ll do both.” That statement signaled that despite Chinese cooperation with the 100-day plan, Trump was growing impatient with the lack of progress on trade matters with China. Possible tariffs under discussion reportedly extended beyond steel to aluminum and semiconductors. China also had its own frustrations that the bilateral agenda for the CED failed to include its priorities. China’s Ambassador to the United States Cui Tiankai called for the conclusion of a bilateral investment treaty (BIT), for example. That seemed unlikely, however, since Treasury Secretary Mnuchin indicated in June that a US-China BIT would take a back seat to Trump’s priority of achieving reciprocity in the bilateral trading relationship.

Months later, the *Financial Times* revealed that in the run up to the CED, President Trump twice rejected a Chinese proposal to cut steel overcapacity that was endorsed by his advisors. The rejection came one week after Trump accused China of flooding the world steel market during the G20 Summit in Hamburg. G20 countries agreed to come up with a plan by November that would remove “market-distorting subsidies and other types of support by governments and related entities.” David Dollar and Ryan Hass of the Brookings Institution noted that “it would be counterproductive for the United States to impose unilateral tariffs before seeing whether the multilateral route yields any real progress.” While this scenario postponed unilateral enactment of Section 232 of the Trade Expansion Act of 1962, which tracks the effects on imports on national security, the possibility remains that this tool will be used in November if the Trump administration views the G20 plan as inadequate. The Chinese believed that their proposal would ward off unilateral, punitive actions by the Trump administration, but Trump’s rejection dampened that hope.

On the eve of the CED, Secretary of Commerce Ross hosted the inaugural US-China Business Leaders Summit, a group co-chaired by Stephen Schwarzman, Chairman, CEO, and Co-Founder of Blackstone, and Jack Ma, Executive Chairman of Alibaba Group. The day-long event sought to produce a frank discussion of trade issues between the two nations and a list of
suggestions for officials to consider going into the CED. Sources from each side confirmed that little progress was achieved during the closed-door session, despite the joint statement presented at the conclusion of the summit.

The US-China CED failed to reach agreement on actionable new steps to reduce the US trade deficit with China and ended with cancelled press conferences and no joint statement. Characterized as a “frank exchange” by a senior US official on condition of anonymity, the dialogue failed to produce even the small deliverables expected, such as a framework for future negotiations. Ahead of the 19th Party Congress, China was unwilling to make concessions. On the US side, Trump’s narrow economic agenda and his impatient political base likely made him loathe to appear soft. A major sticking point for the Chinese was the US insistence on specific steps by China to reduce the $374 billion trade deficit. Specific benchmarks for cutting China’s production overcapacity in the steel sector, for example, were a point of heavy contention.

Each side released its own statement at the close of the CED. The US statement – only 162 words – said that “China acknowledges our shared objective to reduce the trade deficit which both sides will work cooperatively to achieve.” It also underscored that “the principles of balance, fairness, and reciprocity on matters of trade” would continue to guide the US position so that it can provide US workers and businesses an opportunity to compete on a level playing field.

The Chinese statement declared that the dialogue had achieved expected objectives, including exploring a roadmap and timetable for resolving issues and enhancing understanding of each countries’ policies. In contrast to the brief US statement, the lengthy Chinese readout provided details of various meetings and breakout sessions. It claimed that the two sides had “deepened mutual understanding, increased mutual trust, fully completed the tasks of the inaugural CED, and created a successful working model for future CEDs.”

The upshot of the CED was an agreement to identify issues in the one-year plan and seek early-harvest items. However, the lack of concrete progress prevented the establishment of any firm schedule or timeline for the one-year plan. Nevertheless, Chinese Ministry of Foreign Affairs spokesperson Lu Kang tried to put a positive spin on the talks, saying that both countries valued the CED as innovative and constructive. China’s Global Times noted that success was achieved in the broader acknowledgment of the need for increased cooperation, regarding “win-win cooperation” as an underlying principle in resolving disputes in bilateral ties via negotiation. It also highlighted that the two countries reached an agreement relating to inspection and quarantine protocols for US rice exports to China.

**USTR initiates Section 301 investigation of China**

On Aug. 9, the US levied a tax on imports of Chinese aluminum after the Department of Commerce found that Chinese firms exporting aluminum foil were receiving assistance from the Chinese government. These “countervailing duties” ranged from a 17 percent tax on one Chinese company to an 81 percent tax on two others. While described as routine, the decision signaled the Trump administration’s desire to use punitive measures to compel China to remedy its unfair trade practices. While a final ruling will be made by the Commerce Department on Oct. 23 and by the International Trade Commission at a later date, border officials were instructed to begin collecting the duties.

On Aug. 14, President Trump signed an executive memorandum instructing the US Trade Representative to determine whether to launch an investigation into Chinese theft of intellectual property (IP), invoking Section 301. If found to be stealing IP, China could be subject to a wide range of penalties, including tariffs and other restrictions on imports. Section 301 of the Trade Act of 1974, which allows the president to take trade actions in retaliation against a foreign government found to be discriminating against US commerce or violating international trade agreements, was a common US economic policy tool prior to the formation of the World Trade Organization (WTO). When it joined the WTO, the US committed to solving trade disputes through an agreed upon set of international rules rather than arbitrary domestic policy. Application of Section 301 was extremely unpopular with US trading partners, according to Peterson Institute of International Economics senior fellow Chad Bown, since it made the US the “police, prosecutor, judge, and jury.” The most commonly cited use or abuse of Section 301
dates to the Reagan administration, where Section 301 was used frequently to target Japanese steel and a vague “protective structure” that made it difficult for US semiconductors to compete against their Japanese counterparts.

Four days later, the US announced that it had formally initiated the investigation into China’s theft of IP. The investigation will not immediately result in penalties as it is expected to last many months and involve negotiations with Beijing as well as public hearings. The prospect of future sanctions, however, is unnerving to the Chinese. The Chinese Ministry of Commerce responded with “strong dissatisfaction” to the launch of the US investigation, calling it “irresponsible.” The Ministry strongly denied the allegations while implying that Beijing might challenge any eventual US actions in the WTO. It stressed that “cooperation is the best way to resolve divergences,” and expressed hope that the US and China can take the economic relationship between the two nations in a stable direction “based on the positive results of the China-US 100 Day Action Plan.”

On Aug. 24, Beijing announced that it would tighten controls over intellectual property for foreign firms. China’s Deputy Minister of Commerce Wang Shouwen said the new policies “will intensify the crackdown on malicious trademark registration, online IPR infringement and stealing business secrets,” according to Xinhua. Deputy Minister Wang stressed that “China’s IPR protection has brought huge benefits to foreign IPR.” He added that an implementation timetable would be announced by the end of September.
CHRONOLOGY OF US-CHINA RELATIONS

MAY – AUGUST 2017

May 3, 2017: Chinese Vice Premier Wang Yang holds a phone conversation with US Treasury Secretary Steven Mnuchin and Commerce Secretary Wilbur Ross, in which they exchange ideas on enhancing bilateral economic cooperation.


May 12, 2017: President Donald Trump tweets “China just agreed that the U.S. will be allowed to sell beef, and other major products, into China once again. This is REAL news!”

May 14-15, 2017: China holds the Belt and Road Forum in Beijing. Matthew Pottinger, senior director for East Asia on the National Security Council staff, represents Trump administration.


May 17, 2017: US Department of the Treasury’s Office of Foreign Assets Control (OFAC) designates seven targets in connection with Iran’s ballistic missile program, including four Chinese targets.

May 20, 2017: State Councilor Yang Jiechi has telephone call with Secretary of State Rex Tillerson in which they discuss coordination on the upcoming first round of the US-China diplomatic and security dialogue.

May 23, 2017: Director of National Intelligence Dan Coats provides an assessment of the threats posed by China in a hearing convened by the Senate Armed Services Committee on the Worldwide Threat Assessment.


May 25, 2017: US Navy destroyer sails within 12 nm of Mischief Reef, in the Spratly Island chain in a freedom of navigation operation, the first under the Trump administration.

May 25-26, 2017: Acting Assistant Secretary of State Susan Thornton visits Beijing to discuss bilateral and regional issues of mutual interest with Chinese officials.

May 29, 2017: President Trump tweets “North Korea has shown great disrespect for their neighbor, China, by shooting off yet another ballistic missile...but China is trying hard!”

May 30, 2017: US Navy confirms that China has been invited to attend next year’s US–hosted Rim of the Pacific (RIMPAC) exercises.

June 1, 2017: US law enforcement hands over to Chinese police a criminal suspect named Zhu who was listed on an Interpol red notice and was accused of “serious offenses” by China.

June 3, 2017: At the Shangri-La Dialogue in Singapore, Secretary of Defense James Mattis welcomes China’s economic development and acknowledges that “China occupies a legitimate position of influence in the Pacific” while criticizing Chinese actions that undermine the rules-based order.

June 4, 2017: Secretary of State Tillerson issues a statement marking the 28th anniversary of the Chinese government’s violent suppression of protests in Tiananmen Square.


June 6, 2017: State Department deputy spokesperson calls on China to release three labor activists affiliated with China Labor Watch and grant them judicial protections and a fair trial.


June 7, 2017: State Department’s Bureau of East Asian and Pacific Affairs releases *Review of Key Developments in Hong Kong*, finding that while China has taken actions inconsistent with its commitment to the Basic Law, Hong Kong still enjoys a “high degree of autonomy.”


June 8, 2017: Two US Air Force B-1B Lancer bombers fly a training mission from Guam over the South China Sea in conjunction with the Navy’s USS Sterett guided-missile destroyer.

June 12, 2017: Agriculture Secretary Sonny Perdue announces the finalization of technical documents allowing for the US to resume commercial shipments of beef to China achieved as part of the US-China Comprehensive Economic Dialogue.

June 12, 2017: US Navy Arleigh Burke-class guided-missile destroyer USS Sterett arrives in Zhanjiang, China for a scheduled port visit.

June 13, 2017: In testimony before the Senate Foreign Relations Committee, Secretary of State Tillerson describes Chinese cooperation on North Korea as “notable” but “uneven.”


June 15, 2017: Justice Department files a complaint to forfeit $1.9 million from Mingzheng International Trading Ltd. for transactions on behalf of North Korea’s state-owned Foreign Trade Bank.


June 20, 2017: Premier Li Keqiang encourages US business community to invest in China and contribute to bilateral economic cooperation during meeting with US delegation of business leaders and former officials.

June 20, 2017: President Trump tweets “While I greatly appreciate the efforts of President Xi & China to help with North Korea, it has not worked out. At least I know China tried!”


June 21, 2017: President Trump says the US has a “great relationship with China” at rally in Cedar Rapids, Iowa with China Ambassador and former Iowa Gov. Terry Branstad.

June 21, 2017: US Trade Representative Robert Lighthizer expresses concerns about Chinese trade practices and market economy status at a hearing on trade policy held by Senate Committee on Finance.

June 22, 2017: Chinese State Councillor Yang and CMC member Fang meet President Trump.


**June 26, 2017:** US Ambassador to China Terry Branstad identifies the bilateral trade imbalance, the North Korean threat, and people-to-people ties as top priorities in a [video message](#) to the Chinese people.

**June 27, 2017:** US State Department’s Office to Monitor and Combat Trafficking in Persons [downgrades](#) China to the lowest rating in its annual Trafficking in Persons Report.

**June 29, 2017:** Treasury designates [Bank of Dandong](#) as a “foreign bank of primary money laundering concern” and imposes sanctions on two Chinese citizens and one Chinese shipping company.

**June 30, 2017:** State Department notifies Congress of its intention to sell an arms package to Taiwan worth $1.42 billion.

**June 30, 2017:** Secretary of Agriculture Sonny Perdue joins Ambassador Branstad to slice a Nebraska prime rib in a Beijing ceremony, formally marking the return of US beef to the Chinese market after a 13 year hiatus.

**July 2, 2017:** US destroyer [USS Stethem](#) conducts FON operation within 12 nm of Triton Island in the Paracel Island chain while shadowed by a Chinese warship.

**July 2, 2017:** President Trump speaks by phone with President Xi. They discuss North Korea, trade relations and “a range of other regional and bilateral issues of mutual interest.”

**July 3, 2017:** After North Korea launches its 11th ballistic missile of the year, Trump tweets: “Perhaps China will put a heavy move on North Korea and end this nonsense once and for all!”

**July 3, 2017:** Vice Premier Wang Yang and Secretary of Commerce Wilbur Ross hold a telephone conversation in which they discuss economic relations between the two countries.

**July 5, 2017:** President Trump tweets: “Trade between China and North Korea grew almost 40% in the first quarter. So much for China working with us - but we had to give it a try!”

**July 6, 2017:** Two US [B-1 Lancer](#) bombers from Guam conduct a freedom of navigation flight over the South China Sea.

**July 8, 2017:** President Trump and President Xi meet on sidelines of the G20 summit to discuss how to deal with North Korea and other sensitive issues. Afterward, Trump tweets: “we had an excellent meeting on trade & North Korea.”

**July 10, 2017:** China acknowledges apology from US for White House press release on the Trump-Xi G20 meeting which mistakenly referred to Xi Jinping as president of the Republic of China.

**July 12, 2017:** US–China Economic and Security Review Commission holds a [roundtable](#) on the Health of China’s Economy.

**July 12, 2017:** Human Rights Commission of the House Committee on Foreign Affairs holds a hearing on freedom of religion in Tibet.

**July 12, 2017:** President Trump tweets an article from The Gazette titled “After 14 years, US beef hits Chinese market. Trade deal an exciting opportunity for agriculture.”

**July 13, 2017:** Secretary of State Tillerson issues a statement mourning the passing of 2010 Nobel Peace Prize Laureate Liu Xiaobo, noting that he embodied the human spirit that the Nobel Prize rewards. Tillerson also calls on China to release his wife Liu Xia.

**July 13, 2017:** Onboard Air Force One, President Trump tells reporters that China has been dumping steel and “destroying our steel industry” for decades. He says he will stop this through “quotas and tariffs, maybe both.”

**July 13, 2017:** In remarks at the Summer Meeting of the National Governors Association in Providence, Rhode Island, Chinese Ambassador Cui Tiankai says that “troubling developments” could derail US–China relations. He also calls for the negotiation of a bilateral investment treaty.

**July 14, 2017:** House Foreign Affairs Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations holds [hearing](#) on “The Tragic Case of Liu Xiaobo.”
July 18, 2017: Secretary of Commerce Ross hosts a meeting of over 20 business leaders from the United States and China to discuss issues troubling economic relations between the countries. The session is moderated by Jack Ma and Stephen Schwarzman.


July 20, 2017: Secretary of Agriculture Perdue announces agreement on protocol to allow the US to begin exporting rice to China for the first time.


July 25, 2017: At a hearing entitled “Assessing the Maximum Pressure and Engagement Policy toward North Korea,” Acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton discusses China in testimony before the US Senate Foreign Relations Subcommittee on East Asia, the Pacific, and International Cybersecurity.

July 26, 2017: In an interview with The Washington Free Beacon, CIA Director Mike Pompeo says “China has the capacity to present the greatest rivalry to America” in the long term.


July 28, 2017: Secretary of State Tillerson issues a statement after North Korea’s ICBM test that says China and Russia “bear unique and special responsibility” for North Korea’s ballistic missile program.

July 29, 2017: President Trump tweets: “I am very disappointed in China. Our foolish past leaders have allowed them to make hundreds of billions of dollars a year in trade, yet they do NOTHING for us with North Korea, just talk. We will no longer allow this to continue. China could easily solve this problem!”


July 31, 2017: In a press conference marking the end of China’s month-long presidency of the UNSC, Chinese Ambassador to the United Nations Liu Jieyi says the US and North Korea have the primary responsibility to resolve the Korean Peninsula crisis by “moving in the right direction, [and] not China.”

Aug. 1, 2017: In a meeting with Michigan Governor Rick Snyder in Beijing, Premier Li Keqiang encourages Michigan and other US states to enhance exchanges, two-way trade, and investment with China’s provinces to create more opportunities and jobs for both sides.

Aug. 1, 2017: In an op-ed published in the Wall Street Journal, Commerce Secretary Ross slams China, as well as the European Union, for “formidable nontariff trade barriers” and vows to “use every available tool” to fight those limits.

Aug. 2, 2017: In a Department press briefing in Washington, Secretary of State Tillerson says the United States does not blame China for the Korean Peninsula nuclear conundrum.


Aug. 6, 2017: Chinese Foreign Minister Wang Yi meets Secretary of State Tillerson on the sidelines of the ASEAN Regional Forum in Manila.

Aug. 8, 2017: US Department of Commerce announces its affirmative determination in the countervailing duty (CVD) investigation of imports of certain aluminum foil from China.

Aug. 10, 2017: In remarks to reporters about Chinese pressure on North Korea, President Trump says: “I think China can do a lot more, and I think China will do a lot more.”

Aug. 12, 2017: In a phone call, Presidents Xi and Trump discuss North Korea.

Aug. 14, 2017: President Trump signs a memorandum ordering US Trade Representative Robert Lighthizer to determine whether an investigation is needed into China’s alleged unfair trade practices, including forced intellectual property transfer and patent theft.

Aug. 14, 2017: In compliance with UN Security Council Resolution 2371, China’s Ministry of Commerce (MOFCOM) issues an order to ban the import of several commodities from North Korea, including coal, iron ore, lead, lead concentrates and ore, and seafood, effective Aug. 15.

Aug. 14-17, 2017: Gen. Joe Dunford, chairman of the US Joint Chiefs of Staff, visits China. He meets Xi Jinping and co-signs with his host, Gen. Fang Fenghui, the joint strategic dialogue mechanism to enhance military-to-military communication.

Aug. 14, 2017: China’s Director of MOFCOM Trade Remedy and Investigation Bureau, Wang Hejun, urges the US not to harm the bilateral economic and trade relationship.

Aug. 15, 2017: In response to the Memorandum signed by President Trump on Aug. 14, China’s MOFCOM spokesman says China will resort to all proper measures if the US damages trade ties.


Aug. 18, 2017: US Trade Representative announces the initiation of a Section 301 investigation to determine whether Chinese practices relating to technology transfer, intellectual property, and innovation are unreasonable or discriminatory, and if they burden or restrict US commerce.

Aug. 20–22, 2017: Health and Human Services Secretary Tom Price visits Beijing. He tours the National Cancer Center and meets China’s Minister of the National Health and Family Planning Commission, Li Bin, and Director of China’s Center for Disease Control George Gao.

Aug. 21, 2017: United States formally requests a WTO panel be set up to investigate Chinese tariff-rate quotas (TRQ) for agriculture products.

Aug. 22, 2017: Chinese MFA spokesperson warns the US against any military contacts with Taiwan Defense Minister Feng Shih-kuan during his transits in New York and Los Angeles on his way to and from Taiwan’s Central American allies.


Aug. 23, 2017: State Councilor Yang Jiechi holds a telephone call with Secretary of State Tillerson, to discuss Afghanistan.


Chronology by CSIS Research Intern Kaya Kuo.
Tensions rose to new levels on the Korean Peninsula as North Korea fired multiple missiles demonstrating markedly enhanced capabilities and crowned the Labor Day weekend with a sixth nuclear test with a significantly larger yield than previous tests. The United States tackled its most significant global security challenge by reinforcing its deterrent capabilities, tightening the financial noose on the North, President Trump tweeting stern warnings, and military and diplomatic leaders calling for dialogue. South Korea responded by reiterating its military readiness, expanding its own missile capabilities, and reeling from Trump’s rhetoric that likened President Moon Jae-in’s push for talks to “appeasement” and his threat to scrap the KORUS trade agreement. Despite joint military exercises, live fire drills, B-1 dispatches, and shared statements condemning Pyongyang to signal alliance strength, the relationship between the United States and South Korea appears frayed in dramatic new ways.
No more maybes

In 11 years, North Korea has developed dangerous nuclear and delivery capabilities. The premier national security concern conveyed from the Obama to Trump administration has seen fruition with the July 4 and July 28 Intercontinental Ballistic Missile (ICBM) launches that directly challenge Washington, and the late August missile launch over Hokkaido an affront to Tokyo, and by extension the US as its treaty ally.

North Korea’s contention after its fourth nuclear test on Jan. 6, 2016 that it had tested a hydrogen bomb was met with skepticism from analysts, who suggested that at best Pyongyang had employed boosted technology. Last year’s spate of failed tests led some observers to doubt the pace and efficacy of North Korea’s missile development program, though others noted that failed tests could be teachable moments.

The DPRK soundly removed doubts in summer 2017 with a barrage of missile tests that demonstrate enhanced thrust and trajectories with a range that included most of the United States. The latest nuclear test on Sept. 3 produced a quake estimated to be between 5.7 and 6.3 on the Richter scale (the seismic reads by South Korea and the US respectively), indicating yields in excess of 100 kilotons – at least 10 times the strength of the Sept. 9, 2016 fifth nuclear test, with a yield likened to that of Hiroshima.

The Trump administration has sought to signal certainty in its response to North Korea, reiterating repeatedly that “all options remain on the table.” Trump showed his growing impatience and preference for military solutions with tweets that elicited concern among Seoul and other allies: the United States was “locked and loaded,” (John Wayne, 1949), the US would meet North Korean provocations with “fire and fury,” and “talking is not the answer!” The latter came after the North’s missile launch over Japan and muted his earlier assertion that North Korea was beginning to “respect” the US. Defense Secretary James Mattis sought to stem confusion by asserting that dialogue remained in the US response kit.

Facetime

President Trump’s tweets and late summer musings about dumping the Korea-US (KORUS) free trade agreement (FTA) were a slap in the face of the new Seoul administration. South Korean President Moon Jae-in met Trump on June 30, and the Washington summit seemed to go well. South Korea put great preparation into the meeting and looked to Trump’s meetings with Japan’s Prime Minister Abe Shinzo and China’s President Xi Jinping for lessons learned. Trump, who had earlier lambasted the trade agreement with Korea as a “disaster,” somewhat checked his concerns, and the two leaders projected themselves as being in lockstep over their concern about DPRK provocations. In the aftermath and given the North’s missile launches in July and August, Moon deployed the remainder of the THAAD anti-missile system, which had drawn criticism from China and domestic opponents.

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reintroduce US tactical nuclear weapons to South Korea.

Several factors signal growing fissures in ROK-US relations. Foremost is the mixed political messaging on North Korea, which appears to allow little room for Moon Jae-in's pursuit of a peace initiative. Second, and another issue about “face,” is the proclivity of President Trump to call Japanese Prime Minister Abe on North Korean concerns more often and ahead of President Moon. South Korean sentiments range from irritation to insult, especially as South Korean relations with Japan are in flux and questions of history and popular memory linger. Trump’s dismissiveness of the KORUS FTA was met with confusion from Seoul, which had not fully considered the possibility of it being scrapped and led the leading Washington–based trade group supportive of KORUS to urge members to contact lawmakers to support its retention. Whether the US president is revealing his true leanings or posturing is unknown, but the result is disquiet Nonetheless.

Particularly galling to some South Koreans was Trump’s scolding by tweet of Seoul’s mistaken “appeasement” of the North. Though this message may have delighted conservatives in Tokyo and the president’s base, many found the remark paternalistic and pejorative.

Reinforcements

The US and Korea joined in shoring up preparedness against North Korea and enhancing South Korea’s military capabilities. After a summer of DPRK test launches, the US agreed in principle to increase the range of South Korea’s missiles, and South Korea reportedly agreed to purchase new US weapons. The US also deployed B-1 bombers alongside ROK aircraft to signal resolve in the face of the North Korean launches.

More telling, the United States and South Korea conducted the scheduled Ulchi Freedom Guardian (UFG) exercises with an increase in media focus and live–fire drills in response to DPRK tests. The large-scale exercises reportedly employed 7,500 fewer US troops than in the past, a possible effort to give US diplomats leverage with the North at the negotiating table, although Defense Secretary Mattis dismissed such suggestions.

Consistent with past objections to the joint US-ROK exercises, North Korea responded with heated rhetoric – the latest acceleration in the war of words between North Korean leader Kim Jong Un and President Trump. North Korea’s Aug. 28 missile launch over Hokkaido was the most forthright of Pyongyang’s objections to the exercises and came ahead of its Sept. 9 Foundation Day celebration. Another ICBM launch may be in the offing.

Though North Korea signaled its disdain for US-ROK exercises, it also aimed to drive a wedge between the United States and negotiation-minded South Korea, South Korea and Japan, and Japan and the US (over US diplomatic efforts). Some perceived benefit in the DPRK’s launch away from Guam – where tensions flared after Kim Jong Un’s reported consideration of a missile launch – but Japanese residents awoke to calls to take cover.

As Japanese had prepared its civil defense this summer, so too the threat by North Korea to land four missiles in its waters off Guam caused concern among that island’s residents. For the first time, the US weighed the very real possibility of a North Korean provocation in US territorial waters. Along with concerns about North Korea’s increasing use of mobile launches and nighttime testing, the threat to Guam also suggested the complexity of the US and ROK responding to multiple DPRK attacks against Guam, Japan, and South Korea.

Sad passing

While the July 4 and July 28 ICBM tests signaled new strides by the DPRK and directly challenged Washington, the death of US student Otto Warmbier, held by North Korea for more than 17 months, registered viscerally among US policy makers, legislators, and the public. At a meeting
between US Special Representative Joseph Yun and the North Koreans in Oslo and via the DPRK New York Mission on June 6, North Korea advised the US that Warmbier had been in a coma for over a year and was in rapidly declining health. Yun traveled to Pyongyang and returned with Warmbier, who died a week after arriving in the US in an unresponsive condition.

President Trump appeared angry and saddened, reached out to Warmbier’s parents, and vowed accountability for DPRK actions. President Moon, a former human rights lawyer, expressed sorrow and extended sentiments from Seoul as well. Warmbier had been sentenced by the DPRK to 15 years for stealing a propaganda banner venerating late leader Kim Jong Il. Questions remain about the circumstances surrounding Warmbier detention.

As a sign of the profound miscommunication, DPRK representatives quietly questioned why the United States was not more appreciative of the return of Wambier. For the US, securing the release of the three known US citizens in custody remains a priority. North Korea released detained Canadian pastor Hyeon Soo Lim in late July.

Travel ban and sanctions

The US State Department responded to Warmbier’s passing with a show of strength and by imposing a travel ban on US citizens visiting North Korea. Proponents of the ban call it a visible signal to Pyongyang that denies the regime tourist revenues, however limited. Opponents of the ban, which was effective Sept. 1, argue that it denies people-to-people contact, eliminating the only exchanges most North Koreans have with Americans and thereby playing to Pyongyang’s propaganda.

The ban was accompanied by a greater US push to hurt the DPRK regime financially. In early May, the US House of Representatives passed legislation aimed at tightened sanctions targeting shipping and companies doing business with Pyongyang. In August, the US Treasury announced measures aimed at Russian and Chinese facilitating DPRK weapons development. UN Security Council Resolution 2371 passed with unanimous support, signaling international condemnation of North Korea’s July ICBM tests. The measures aim to curtail one-third of North Korea’s $3 billion export economy, by banning imports of North Korean coal, iron, lead, iron and lead ore, and seafood. Following North Korea’s Sept. 3 nuclear test, suggestions arose of a cut-off in petroleum as well, a measure China and Russia have rebuffed.

Wedges and realignments

Russia and China have urged the US to open a dialogue with North Korea, seemingly in line with Moon’s proclivities. But Russia has couched its suggestion in terms of great power conflict, and in an unusual display of force sent Tu-95s into Korean airspace. South Korean and Japanese fighters escorted the Russian aircraft away, but Putin sent a political message that the US should de-escalate the crisis or see the Peninsula through the lens of greater rivalries.

China continued to push for North Korea and the US to enter negotiations and reiterated its suggestion of a trade of US–ROK exercises for a moratorium on DPRK missile tests. Beijing, which holds its 19th Party Congress beginning Oct. 18, does not want a foreign policy crisis on its doorstep at a sensitive time for domestic politics. Though displeased with DPRK missile and nuclear developments (shock waves from the latest nuclear test could be felt by Chinese across the border), Beijing values stability on the Peninsula above all else. Some see a potential shift in Seoul’s policy to one more in line with Beijing. Both Seoul and Beijing seem more intent on talks than either Washington or Tokyo. Growing South Korean concerns over Trump’s tweets, his North Korea policy, and the threats to terminate the KORUS FTA could accelerate that drift. By driving wedges into the US–Korea alliance, North Korea appears to be advancing its cause.
CHRONOLOGY OF US-KOREA RELATIONS

MAY – AUGUST 2017

May 1, 2017: US deploys drone to Japan for possible surveillance of the DPRK.

May 1, 2017: President Donald Trump says he would be “honored” to meet DPRK leader Kim Jong Un “under the right circumstances.”

May 1, 2017: US announces THAAD missile defense system in ROK as initially capable.

May 3, 2017: DPRK announces April 22 detention of US citizen Kim Sang-dok, who taught accounting at Pyongyang University of Science and Technology (PUST), for “attempting to subvert the country.”


May 5, 2017: DPRK accuses the CIA of an assassination plot against Kim Jong Un. The next day it describes the plot as a “biochemical” attack.

May 6, 2017: US House of Representatives approves tighter North Korea sanctions 419-1.

May 7, 2017: North Korea detains US citizen Kim Hak-song of PUST on suspicion of “hostile acts” against the DPRK.


May 9, 2017: Moon Jae-in elected president of the Republic of Korea.

May 10, 2017: Moon Jae-in inaugurated as president and vows to seek peace with the DPRK.

May 10, 2017: Department of Defense suggests DPRK Intercontinental Ballistic Missiles (ICBMs) have “important shortfalls.”

May 12, 2017: DPRK sends a letter of protest to the US House of Representatives over new US sanctions.

May 12, 2017: President Trump advises President Moon that conditions must be right for dialogue with the DPRK before entering into talks.

May 13, 2017: Yonhap reports that the DPRK would dialogue with the US under the right terms.

May 14, 2017: DPRK tests missile in the 4,500 km range. The missile travels 700 km for 30 minutes and lands in waters between Korea and Japan.

May 15, 2017: China signals it may back new sanctions after the DPRK missile test.

May 16, 2017: Prominent nuclear specialist Siegfried Hecker suggests US send special nuclear envoy to North Korea.

May 17, 2017: ROK suggests reopening communications with the DPRK after its missile launch.

May 18, 2017: US Navy moves second carrier near the DPRK.

May 19, 2017: China and South Korea urge an easing of tensions between US and North Korea.

May 21, 2017: DPRK launches a missile from Pukchang. The missile flies 500 km, according to the ROK Joint Chiefs of Staff. DPRK asserts that the test confirmed its warhead guidance system is ready for deployment.

May 21, 2017: US, ROK, and Japan call for an emergency session of the UN Security Council to discuss the latest missile launch by North Korea.

May 22, 2017: UNSC condemns North Korea’s latest missile test and directs its sanctions committee to redouble its efforts to implement existing sanctions.


May 26, 2017: ROK approves civilian contact with DPRK as a goodwill gesture.

May 28, 2017: Kim Jong Un observes anti-aircraft weapon and new guidance tests. DPRK launches a missile that lands in waters between Korea and Japan.

May 29, 2017: DPRK claims its new missile can land within seven meters of target.

May 30, 2017: President Moon orders probe after claims that ROK military was hiding information on US THAAD deployment.


June 1, 2017: President Moon raises concern with visiting Sen. Richard Durbin over US military budget and missile defense.

June 2, 2017: UNSC unanimously adopts resolution 2356 extending the number of DPRK individuals and entities under sanction, to include freezing assets and a travel ban.

June 2-3, 2017: Defense Secretary James Mattis calls on China to do more on the DPRK situation and reassures Asian allies of US commitment.

June 4, 2017: DPRK rejects new UN sanctions.

June 7, 2017: ROK suspends THAAD deployment. Head of US missile defense describes DPRK advances in missile development as being of “great concern.”

June 7, 2017: DPRK fires several ground-to-ship missiles, saying the test launch verifies “combat application efficiency.” Kim Jong Un reportedly supervised the launch.

June 11, 2017: DPRK says it is “not far away” from an ICBM test.

June 12, 2017: Defense Secretary Mattis describes the DPRK as the “most urgent” threat to security. Detained US student Otto Warmbier returns to the US in an unresponsive state.

June 13, 2017: Under Secretary of State for Political Affairs Tom Shannon says DPRK poses a global threat over time. US blames DPRK for hacking spree and warns against more attacks.

June 19, 2017: Otto Warmbier dies days after release from the DPRK.


June 22, 2017: President Moon calls Chinese President Xi Jinping to encourage more action on DPRK. Student Otto Warmbier laid to rest in Wyoming, Ohio.


June 25, 2017: ROK tests missile capable of striking all the DPRK. President Moon states that he and Trump share a “common goal.”


June 29, 2017: Former Defense Secretary Perry and former senior officials urge Trump to begin dialogue with North Korea.


June 30, 2017: Presidents Trump and Moon meet. Trump calls for firm response on North Korea and targets ROK on trade. The two presidents assert unity against DPRK provocations.

July 1, 2017: US head of missile defense states, “I would not say we are comfortably ahead of the threat” from the DPRK.

July 3, 2017: President Trump calls Prime Minister Abe and President Xi over DPRK threat.
July 4, 2017: North Korea tests an ICBM using a PRC truck as a launch base and claims the ICBM can carry a large nuclear warhead. Secretary of State Rex Tillerson calls for global action.

July 5, 2017: US and South Korea conduct military exercise that is described as a response to the North Korean missile launch on July 4.

July 5, 2017: US tells North Korea it is prepared to go to war. UNSC holds emergency session.

July 6, 2017: China urges calm, while President Trump considers “severe things” over DPRK threat. Russia objects to UN condemnation and suggests the missile test was not of an ICBM.

July 7, 2017: US seeks funds connected to DPRK from eight large banks. President Moon delivers historic Berlin address on unification at the Korber Foundation.


July 11, 2017: ROK contends that DPRK does not have ICBM reentry technology.


July 14, 2017: DPRK vows “corresponding measures” if UN adopts new sanctions.

July 17, 2017: ROK proposes military talks, family visits, and opening of hotlines with DPRK.

July 19, 2017: Vice Chairman of the US Joint Chiefs of Staff Paul Selva suggests DPRK lacks accuracy to hit US. DPRK dismisses ROK call for better ties as “nonsense.” US Navy chief asks PRC counterpart for help on DPRK.

July 21, 2017: US State Department announces a ban on US travel to the DPRK.

July 22, 2017: US legislators strike deal on sanctions bill for Russia, Iran, and North Korea.

July 26, 2017: US intelligence agencies report that within one year the DPRK could have a missile that can reach US.

July 28, 2017: DPRK tests a second ICBM, the Hwasong 14, off its east coast. ROK pushes to build up its own missile defenses. Trump tweets disappointment in China.

July 30, 2017: US flies bombers over Korean Peninsula. DPRK claims the entire US is within strike range of the Hwasong 14. Trump says China has done “nothing.”

Aug. 1, 2017: Secretary of State Tillerson says to North Korea, “we are not your enemy,” expresses hope for dialogue “at some point,” and plays down talk of regime change.

Aug. 2, 2017: Vice President Mike Pence says US won’t hold talks with North Korea. US bans travel to North Korea from Sept. 1, and advises all US citizens to leave the DPRK.

Aug. 3, 2017: National security advisers from the US, South Korea, and Japan hold a video conference to coordinate their response to North Korea’s missile and nuclear threats.


Aug. 7, 2017: ROK and US agree to increase pressure on the DPRK. North Korea says it would use nuclear weapons only against the US. DPRK rejects nuclear talks and says US will “pay dearly.” China urges restraint.

Aug. 8–9, 2017: DPRK states it is now making missile–ready nuclear weapons. Trump says US will meet DPRK threat with “fire and fury.” DPRK announces consideration of a plan to strike Guam. Former Defense Secretary Perry tweets that “nuclear deterrence is only effective if threats are deemed credible; bluster hurts our national security posture.”

Aug. 9, 2017: Secretary Tillerson states, “I do not believe there is any imminent threat,” from the DPRK, and that “Americans should sleep well at night.”
Aug. 10, 2017: DPRK suggests it might fire missile into waters off Guam. Trump says his earlier comments might not have been “tough enough” and warns North Korea to get its “act together.”

Aug. 11, 2017: Trump tweets that military solutions are “locked and loaded.”

Aug. 13, 2017: CIA Director Pompeo suggests DPRK likely to continue tests. US Chairman of the Joint Chiefs of Staff Joseph Dunford arrives in Asia and pushes diplomacy.

Aug. 14-15, 2017: DPRK delays Guam firing and US says that dialogue is up to Kim Jong Un. Defense Secretary Mattis says that if DPRK fires at the US, it could “escalate into war.”

Aug. 15, 2017: President Moon warns the US against unilateral military action.

Aug. 16, 2017: President Trump praises Kim Jong Un for a “wise’ decision on Guam.

Aug. 21-30, 2017: ROK and US Combined Forces Command conduct the annual Ulchi Freedom Guardian military exercise. In addition, UN Command forces from seven countries, including Australia, Canada, Columbia, Denmark, New Zealand, the Netherlands, and the United Kingdom, participate.


Aug. 23, 2017: President Trump suggests Kim Jong Un is “starting to respect” the US.

Aug. 24, 2017: Russia sends nuclear-capable bombers near South Korea and Japan. DPRK photos suggest a more powerful ICBM under development.

Aug. 25, 2017: DPRK fires three short-range missiles from its east coast; one fails.

Aug. 28, 2017: DPRK fires Hwasong-12 missile over Japan. Trump warns again that “all options are on the table,” and that the DPRK message is “loud and clear.”

Aug. 29, 2017: DPRK accuses the US of driving the Korean Peninsula to “explosion.” US proposes a UNSC statement condemning the latest DPRK launch and that all states “strictly, fully and expeditiously implement” sanctions. Kim Jong Un says missile test was for Guam.

Aug. 30, 2017: President Trump tweets “talking is not the answer!,” although Defense Secretary Mattis cautions afterward that “we are never out of diplomatic solutions.”

Aug. 30, 2017: The Wall Street Journal reports that “Korea passing” has entered South Korea’s public and leadership lexicon, as Seoul appears bypassed in the standoff with North Korea.

Unlike its predecessor, the Trump administration has not devoted much attention to Southeast Asia; there is no clear policy toward the region. Instead, two areas have been emphasized: an increase in the number of Navy ship–days in the South China Sea and regular economic pressure on Southeast Asian states based on the president’s “America First” principle. Insofar as there is a security policy, it has been to gain support for Washington’s efforts to isolate North Korea. US relations with the Philippines have improved because there have been limited complaints about President Duterte’s war on drugs and increased support for the Philippine Armed Forces’ counterterrorism actions in Mindanao. Vietnam Prime Minister Nguyen Xuan Phuc’s trip to Washington focused on reducing Hanoi’s trade surplus, and, in August, Secretary of Defense Mattis promised a visit by a US aircraft carrier to Vietnam, the first since the end of the Vietnam War. Washington applauded the ASEAN–China agreement on a framework for a code of conduct for the South China Sea, urging that the actual code be legally binding, a stipulation opposed by China.
US position in Southeast Asia

Since 9/11, the US international security focus has been on the Middle East (Iraq, Syria), Afghanistan–Pakistan, the Arabian Gulf (Iran, Yemen), and the Horn of Africa (Somalia). US armed forces have been engaged in counterinsurgency, fighting Taliban, Al Qaeda, and ISIS in the longest wars in US history (Afghanistan and Iraq), training fledgling armed forces, and providing military and economic assistance to their governments. With several thousand military personnel in Afghanistan and Iraq, Asia has been viewed as a secondary concern.

President Obama attempted to change this perception when he took office and initiated a “pivot” and then a “rebalance” to the Asia-Pacific, with a special focus on Southeast Asia. Highlights of the new emphasis were the creation of a US mission to ASEAN in 2010, the establishment of an ASEAN–US Strategic Partnership in 2016, and Washington’s stated commitment to deploy 60 percent of its military assets to the Pacific by 2020. There has been apprehension in Southeast Asia that the Trump administration would ignore the region, especially since in one of his first actions as president, Trump withdrew from the Trans-Pacific Partnership (TPP) and spoke against multilateral trade arrangements.

Nevertheless, the US has been engaged in the region. It conducted three separate freedom of navigation (FON) patrols in May, June, and August near Chinese-occupied features in the South China Sea. Vice President Mike Pence visited the ASEAN Secretariat in Jakarta. In April, the US House of Representatives established an “ASEAN Caucus.” Secretary of State Rex Tillerson attended the ASEAN ministerial meetings in August. In June, Defense Secretary James Mattis delivered a major address at the Shangri-La Dialogue in Singapore where he also met ASEAN defense ministers.

However, note the disparity between the $425 million Southeast Asian security appropriation in the last year of the Obama administration and the hundreds of billions of dollars spent in Iraq and Afghanistan over the past 15 years. In an acerbic early-August editorial carried by the Philippine Inquirer, Secretary Tillerson was characterized “as the diminished representative (at the helm of a dysfunctional hollowed-out State Department) of a diminished superpower (the American security umbrella in the Asia-Pacific is now in the small shaky hands of a blundering undisciplined commander-in-chief).” The 10 ASEAN foreign ministers met Tillerson in Washington on May 4. The following day, Singapore Foreign Minister Vivian Balakrishnan, voicing the sentiments of most Southeast Asian countries, stated: “[Southeast Asia] supports half a million American jobs. America has more invested in Southeast Asia than it has in India, China, and Japan combined…. we want a regional, all-encompassing welcoming architecture, and – I want to say – America is most welcome to participate.”

In late April, President Trump called the leaders of Singapore, Thailand, and the Philippines, inviting them to the White House at some undetermined time. The primary subject of the phone calls was to convince these Southeast Asian partners to back US policy toward North Korea. As CSIS’s Murray Hiebert put it, the US president “missed a critical opportunity to allay concerns that the Trump administration is overly focused on Northeast Asia” and has yet to articulate a rationale for US engagement with Southeast Asia. Secretary Tillerson, in an effort to differentiate the Trump administration from its predecessors, told a gathering of State Department employees that human rights concerns will be subordinated to US national security and economic interests. Meanwhile, in addition to the freedom of navigation patrols mentioned above, the US Navy in the South China Sea continues both bilateral and multilateral exercises with Southeast Asian partners embodied in the Cooperation Afloat and Training (CARAT) and the Southeast Asian Cooperation and Training (SEACAT) exercises.
In a major policy address to the Shangri-La Dialogue, Secretary of Defense Mattis emphasized an additional component of US security policy in Southeast Asia – counterterrorism. In the years after 9/11, particularly in Indonesia with the Bali and Jakarta bombings perpetrated by Jemmah Islamiya, Washington and Canberra collaborated to assist Jakarta in creating a counterterrorism police unit, Densus 88, whose purpose was to identify and apprehend radical Islamists bent on violence. More recently, with the disintegration of the ISIS Caliphate in Syria and Iraq alongside its leaders’ urging members to return to their home countries to wage jihad, the US has stepped up counterterrorism cooperation with Malaysia, Indonesia, and the Philippines. Cooperation includes intelligence sharing and enhancing national capacities for maritime domain awareness, particularly through the provision of additional ships for coast guards and navies by the United States, Japan, and South Korea.

At the Shangri-La conclave, Secretary Mattis gave a presentation that demonstrated the Trump administration’s Asia policy has continued many of the actions of its predecessors: exercises with partners, military equipment transfers, and joint training. Alliances are being strengthened and US regional military capabilities enhanced. Commander of the US Pacific Fleet Adm. Scott Swift, during a June 15 port call in China, said the US warships planned 900 “ship-days” in the South China Sea, up from 700 “ship-days” in 2016. In her Senate confirmation hearings, the US Ambassador to Singapore KT McFarland emphasized that the island city-state’s primary utility to the United States is its location at the gateway between the Indian Ocean and South China Sea. Though there is no formal alliance, Singapore is a key strategic partner. The US operates Poseiden P-8 anti-submarine patrol aircraft and Littoral Combat Ships from Singapore and Singapore maintains fighter aircraft training units in Arizona and Idaho and helicopter training units in Arizona and Texas.

A Pew Research Center global survey of public opinion about the United States released in June included three Southeast Asia states: Indonesia, Vietnam, and the Philippines. Indonesia’s favorable rating of the US declined from 62 percent in 2015 to 48 percent this year. Only 23 percent of Indonesians surveyed expressed a favorable view of President Trump compared with 64 percent for President Obama. 67 percent of Indonesians surveyed disapprove of the proposed partial US travel ban on Muslims, though Indonesia is not one of the designated countries. Filipinos express a favorable rating for the US president, with 67 percent believing he is well qualified for his office. The overall favorability rating of the US by Filipinos remains high at 85 percent, a clear disjunction with President Rodrigo Duterte’s anti-US rhetoric. Vietnam is the only one of the three where positive views of the US have increased since Trump took office” 71 percent believe he is well qualified to be president, though 61 percent of Vietnamese disapprove of his decision to withdraw from the Trans-Pacific Partnership.

**Progress toward a code of conduct framework with pitfalls**

Since 2002, when China and ASEAN inked the Declaration of Conduct (DOC) for the South China Sea, the Association has been trying to advance that Declaration (often breached in practice) to a more formal code of conduct (COC). On Aug. 6, China and ASEAN signed a framework for such a code. However, the framework seems to marginalize ASEAN’s role in that it emphasizes Southeast Asian claimants only plus China. It also appears to exclude the US and Japan as external actors who “interfere” in the disputes.

While ASEAN’s Secretary General Le Huang Minh argues that a COC, unlike the 2002 DOC, should be legally binding, Beijing insists that adherence must be voluntary. Moreover, the putative code would not resolve sovereignty disputes in South China Sea waters. In fact, the framework for a COC, agreed upon at an August ASEAN Ministerial Meeting in Manila, only covers what South China Sea issues should be discussed in reaching the new code and which disputes should be included in the future agreement. While incident management and mechanisms to monitor COC implementation are included as topics to be addressed, details on how to do so are not. Nor has there been discussion of joint conservation of the Sea’s resources, law enforcement cooperation, or encounters among military forces. A good place to begin, according to Greg Poling of CSIS, would be to determine which maritime areas are in dispute and which are not. Dispute settlement mechanisms should also be included. The claimants – China, Taiwan, Vietnam, Malaysia,
Brunei, and the Philippines – all have different interpretations about the meaning of these provisions. Since any ASEAN-wide agreement, according to the ASEAN Charter, must be by consensus, progress toward a final agreement is likely to continue to be slow.

An agreement that was first drafted in 2014 at the Western Pacific Naval Symposium is the Code for Unplanned Encounters at Sea (CUES); it seems to be a good starting point for a more binding code. Initially a Cold War undertaking between the Soviet Union and the United States, CUES has been extended to all ASEAN Defense Ministers Plus countries; in other words, the 10 Southeast Asian states as well as those external powers that regularly steam through the South China Sea. As currently constituted, CUES is confined to navy ships, though several ASEAN states, led by Singapore, have urged that it be extended to coast guard and fishing vessels. (Many PRC fishing boats are armed and form a kind of maritime militia.)

Meeting on the sidelines of the ASEAN Regional Forum (ARF), the US, Japan, and Australia expressed “serious concerns” over the South China Sea maritime disputes and raised “strong opposition to coercive unilateral action that could alter the status quo and increase tensions.” In a provision directed at China (without naming it) the three foreign ministers urged South China Sea claimants to refrain from land reclamation, construction of outposts, militarization of disputed features, and actions that damage the marine environment. The three also supported those ASEAN members led by Vietnam and supported by the Philippines advocating a legally binding COC. Negotiations on COC details are scheduled to begin in November.

Counterterrorism as a US wedge in the Philippines

US–Philippine relations under President Duterte have been troubled from the beginning. Notorious for killing thousands of alleged drug dealers extra-judicially when he was mayor of Davao and subsequently as the country’s president, the Philippine president bristled when President Obama condemned his impunity. Duterte responded by cancelling joint military exercises with the United States and banning US Navy vessels from using Philippine bases for freedom of navigation (FON) operations. He also cancelled plans for joint patrols in the South China Sea. However, with the election of Donald Trump, who has refrained from criticizing the Philippine president’s anti-drug campaign, relations between Manila and Washington have improved. Military cooperation is being restored, the Enhanced Defense Cooperation Agreement (EDCA) is being implemented, and Trump has invited Duterte to visit the White House. The Duterte administration once again has acknowledged the indispensability of US military support both in the South China Sea and against insurgents and terrorist groups in Mindanao. US Special Forces in the southern Philippines are providing intelligence and equipment. Nonetheless, in late July, Philippine Foreign Secretary Alan Peter Cayatano admonished Washington saying, “Do not pretend that you’re protecting the Philippines. You’re protecting your interest.” He went on to unfavorably contrast Washington’s unequivocal support for Japan’s position in the Senkakus with its unwillingness to give the Philippine claims in the South China Sea similar guarantees.

With the May takeover of the center of Marawi City by ISIS-affiliated terrorists, Philippine armed forces pushed back against Duterte’s plans to remove US Special Forces from the region, and he relented. On July 1, US and Philippine ships conducted a joint patrol in the Sulu Sea, an area where Muslim militants moved and supplied their forces. US Navy Singapore Area Coordinator Rear Adm. Dan Gabrielson averred, “Our at-sea operations with the Philippine Navy demonstrates our commitment to the alliance and deter piracy and illegal activities.” In June, the Philippines, Indonesia, and Malaysia began conducting trilateral maritime patrols to monitor terrorist and criminal activities in the Sulu and Celebes Seas. To assist these new monitoring activities,
on July 27, the US transferred 10 new surveillance aircraft to the Philippines. They are built for maritime patrols and have a range of 1,000 nm. The whole package, which is worth $30 million, is funded by the Obama administration’s $425 million Maritime Security Initiative and includes intelligence, surveillance, and reconnaissance gear.

The fighting in Marawi is not a great departure from the norm in Mindanao. Two groups linked to ISIS are at the center of the conflict: the Maute Group, which is from the local area, and an Abu Sayyaf group that came to Marawi from the island of Basilan. Efforts to stem the flow of foreign fighters from the collapsing Caliphate in Syria and Iraq have boosted cooperation among the Philippines, Malaysia, and Indonesia. Fighters from Southeast Asia as well as Chechnya, Yemen, and Saudi Arabia have been killed in Marawi. The need for US support led President Duterte to refer to himself in an early August Manila meeting with Secretary Tillerson as “your humble friend in Southeast Asia.” (Quite a change in rhetoric from the previous year.) Now, the US is providing grenade launchers, state-of-the-art machine guns and automatic rifles to the Philippine armed forces. US counterterrorism operations in Iraq have proved valuable for the transfer of urban counterinsurgency skills to the Philippine armed forces in Marawi. Even fighter jets provided last year by South Korea and declared useless by Duterte are now being used in Marawi.

US participation in the Marawi conflict is justified, according to Philippine spokesman Ernesto Abello, on the basis of protocols in the Mutual Defense Treaty Security Engagement Board. The treaty, the utility of which was questioned a year ago by the Duterte government, is now touted as essential for defeating the Maute Group in Marawi. As Adm. Harry Harris, commander of the US Pacific Command, put it in mid-June: “We are involved in activities in Mindanao to help the Armed Forces of the Philippines take the fight to ISIS [Islamic State] in the Philippines.” On Aug. 8, Philippine media stated that the US NBC network reported that a Pentagon official said US drones could be used to strike ISIS insurgents in Marawi. However, the Philippine Armed Forces chief of staff insisted that no lethal US military operations are permitted unless the Philippines is attacked by another country.

Closer ties between Washington and Hanoi

Hanoi’s interest in good relations with the Trump administration is based on two related considerations – the US is the only external balancer against China because ASEAN cannot play that role, and better trade relations, where Hanoi needs to convince Washington that Vietnam is a reliable partner. Hanoi had been a major supporter of the TPP and Trump’s abandonment of the multilateral trade arrangement has been a significant disappointment for Vietnam. The US Trade Representative pointed out during the Washington visit by Prime Minister Phuc in late May that Vietnam’s $32 billion annual trade deficit with the US presented “new challenges” to bilateral relations. Prime Minister Phuc responded by noting that a large part of Vietnam’s exports are the “finishing” of goods whose value chains originate in China and Korea. The Vietnamese leader also offered ideas in discussions with Trump on how US businesses could increase sales to Vietnam. The joint communiqué noted that $8 billion in new commercial deals was reached during the visit. Three billion of that amount, according to the US Commerce Department, involved more than 23,000 US jobs. Vietnam has retained a Washington lobbying firm, the Podesta Group, to promote Hanoi’s interest to the US. Another positive feature is that the US Ambassador Ted Osius, a career Foreign Service officer, speaks Vietnamese. While Vietnam has backed off a Spanish oil concession in the South China Sea after threats from China, Hanoi has proceeded with drilling plans for natural gas near the disputed Paracel Islands with ExxonMobil, the US oil giant whose most recent CEO was Secretary of State Tillerson.

On the security front, closer relations are predicted. Secretary of Defense Mattis, in discussions with Vietnamese counterpart Ngo Xuan Lich in Washington on Aug. 8, promised a visit by a US aircraft carrier in 2018 and deeper defense cooperation. Prior to Prime Minister Phuc’s White House visit, the US handed over six new patrol boats and a used US Coast Guard cutter (the same kind delivered in recent years to the Philippines). Vietnam has roughly doubled the size of its Coast Guard from 2013 to 2017.

India and Japan are also assisting Vietnam’s maritime buildup. A year ago, India pledged to give Hanoi a $500 million defense credit; this
year Delhi sold its 25-mile range surface-to-air Akash missile to Vietnam. The Akash can be launched from a submarine, increasing its value. More broadly, according to Hong Kong’s Asia Times Online on June 14, ASEAN supports a greater Indian role in the region’s political and security domain. Japan and Vietnam have also signed defense agreements worth $350 million for additional coast guard vessels.

ASEAN’s future relations with the US

ASEAN is regarded by many observers as a success not so much for its achievements but rather because since its inception 50 years ago, its theretofore fractious members have mostly avoided warfare against one another and have adopted a “live and let live” attitude toward fellow members. Yet, ASEAN has no constitution (only a charter), parliament, or dispute settlement mechanism. Its headquarters in Jakarta operates on a modest annual budget of $20 million in 2017. With decision making obtained only through consensus by its 10 members, ASEAN is a confederation of the willing.

President Obama made ASEAN a centerpiece of his “rebalance to Asia.” By contrast, the Trump administration has not articulated a coherent Southeast Asia policy. Deputy Assistant Secretary of State Patrick Murphy in an Aug. 10 Washington press briefing explained Secretary Tillerson’s recent ARF attendance by stating the US had four objectives for his Southeast Asia meetings: “First was to demonstrate the US commitment to the Asia-Pacific region; secondly, was to advance our key security priorities in the multilateral fora that are offered through ASEAN; third, strengthen our alliances and partnerships; and fourth, underscore our commitment to a rules-based approach to the region.”

This statement could have been made by the Obama administration, meaning that Tillerson has emphasized continuity toward Southeast Asia rather than change. In part, this may be because the Trump administration’s Asia policy is devoted primarily to the Korean Peninsula and China, leaving Southeast Asia to professional diplomats who had been involved with the policies of Trump’s predecessor. (The author had a discussion in July with a serving US ambassador in the Pacific who stated that in the absence of specific directions from Washington, this diplomat followed policies and programs already in place.)

In their Aug. 6 communiqué, ASEAN foreign ministers pleased the US when they called for non-militarization and self-restraint by South China Sea claimants, language seen to be directed primarily at China. In ASEAN discussions as well as in the final communiqué, concerns were voiced about land reclamation “and activities in the area which have eroded trust and confidence, increased tension, and undermine peace, security, and stability.” This year’s final ASEAN communiqué took a stronger position than an earlier draft. Moreover, three of the Association’s major foreign partners – the US, Japan, and Australia – met on the sidelines of the ARF in Manila for their Seventh Trilateral Strategic Dialogue. The ministers voiced strong opposition to coercive unilateral actions that could alter the status quo in the South China Sea and increase tension; they indicated that the three countries would continue to fly, sail, and operate where ever international law allows; urged South China Sea claimants to refrain from land reclamation, construction of outposts, militarization of disputed features; or causing physical changes in their maritime environment. The ministers also urged the claimants to make and clarify their claims based on the UN Convention on the Law of the Sea (UNCLOS), once again endorsed the Permanent Court of Arbitration July 2016 decision (that denied the legitimacy of China’s nine-dash line claims in the South China Sea), and hailed ASEAN progress toward a code of conduct.

The US–Japan–Australia meeting affirmed their intention to continue maritime capacity building and defense transfers to ASEAN states. In his Aug. 8 visit to Jakarta, PACOM Commander Adm. Harris noted that Indonesian–US military collaboration included 200 combined activities. Indonesian Security Affairs Minister Wiranto stated that their discussions also covered “how the US can participate in securing the region, focusing on addressing the Islamic State of Iraq and the Levant’s [another name for ISIS] new base in Southeast Asia.”

In the decade after 9/11, Southeast Asia became a kind of second front after west Asia with respect to radical Islamic violence. Jemmah Islamiya conducted bombings in Indonesia and Abu Sayyaf plagued the southern Philippines as well as Manila. Also, southern Thailand was
harassed by a Salafi secessionist movement with links to Malaysia. Because insular Southeast Asia is primarily a maritime environment, ASEAN concerns about terrorism contain a maritime component. In particular Abu Sayyaf has operated kidnap-for-ransom schemes in eastern Malaysia, using small, fast boats to move their victims to Mindanao. Abu Sayyaf has also hijacked vessels and moved radical fighters by boat from east Malaysia to Marawi in the Philippines. US support for the Malaysia-Indonesia-Philippines joint patrols in the Sulu and Celebes Seas alongside training and intelligence in Marawi are indicators of Washington’s commitment to assist Southeast Asian states in their efforts to suppress the region’s jihadists.

US relations with Malaysia and Thailand

Washington’s relations with Kuala Lumpur are generally correct if not always warm. The election of Donald Trump has been met with suspicion among Malaysia’s political classes. The US abandonment of the TPP and a narrow threat-oriented “America First” prism focused on terrorism and China will lead to more missed economic opportunities, particularly when compared with China’s active investment initiatives. The armed forces of the US and Malaysia have been a consistent bright spot in their bilateral relations as navies, air forces, and ground forces regularly exercise together, and Malaysian military officers are among those going to the United States for training and education (IMET).

However, a number of new obstacles pose problems. One is the US president’s “Muslim ban” on individuals from a number of Arab states, still working its way through the US judicial system. Although no Southeast Asian country is involved, the policy is extremely unpopular in Malaysia. Another problem is found in long-term US concerns about democracy and human rights issues. A third is centered on the US Department of Justice probe of a Malaysian financial institute, IMDB, linked to Prime Minister Najib Razak and his associates.

Finally, the US and Malaysia have different interpretations regarding the Exclusive Economic Zone (EEZ) in the UNCLOS. The US interpretation, also held by the majority of other states, is that external countries have the right to conduct military exercises in coastal states’ EEZs. Malaysia’s position is that no country has the right to do so without the consent of the state with EEZ rights. According to the UNCLOS, states engaged in military exercises must have “due regard” for the “rights and duties” of the coastal state, including any interference with maritime resources in the EEZ.

Thai-US relations have been strained since the May 2014 coup that deposed a democratically elected government and brought the military to power again. Under US law, military aid was significantly curtailed because of the coup, and US officials during the Obama years criticized Thailand for human rights shortcomings and the absence of democratic processes. This began to change when President Trump telephoned Prime Minister Prayut Chan-o-cha in May, inviting him to the White House. Then, at the Shangri-La Dialogue in early June, Secretary of Defense Mattis stated that Washington looked forward to Thailand’s return to democracy as the junta announced its intention to hold elections after which the US would foresee “the expansion of our military-to-military relationship....” In late June, Army Chief of Staff Gen. Chalermehui Sitthisart announced that the US had approved a Thai purchase of four Black Hawk Helicopters that would be added to the Thai army’s inventory of 12.

During Secretary of State Tillerson’s visit to Thailand in early August after the Manila ARF meeting, Prime Minister Prayut assured him that Bangkok has made progress on suppressing human trafficking and protecting intellectual property. The Thai premier also confirmed Thailand had a road map for the return of...
democratic rule. (The Obama administration had a particular concern about human trafficking, while Trump focuses on intellectual property protection in line with his “America First” economic priority. With respect to the latter, Thailand was hoping to be removed from the US Priority Watch List.)

An assessment

The Obama administration over its eight years developed a policy (some would say strategy) that inserted the US into Southeast Asia’s future. That policy had three components: (1) repositioning 60 percent of US air and naval assets to the Pacific by 2020; (2) emphasizing ASEAN as the centerpiece of US diplomacy; and (3) the creation of a multilateral trade and investment arrangement – the TPP – that would embed US economic activities in the region’s future. By contrast, in its initial year, the Trump administration has no apparent Asia-Pacific strategy, and the State Department has vacancies in its Asian middle- and upper-level positions. If the current budget submission passes Congress, State’s funding will be reduced by about 30 percent, a massive cut that has been endorsed publicly by Secretary Tillerson. This seems to leave the region’s political and economic future to China. Southeast Asian leaders see a US retreat from the region and await signs from Washington that they still matter.
CHRONOLOGY OF US-SOUTHEAST ASIA RELATIONS

MAY – AUGUST 2017

**April 30, 2017:** President Trump calls Thai Prime Minister Prayut Chan-o-cha and Singapore Prime Minister Lee Hsien Loong to invite them to the White House reportedly to convince them to pressure North Korea to abandon its nuclear weapons program.

**May 4, 2017:** Secretary of State Rex Tillerson meets 10 ASEAN foreign ministers in Washington.

**May 4, 2017:** Eleven Trans-Pacific Partnership (TPP) signatories agree to continue discussions to reach a trade and investment accord despite the US departure from the partnership.

**May 4-5, 2017:** Indonesian Foreign Minister Retno Marsudi visits Washington to meet senior US officials to discuss Jakarta’s counter-narrative for a peaceful Islam to combat increasing prejudice against Muslims.

**May 8-16, 2017:** Annual US-Philippine joint military exercise Balikatan is held, though scaled back this year, excluding conflict scenarios and emphasizing humanitarian activities.

**May 10, 2017:** Ten Republican and Democratic senators send a letter to President Trump urging him to resume freedom of navigation patrols in the South China Sea.

**May 18, 2017:** The ASEAN states and China reach agreement on a framework for a code of conduct on the South China Sea. The framework will form the basis for the next round of more detailed talks.

**May 21, 2017:** TPP countries meet in Vietnam to consider the free trade pact minus the US. The 11 countries agree to provide a way for the US to join the TPP if it comes into existence.

**May 24, 2017:** USS Dewey, a guided-missile destroyer, makes a freedom of navigation (FON) patrol within 12 nm of Mischief Reef, a South China Sea feature occupied by China.

**May 24-31, 2017:** Vietnam Prime Minister Nguyen Xuan Phuc is the first Southeast Asian leader to visit the US since Donald Trump became president. This follows an April visit by Foreign Minister Pham Binh Minh.

**June 2, 2017:** US delegation led by Sen. John McCain, chairman of the Senate Armed Services Committee, visits Vietnam to discuss defense cooperation and humanitarian assistance.

**June 2-5, 2017:** Annual Shangri-La Dialogue convenes in Singapore. Secretary of Defense James Mattis delivers a major address on US security policy and meets defense officials of the 10 ASEAN countries on the sidelines.

**June 11, 2017:** US Embassy in Manila acknowledges that US forces in Mindanao are involved in providing intelligence and technical support for Philippine forces fighting against radical Islamists occupying parts of Marawi City.

**June 12, 2017:** US Navy announces that a US warship will visit Vietnam’s Cam Ranh Bay for maintenance service.

**June 27, 2017:** State Department releases its annual Trafficking in Persons Report. It upgrades Burma and Malaysia to tier two, meaning there had been a noticeable improvement in human rights practices. Humanity United criticizes the report, saying there was no justification for the upgrades and that Thailand should have been downgraded.

**June 29, 2017:** Thai Army Chief of Staff Gen. Chalermchai Sitthisart announce that the US will sell four Black Hawk helicopters to Thailand, reversing the suspension of their sale after the 2014 military coup.

**July 1, 2017:** Philippine and US navies conduct a joint patrol of the Sulu Sea.
July 2, 2017: Guided-missile destroyer USS Stethem conducts a FON operation, sailing within 12 nm of Triton Island, part of the Paracel Islands.

July 5–9, 2017: Two US warships sail into Cam Ranh Bay for the annual Navy Engagement Activity, the first time the exercise is held in the port.

July 11, 2017: Sen. Cory Gardner, chairman of the Subcommittee on East Asia in the keynote address to the CSIS annual conference on the South China Sea, declares that Washington made a mistake in abandoning TPP and that Congress remains “strongly pro-trade” and should “[enter] those institutions involved....”

July 14, 2017: Indonesia renames the northern reaches of its EEZ in the South China Sea as the North Natuna Sea, an assertion of sovereignty in an area that overlaps China’s nine-dash line.

July 14, 2017: Thai–US Strategic Dialogue is held in Washington. Both sides pledge support for FON patrols and over-flights as well as a stable South China Sea.

July 15, 2017: State Department issues a travel warning to US citizens about “non-essential travel” to the southern Philippines because of threats to kidnap foreigners for ransom.


Aug. 2–8, 2017: ASEAN Ministerial and post-ministerial meetings with ASEAN partners as well as the ASEAN Regional Forum (ARF) are held in Manila. Secretary Tillerson attends.

Aug. 6, 2017: On the sidelines of the ARF, Secretary Tillerson meets President Duterte. According to reports, they do not discuss Philippine drug problems or human rights.

Aug. 7–8, 2017: Secretary Tillerson accompanied by two congressmen visits Thailand and meets Prime Minister Prayut.


Aug. 9, 2017: Secretary Tillerson visits Malaysia and meets Prime Minister Najib Razak.

Aug. 21–Sept. 1, 2017: Annual US-sponsored Southeast Asia Cooperation and Training (SEACAT) naval exercise is conducted at several locations in Southeast Asia with participants from the US, Brunei, Bangladesh Indonesia, Malaysia, Myanmar, Philippines, Singapore, Sri Lanka and Thailand. The goal of the exercise is to increase multilateral cooperation and information sharing among navies and coast guards across South and Southeast Asia.

Aug. 23–24, 2017: USPACOM Commander Adm. Harris visits the Philippines and meets President Duterte and other senior leaders.

Aug. 24, 2017: Rakhine Advisory Commission, led by former UN Secretary General Kofi Annan, releases a report that says the Muslim community in Myanmar’s Rakhine State has become particularly vulnerable to human rights violations due to protracted statelessness and profound discrimination.

Aug. 25, 2017: Muslim militants stage a coordinated attack on 30 police posts and an army base in Rakhine state. At least 59 militants and 12 members of the security forces are killed. The Arakan Rohingya Salvation Army (ARSA), a group previously known as Harakah al-Yaqin claim responsibility for the attack.
Though periodically distracted by the North Korea crisis that intruded on deliberations during the ASEAN Regional Forum and other ASEAN meetings in Manila, China–Southeast Asia relations remained focused on the South China Sea. China and ASEAN reached agreement on a framework for a code of conduct in the South China Sea that supported Beijing interests. Modest advances in Chinese control of the territory and resources of the South China Sea continued while Beijing rebuffed Philippine and Vietnamese efforts to unilaterally drill for oil and gas in their exclusive economic zones that fall within China’s broad claim. Challenges posed by US freedom on navigation exercises and statements by US and allied leaders at odds with China’s policies and practices were dismissed as Chinese propaganda outlets highlighted Xi Jinping’s personal leadership in China’s success in the South China Sea amidst the hagiography for him prior to the 19th Party Congress that will be held this fall.
**Chinese command and control**

The Pentagon’s annual report on Chinese military developments, updates from the CSIS Asia Maritime Transparency Initiative (AMTI), and regional news dispatches underlined steady improvements in China’s control of the South China Sea. In June, AMTI said Beijing can now deploy combat aircraft and mobile missile launchers to three of its newly created bases in the Spratly Islands and its long-established base on Woody Island in the Paracel Islands. These will allow Chinese military aircraft to operate over nearly the entire South China Sea. It judged that deployment of advanced surveillance/early warning radar facilities in Chinese outposts allowed for radar coverage throughout the South China Sea. Related reports highlighted Chinese deployments of more advanced airborne early warning and control aircraft to Hainan Island presumably for operations over the South China Sea. In July, Xinhua said China dropped a dozen underwater drones in the South China Sea to carry out “scientific observations.” Foreign specialists saw the drones, which remain underwater for a month, as vehicles for gathering information for submarine and anti-submarine operations and reconnaissance.

Continuing one of the longest running features of Chinese hegemony in the South China Sea, China’s annual ban on foreign as well as Chinese fishing in Chinese-claimed waters took effect May 1. In the South China Sea, the ban covers waters above the 12ºN parallel which include the Paracel Islands and Scarborough Shoal but not the Spratly Islands and southern areas of the South China Sea falling within China’s nine-dash line claim. China has enforced this ban since 1995, at times leading to heated disputes with Vietnam, especially concerning the Paracel Islands, and with the Philippines regarding fishing in Scarborough Shoal.

The latest evidence of China’s ever increasing capabilities to enforce its will in the disputed waters came with the announcement in May that the world’s largest coast guard vessel, the 12,000-ton China Coast Guard (CCG) cutter 3901, had completed its first patrol lasting 19 days in the South China Sea. In contrast to the light armaments on most coast guard ships, this vessel is armed with 76-mm rapid-fire guns and anti-aircraft machine guns; it is also equipped with a helicopter landing pad and hangar, and two unmanned aerial vehicles used for surveillance. The Diplomat reported that it is much larger than the US Ticonderoga-class guided missile cruisers and Arleigh Burke-class guided missile destroyers, and it is almost double the size of Japan’s Shikishima-class coast guard cutters, which when launched were the largest such ships in the world. Size matters when coast guard ships engage in ramming one another during hostile encounters.

**China–ASEAN code of conduct**

On May 18, 2017, China and the 10 member states of ASEAN announced they had reached agreement on a draft framework for a code of conduct (COC) for the South China Sea. The agreement came, after many years of discussion, at the 14th China–ASEAN Senior Officials Meeting on the Implementation of the Declaration on the Conduct of the Parties in the South China Sea (DOC) in Guiyang, China. Agreement on the DOC was reached in 2002. On Aug. 6, 2017, Chinese and ASEAN foreign ministers meeting in Manila endorsed the framework agreement. According to official Chinese media, Foreign Minister Wang Yi announced after the meeting that China had proposed future steps for discussing the COC involving “substantive consultations” at a proper time this year and announcing the start of negotiations on the text of the COC at the China–ASEAN Leaders Meeting to be held in Manila in November. The progress on the COC came amid reminders by foreign specialists of unaddressed issues and perceived shortcomings in the framework including disagreements on the geographic scope of the COC, on enforcement and arbitration mechanisms, and on whether the COC will be legally binding.

As reported in our previous Comparative Connections article, the Philippines as this year’s chair of ASEAN pleased China by endeavoring to tone down ASEAN differences with China over the South China Sea issue at the late–April ASEAN Summit in Manila. It reportedly followed a similar approach in preparing a communiqué marking the ASEAN Foreign Ministers Meeting in Manila in early August. But the communiqué was delayed, and when released on Aug 6, it contained wording reportedly supported by Vietnam about land reclamation, militarization, increased tensions, and instability that reflected negatively on China.
China convened a two-day summit on May 14-15 to promote the inaugural “Belt and Road Forum.” The summit was held in Beijing and 29 heads of state took part in the meeting, with a number of Southeast Asia leaders in attendance. President Xi Jinping pledged $124 billion for a new Silk Road initiative for new infrastructure projects to strengthen intercontinental trade links between Asia, Africa, and Europe. This would be in addition to China’s $100 billion capitalization for the Asian Infrastructure Investment Bank (AIIB), where many of the bank’s projects will also become part of the “Belt and Road Initiative.” A record 270 agreements were inked during the two-day meeting, including a number of deals focusing on China-Southeast Asia development projects:

- Memorandums of understanding on Belt and Road cooperation with Singapore, Myanmar, Malaysia, and East Timor.
- Trade and economic agreements with Vietnam, Cambodia, Laos, the Philippines, Indonesia and Myanmar.
- A memorandum of understanding on the establishment of a China Myanmar border economic cooperation zone.
- A memorandum of understanding on cooperation on electronic commerce with Vietnam.
- Export-Import Bank of China loan agreements on projects to build industrial parks, power plants, and dams with the relevant government departments of Cambodia and Laos.
- China Development Bank financial cooperation agreements on chemical, metallurgical, and petrochemical industries with the relevant institutions in Indonesia and Malaysia.

While President Xi sought to use the forum as a platform to address global development challenges and the slow and uneven growth in international trade and investment, a number of questions linger over the lack of specific details and implementation plans of the forum’s initiatives. Some observers raised concerns about the utility of the infrastructure projects for many of the local economies in Asia. There are also concerns over the costs, financing, and potential debt-burdening risks of maintaining expensive megastructures, as well as the underspecified opportunities for local employment, and the provision of materials, labor, and finance. Likewise, continued tension between China and its Southeast Asian neighbors surrounding the South China Sea has challenged the consistency of China’s broader message of promoting “win-win” relations in its foreign and economic policy.

Moderate criticism and effective private coercion

On South China Sea disputes, China occasionally criticized actions by Vietnam and other ASEAN members. It targeted criticism by lower-level officials and media at the US, Japan, Australia, New Zealand and others whose statements supported the international tribunal ruling last year against China’s claims or whose actions China opposed. As seen in the US-China relations section of Comparative Connections, Defense Secretary James Mattis’ speech at the annual Shangri-La Dialogue in June directly criticized China’s actions in the South China Sea and supported the 2016 tribunal’s decision against China’s claims. Chinese government spokespeople and official Chinese media rebuked the speech. Three US Navy freedom of navigation operations and one US Air Force freedom of navigation operation over the disputed South China Sea during this reporting period drew similar criticism from Beijing.

As seen in the Japan-China section of Comparative Connections, Japan’s defense minister also was attacked for remarks at the Shangri-La Dialogue critical of China. Chinese media and government spokespeople also criticized the US-Japan-Australia joint announcements at the Shangri-La meeting and at the ASEAN regional meetings in August that
disapproved of Chinese actions in the South China Sea and supported the tribunal’s ruling against China’s claims. Other allied commentary criticized by China included the joint statement of the G7 countries after their meeting in Italy in May that referred to concern over developments in the South China Sea, and a Japan–New Zealand statement following Prime Minister Abe Shinzo’s visit to New Zealand in May that supported the international tribunal’s ruling against China. Beijing duly criticized a British announcement that it would send a ship next year to conduct a freedom of navigation exercise in the South China Sea.

Meanwhile, Beijing resorted to blunt private warnings not reported in official Chinese media to stop Philippines and Vietnamese plans to unilaterally exploit oil and gas resources in areas of the South China Sea claimed by China. Philippine President Rodrigo Duterte told the media on May 19 that he had raised Philippine’s plans to drill for oil in areas claimed by both the Philippines and China when meeting President Xi in China on May 15. He said Xi reaffirmed strong interest in better relations with the Philippines but warned that such drilling would lead to war.

Vietnam’s leaders remained silent about their encounter with China’s threat. According to reporting by Carlyle Thayer, Bill Hayton, and other well-informed foreign experts and reporters, in June, after years of delay, Vietnam granted Talisman Vietnam (a subsidiary of the Spanish energy firm Repsol) permission to drill for gas at the edge of Vietnam’s exclusive economic zone in the South China Sea. The drilling of an exploration well, guarded by Vietnamese Coast Guard and other ostensibly civilian ships, began in June. The drilling negatively impacted the visit to Hanoi by China’s senior military commander Fan Changlong beginning on June 18. Subsequently, China’s Foreign Ministry called in Vietnam’s ambassador in Vietnam’s ambassador in Beijing to warn that if the drilling didn’t stop, China would use force against Vietnamese bases in the South China Sea. The Vietnamese leaders decided to retreat; the drilling halted and the exploration ship left the area.

**China–Philippines relations**

President Duterte took in stride Xi’s warning against unilateral drilling, using it to explain his pragmatic approach in seeking joint development with China of oil resources both claim in the South China Sea. By the end of the reporting period, the Philippines was mooting the possibility of joint exploration and China was responding positively. While visiting Manila on July 25, Foreign Minister Wang Yi supported a joint venture with the Philippines because unilateral action would have damaged both sides. China’s South China Sea expert Wu Shicun said the proposed joint project would serve as a model for other South China Sea claimants.

Wang and supporting Chinese media also warmly welcomed Manila’s support for China’s Belt and Road Initiative, asserting that the Philippines government was an “indispensable, important partner” for building what China calls the 21st Century Maritime Silk Road. He promised China would be “the most sincere and enduring partner” of the Philippines in its national development.

The reversal and dramatic improvement in Philippines–China relations over the past year and Duterte’s pro-China approach as chair of ASEAN were seen by Chinese commentators as reinforcing Beijing’s argument that China and South China Sea disputants are fully capable of handling their disputes without the interference of the United States, Japan and other “third parties.” Recently appointed Philippine Foreign Minister Alan Peter Cayetano, Duterte’s running mate in the 2016 elections, strongly underscored China’s position by telling the US, Japan, and Australia after their joint statement critical of China during the ASEAN regional meetings in August to keep out of the South China Sea dispute. In July, Cayetano also advised the media not to be swayed by what he depicted as one-sided reporting by CSIS AMTI of Chinese defense infrastructure building on newly created land features in the South China Sea.

Other important developments included:

- President Duterte visited Chinese warships making a goodwill visit to his home town, Davao on May 2.
- Duterte attended China’s Belt and Road Forum in Beijing in mid–May, meeting President Xi and endorsing the Chinese initiative as beneficial for the Philippines and for ASEAN.
- On May 19, Chinese and Philippine delegations held their first bilateral
talks on South China Sea issues; little was announced other than the promise to meet again in 2017.

- On May 25, China said it “firmly supports” Duterte’s declaration of martial law to deal with the crisis with militants taking control of the southern city of Marawi. Duterte gave keen attention to Chinese supplies of small arms, while avoiding much attention to the far more substantive assistance the Philippines is receiving from the United States and Australia.

Obstacles to improved relations include:

- Opposition in the Philippines to joint ventures with China in the South China Sea which are seen as unconstitutional unless the Philippines receives 60 percent of the value.

- Detailed investigative reporting on the context and background of Philippine companies involved in many of the proposed Chinese backed infrastructure projects in the country under terms of recent agreements by Duterte with China. The reporting strongly indicates that many of the Philippines companies are inept and/or corrupt. The last surge in Chinese investment in projects in the Philippines occurred during the rule of President Gloria Arroyo (2001–2010). It was accompanied by corruption charges against the Arroyo government and resulted in the cancellation of large contracts with Chinese companies.

- The Lowy Institute reported on Aug. 18 that Chinese fishing boats backed by Navy frigates and Coast Guard patrol boats were maintaining a presence and refusing Philippine access to sand bars near Thitu (Philippines: Pagasa), the largest feature occupied by the Philippines in the Spratly Islands. Since China’s occupation of Scarborough Shoal in 2012 also involved such a mix of forces challenging Philippine control, the show of force was of concern to some observers. President Duterte dismissed the concern on Aug. 21, telling the media it was not true that Chinese boats were preventing Philippine access to the sand bars and that the Chinese ambassador assured him China would not build anything in the area. He added that if the Philippines were to confront China over a violation of its sovereignty, he would not invoke the Mutual Defense Treaty with the US. He said “I will not call on America. I have lost trust in the Americans.”

China–Vietnam relations

The lead-up to the China–Vietnam confrontation over Vietnam’s drilling in a South China Sea area also claimed by China saw the usual mix of positive engagement, military preparations, and international maneuvering by Vietnam in dealing with its much more powerful neighbor. China gave full and positive publicity to the five-day visit of Vietnamese President Tran Dai Quang to China in May. The Vietnamese president participated in Beijing’s Belt and Road Forum and held separate talks with President Xi, with the two leaders discussing the South China Sea “in a positive atmosphere,” according to official Chinese media. China’s Vice Foreign Minister Liu Zhenmin said “the talks on the South China Sea are completely positive, without any discord.”

Military leader Gen. Fan Chunglong’s visit to Hanoi also got off to a good start with positive meetings with senior Vietnamese leaders on June 18. But, reportedly because of disputes over Vietnam’s new drilling in the South China Sea, he departed Vietnam early before the end of his official visit, resulting in a cancelation of the planned fourth Vietnam–China Friendly Border Exchange.

China presumably got what it wanted in compelling Vietnam to halt the oil drilling. Vietnam’s Foreign Ministry spokesperson in late July affirmed that Vietnam’s exploration and drilling activities in the South China Sea are entirely under its sovereignty and in accordance with international law. The spokesperson urged “all concerned parties” to respect Hanoi’s legitimate rights. As noted, official Chinese media was critical of Hanoi’s role in prompting ASEAN to raise South China Sea issues in communiqués and statements at major gatherings such as the ASEAN–related meetings in Manila in August. Chinese commentary took a wary view of Vietnam’s efforts to gain support
from the US and Japan in recent visits by Vietnam’s prime minister to both countries.

Meanwhile, AMTI reported in August about the expansion of Vietnam’s holdings in islets and submerged features in the Spratly Islands. Vietnam’s military buildup features acquisition of modern naval and air forces posing a credible military deterrent to China.

**Praising Xi Jinping, seeking broader influence**

In the lead-up to the 19th Chinese Communist Party Congress in October, authoritative Chinese commentary attributed China’s success in advancing its control and influence in the South China Sea to the leadership of Xi Jinping. Among the plaudits was an editorial in the Chinese Party School’s *Study Times* in July that hailed Xi for taking a tough and assertive stand on the disputes. “Xi personally steered a series of measures to expand China’s strategic advantage and safeguard national interests... [he] personally made decisions on building islands and consolidating the reefs.” Adding to the hagiography of Xi was a long epistle on the positive influence of “Xi Jinping Thought” on China’s position in world affairs published in *Xinhua* in July, in which State Councilor Yang Jiechi prominently featured Xi acting “forcefully” in defense of China’s handling of sovereignty and security concerns regarding “Taiwan, the South China Sea and other issues concerning China’s major core interests.”

Building on Beijing’s success in the South China Sea and growing influence in Asian affairs through the Belt and Road Initiative, China offered new initiatives to advance its economic and security influence in and beyond Asia. In July, China’s National Development and Reform Commission and the State Oceanic Administration signaled China’s ambition to play a much bigger role in the Asia-Pacific region with a proposed deepening and broadening of maritime cooperation with all of Southeast Asia and other parts of China’s 21st Century maritime Silk Road. It called for mutually beneficial “blue partnerships” and for a “blue engine” for sustainable development along three broad maritime routes. One related to the Arctic, but the two others related to Southeast Asia; they were the China–India Ocean–Africa–Mediterranean blue economic passage running from China through the South China Sea, and the China–Oceania–South Pacific passage from China through the South China Sea into the Pacific Ocean. The proposal saw China leading indepth work with the broad array of countries involved to promote economic development, maritime security, and ocean governance.

Meanwhile, China’s ambition to move beyond economic and diplomatic cooperation with ASEAN and neighboring countries to espouse new security frameworks for Asia continued with Xi in July sending a message to a meeting sponsored by the Conference on Interaction and Confidence Building Measures in Asia (CICA). This multilateral framework on Asian security has been led by China since 2014 and advocates Asians managing their own security matters, excluding the US. Xi’s message stressed that China is pushing for a new framework for regional security and cooperation.

**Outlook – conflicting predictions**

China’s optimism about its success in reversing negative fallout from last year’s adverse ruling against its South China Sea claims by the international tribunal and in markedly improving relations with the Philippines and ASEAN is shared by important foreign observers. They also dwell on perceived weaknesses in US policies that help to advance China’s rise to greater regional influence and prominence. Australian strategist Hugh White continues to forecast a regional power shift in China’s favor, noting that despite strong rhetoric in statements from Defense Secretary James Mattis and others, the US continued reluctance to risk confrontation with expanding Chinese influence signals to the region that “America lacks resolve.” His Australian National University colleague, Paul Dibb, has often disagreed with White over a power shift in Asia in favor of
China, but in late July concluded, “What we are witnessing is a drift by ASEAN into China’s orbit. There is every sign that China is succeeding in establishing a sphere of influence over Southeast Asia, including control over important strategic waters in the South China Sea. A Southeast Asia that kowtows to Beijing would pose a major strategic challenge for other key players in the region like Australia.”

Echoing Dibb’s concern and White’s reasoning, prominent Japanese commentator Funubashi Yoichi averred in August that the US security commitment to Asia has become dubious, adding reasons for ASEAN countries to align more closely to China. He saw China’s growing control of the South China Sea foreshadowing a “loss” of Southeast Asia for the United States. Meanwhile, Bill Hayton’s recounting of the Chinese success in intimidating Vietnam to stop drilling in the disputed South China Sea noted above had a broader message of US loss of influence captured in the title “The week Donald Trump Lost the South China Sea.” Hayton argued succinctly “Vietnam’s capitulation shows China’s neighbors fear the US no longer has their backs.”

On the other hand, Ian Storey argued that China’s recent ascendance in the South China Sea has not substantially changed regional dynamics driven by nationalism, competition for resources, and geopolitics. Greg Poling of CSIS AMTI agreed. Storey joined Carlyle Thayer and others in seeing little chance that the proposed code of conduct will do much to resolve differences. Michael McDevitt acknowledged that China has shifted the military balance in the South China Sea in its favor, but it “still faces the problem of how to get other claimants off their holdings without starting a war.” And in this regard, continued US attention to the South China Sea continued to complicate China’s advance.

Meanwhile, knowledgeable Chinese commentators also warn that the way ahead may not be smooth for China. Speaking in Beijing in late July, Wu Shicun said tension in the region could easily rise again for various reasons, notably “the Chinese-US geopolitical competition in the South China Sea will continue.” He warned that “some form of military confrontation will become a trait of the South China Sea geopolitical competition and maritime rivalry.” He also pointed to Japan becoming a new variable as it seeks to expand its influence and military presence in the South China Sea. An assessment in China Daily of the generally positive results for China at the ASEAN regional meetings in Manila by an expert from the Chinese Academy of Social Sciences added the warning that “challenges to China–ASEAN ties can come from many directions.” It pointed to opposition from the US, Japan and Australia and plans by unnamed ASEAN countries to seek Western intervention against China.
CHRONOLOGY OF CHINA-SOUTHEAST ASIA RELATIONS

MAY – AUGUST 2017

May 1, 2017: Chinese government announces its annual ban on fishing activities in Chinese-claimed waters, primarily in and around the Paracel Islands and the Scarborough Shoal area. China has enforced this seasonal fishing ban since 1995.

May 4, 2017: Chinese President Xi Jinping discusses China-ASEAN and China-Philippine ties with Philippine President Rodrigo Duterte in a phone conversation. Xi expresses his appreciation to Duterte for his role as ASEAN chair in promoting closer cooperation between Southeast Asia and China.

May 11, 2017: President Xi meets Vietnamese President Tran Dai Quang in Beijing ahead of the Belt and Road Forum. They agree to strengthen bilateral cooperation in the areas of trade, agriculture, tourism, infrastructure, and cultural exchanges while putting aside differences over the South China Sea.

May 14-15, 2017: China hosts delegates from 138 countries for the Belt and Road Forum in Beijing, including: Philippines’ President Rodrigo Duterte, Malaysia’s Prime Minister Najib Razak, Indonesia’s President Joko Widodo, Vietnam’s President Tran Dai Quang, Cambodian Prime Minister Hun Sen, Laotian President Bounnhang Vorachith, and Myanmar’s State Counselor Aung San Suu Kyi.

May 18, 2017: China and ASEAN member states announce agreement on a draft framework for a code of conduct (COC) for the South China Sea.

May 20, 2017: China and the Philippines hold first bilateral discussion over the South China Sea. The talks follow concerns over Xi’s warning that there would be serious consequences and conflict if Manila attempts to enforce an arbitration ruling and drill for oil in the disputed areas of the South China Sea.

May 31, 2017: China and Myanmar conduct a joint naval military exercise, the first of its kind between the two countries.

June 20, 2017: Gen. Fan Changlong, vice chair of China’s Central Military Commission, shortens his official visit to Vietnam, with the Chinese Ministry of Defense reporting that a previously scheduled meeting with senior Vietnamese defense officials is cancelled.

June 20–23, 2017: China stages military exercises in the Paracel Islands.

June 28, 2017: Chinese Premier Li Keqiang accepts an invitation from Singapore’s government to make an official visit to Singapore later this year. Both sides indicate interest in further discussion to upgrade the China-Singapore Free Trade Agreement.


June 30, 2017: China announces that it will offer more counterterrorism assistance to the Philippines and help rebuild formerly rebel-held areas in southern Philippines. The announcement follows the arrival of the first Chinese weapons shipment to the Philippines to help fight extremist groups in Mindanao.

July 24, 2017: Vietnam orders a Spanish oil exploration firm Repsol to withdraw its oil and gas drilling rig from an area off the coast of Vietnam and in a disputed area near the Spratlys in the South China Sea.

July 25, 2017: Chinese Foreign Minister Wang Yi arrives in Manila and indicates that China is open to joint oil and gas exploration projects in the South China Sea with the Philippines and with other countries in the region.

Aug. 6, 2017: ASEAN and Chinese officials endorse the framework of a code of conduct (COC) on the South China Sea, with China affirming that it remains committed to finalizing the negotiations for the COC with its Southeast Asian partners.
Aug. 10, 2017: Malaysian government indicates that it will consider China’s proposal to set up a radar surveillance system and regional counterintelligence center in Johor. The proposal includes Chinese deployment of up to 12 units of the AR3 multiple-launch rocket system (MLRS) in Malaysia, a system that is used to engage remote strategic targets like command centers, and is capable of launching conventional rockets as well as guided missiles with a range of up to 280 km.

Aug. 10, 2017: A groundbreaking ceremony takes place to mark the launch of a new high-speed railway project linking Kunming in southern China through Thailand and eventually to the eastern seaboard of Malaysia.
In the run-up to the 19th Party Congress, Beijing has pursued an inflexible policy toward Taiwan, consistently blocking its international participation, establishing diplomatic relations with Panama, and conducting military exercises around Taiwan. Despite such pressures, President Tsai, whose priorities are domestic economic and social reform, has not changed her policy that neither accepts nor explicitly challenges Beijing’s one-China principle, and she has urged Beijing to join in seeking a new formula. With the US Congress expressing increased support for Taiwan, the Trump administration approved a new arms sales package and took other steps to improve ties with Taiwan. Beijing has warned Washington about closer ties with Taipei, raising the prospect that Taiwan will again become a divisive issue in US-China relations. In the absence of dialogue, unstable and risky cross-strait relations will continue in the months ahead.

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Beijing Pressure on Taiwan

Beijing has increased pressure on President Tsai Ing-wen’s administration. In May, Beijing blocked Taipei's participation in the World Health Assembly (WHA). The Taiwan Affairs Office (TAO) stated that Taipei had been excluded because it had not accepted the 1992 Consensus on one-China and blamed the Democratic Progressive Party (DPP) for that outcome. When Taipei’s allies proposed putting its observer status on the WHA agenda, Beijing blocked that proposal. Beijing established diplomatic relations with Panama in June. Panama’s President Juan Carlos Varela later explained that Panama had long delayed pursuing this change because of the diplomatic truce in place under former President Ma Ying-jeou. However, when the truce became uncertain after Tsai assumed office, Panama pursued the switch, in part because of China’s heavy economic involvement in Panama and the Panama Canal.

These two major actions were part of an across-the-board effort by Beijing to limit Taiwan’s international space. Beijing also blocked the participation of Taiwan union and industry representatives in the annual meeting of the International Labor Organization (ILO). It blocked Taiwan’s participation in the annual meeting of the Kimberley Process concerning conflict diamonds in Australia. Beijing has also begun a campaign to press countries with unofficial ties with Taiwan to change the names of Taiwan’s unofficial offices. For example, in Ecuador, the former “ROC Commercial Office” was renamed “Taipei Commercial Office.” In May, Beijing signed communiqués with Vietnam and Cambodia committing those governments to stronger support for One China.

Beijing has taken other steps. With PRC tourist arrivals down 40 percent, Taiwan officials estimate that revenue from PRC tourists will decline $1.4 billion in 2017. Taiwan human-rights activist Lee Ming-che remains in detention because Beijing has chosen not to resolve his case. The Communist Party (CCP) had the Xinhua News Agency issue revised press guidance on the terms to be used in Chinese media coverage of Taiwan. In addition to banning the use of “Republic of China,” the new directive also prohibits the mention of “one China with respective interpretations” when discussing the 1992 Consensus. Beyond such important actions, Beijing has also taken some petty steps. Taiwan students wishing to observe the UN Human Rights Council (UNHRC) at UN headquarters in New York were told they could only attend if they had a Beijing-issued Taiwan Compatriots Travel certificate. Beijing pressed Emirates Airlines to require its cabin personnel from Taiwan to use PRC flag pins on their flights.

The frequency of PLA ships and aircraft operating around Taiwan has increased. Since mid-July, PLA aircraft have regularly transited the Miyak o Strait to conduct exercises east of Taiwan. Three times in July and August, PLA H-6 bombers and Y-8 reconnaissance planes circumnavigated Taiwan. In August, an H-6 flew north through the Taiwan Strait along the mid-line. Taiwan commentators have seen these as intended to intimidate Taiwan and send a message to Washington.

Why is Beijing doing this? A short answer would be to press Tsai to accept the one-China principle and to deter Taiwan independence. At the annual conference of China’s National Society for Taiwan Studies (NSTS), former Taiwan Studies Institute president, Zhou Zhihuai, summarized current requirements saying that now is the time to show strength. These increased pressures began last October when Beijing concluded that President Tsai was not going to accept one-China, at least under then existing conditions. Beijing’s pressures seem designed to drive home the costs to Taiwan of not accepting one-China to change the constellation of political forces in Taiwan in ways that Beijing hopes will force Tsai to change her position or to be replaced by the KMT in the 2020 elections. Unfortunately, the evidence thus far is that there are more voices pushing Tsai toward explicit rejection of one-China than urging her to accept the 1992 Consensus.
Beijing’s actions have irritated or angered many in Taiwan and thus undermined Beijing’s long-term unification goal. When asked about this, one PRC official said it is necessary at this time to teach Taipei that one-China is a reality that has to be accepted. When children are mistaken, they have to be told what is right even if doing so is painful. Chinese officials and scholars have also said that public opinion in China is demanding a tougher policy toward Taiwanese who have not been moved by evidence of Beijing’s generosity and goodwill.

At the same time, in the absence of dialogue, Beijing has taken a series of minor unilateral steps to make it easier for Taiwanese to visit, study, work or live in the PRC. Many of these measures are designed to provide economic benefits to Taiwan’s younger generation, which Beijing recognizes as having the strongest sense of a separate Taiwanese identity. At the NSTS conference, TAO Minister Zhang Zhijun reported that 20 specific measures had been implemented this year. Beijing believes these measures will deepen Taiwan’s “economic and social integration” with the mainland.

Hong Kong

Beijing has also been tough on Hong Kong. General Secretary Xi Jinping spoke at the 20th anniversary of Hong Kong’s reversion in July. While reaffirming the “one country, two systems” framework, Xi warned that Beijing’s sovereignty over Hong Kong could not be challenged. The ceremony gave unusual prominence to the PLA including a port visit from the aircraft carrier Liao ning. In August, the Hong Kong courts handed down prison sentences to three leaders of the 2014 umbrella movement. The sentences were interpreted as a sign of Beijing’s growing influence over local courts. Although these events did not attract great attention in Taipei, Taiwan democracy activists share common perspectives with Hong Kong youth. These actions add to the reasons why “one country, two systems” has long been considered unacceptable in Taiwan.

Tsai maintains consistent policy

Taiwan’s exclusion from the World Health Assembly and the establishment of China–Panama diplomatic relations were important events that challenged Tsai’s cross-strait policy. Despite these setbacks, President Tsai maintained her “consistent, predictable and sustainable” policy for the maintenance of the cross-strait status quo. When the WHA began, Tsai’s office released a statement reiterating Republic of China (ROC) sovereignty and the fact that Taiwan is not a province under PRC rule. The Ministry of Foreign Affairs argued that acceptance of one-China was not a prerequisite for WHA observership, and MAC Minister Katharine Chang said, “We never could accept the one-China principle proposed by China” as it denies the existence of the ROC. Health Minister Chen Shih-Chung traveled to Geneva anyway and held meetings on the sidelines. When he returned to Taiwan, President Tsai said that China’s handling of the situation had hurt cross-strait relations “to some extent.”

Though it had known the break with Panama was coming, Tsai’s government initially expressed shock and anger. Later, President Tsai said in a press conference that, “Taiwan has already upheld our responsibility for maintaining cross-strait peace and stability,” and that “we do not want to see China’s misguided efforts and provocations lead cross-strait relations from peace towards confrontation.” She warned China that Taiwan would never surrender to threats and coercion. Joseph Wu, secretary general of the Office of the President, stressed peace and stability, but indicated Taipei would “reassess the cross-strait situation” as Beijing had challenged the status quo. On Aug. 8, Tsai told a conference audience that included former US Vice President Dick Cheney that her administration “remains fully committed to maintaining the status quo.” She said the status quo cannot be upheld unilaterally and called for a new model of cross-strait relations. In the meantime, while Taiwan says it will not engage in dollar diplomacy, it has
enhanced its stewardship of remaining allies: in July, the government announced visa-free entrance to Taiwan for citizens of its Latin American and Caribbean allies, and Foreign Minister David Lee and Defense Minister Feng Shih-kuan made separate trips to the region.

In an attempt to move the cross-strait conversation beyond the 1992 Consensus, on which the two sides have reached an impasse, President Tsai proposed “Three News” in an interview with the blue-leaning United Daily News published on May 3. While maintaining the status quo as the basis of her cross-strait approach, Tsai called for the two sides to recognize that there is a new situation, to consider new questions (a reference to the mainland’s assessment of her May 2016 inaugural address as an “incomplete” answer to their one-China demand), and to develop new models of interaction (新情勢、新問卷、新模式).

On May 19, Tsai clarified that the “new situation” is a product of Taiwan’s democracy. “We have entered upon a new age because the people of Taiwan want it to be a new age,” she told a group of overseas Chinese-language reporters. “I hope the leader of mainland China can correctly interpret the significance of last year’s elections.” She called on President Xi to work with her for stable relations that would benefit both sides, and for new forms of interaction to replace inefficient and bureaucratic methods, perhaps a reference to the lack of communication between the designated institutions in Taipei and Beijing.

Some aspects of cross-strait cooperation continued. Taiwan offered condolences and assistance, through the Mainland Affairs Council (MAC) and Straits Exchange Foundation (SEF), after a landslide in Sichuan in June and an earthquake there in August, but there was no public response from the mainland. In July, following communication from the Taiwan Coast Guard, Chinese police detained a mainland boat that had been involved in a robbery of a Taiwan boat at sea. Taiwan requested that the suspects be prosecuted under the Cross-Strait Joint Crime-Fighting and Judicial Mutual Assistance Agreement, but their fate has not been reported. (Continuing a trend that began last year, ROC nationals arrested for crimes in third countries continue to be deported mostly to China rather than Taiwan.) MAC Minister Katharine Chang visited the island of Matsu in August, to stress the importance of the “three mini-links” in commerce and communication.

Tsai’s actions affecting cross-strait relations were relatively few. In late May, the MAC announced that the government maintains a list of suspected human-rights violators in China and that in response to the detention of Lee Ming-che, it was considering barring people on the list from entering Taiwan. Following Panama’s switch in diplomatic recognition, the MAC announced that it was considering tighter monitoring of certain cross-strait exchanges and closer scrutiny of visa applications, especially in cases of false identity, for visits to Taiwan for “highly political” activities and, again, human rights violators. Separately, the Cabinet plans a reform and possible significant budget increase for the National Security Bureau to attempt to deal more effectively with Chinese espionage against Taiwan.

In July, Taiwan’s Ministry of Education published a new draft high school history curriculum, which among other updates proposes highlighting Taiwan’s history and its interaction with the world, and viewing Chinese history as part of East Asian history rather than as a separate unit. The TAO warned against splitting Taiwan from Chinese history. There is also debate about the proportion of classical Chinese works to include in high school literature education. Taiwan’s Executive Yuan announced in mid-August that it had decided to dissolve the Cabinet-level Mongolian and Tibetan Affairs Commission. Under the plan, which must be ratified by the legislature, the Commission’s personnel and functions will be taken over by the Ministry of Culture and the MAC.

Mainland scholars often cite such actions as evidence that Tsai is pursuing a policy of gradual or peaceful independence and consequently cannot be trusted. However, despite China’s escalating suppression, low approval ratings including among her own base, and public pressure from senior members of her party, Tsai consistently resists initiatives that would seek to change Taiwan’s name or status. In late August, for example, just after Taipei successfully hosted the Universiade (World University Games) and public consciousness was high, the Legislative Yuan passed a new National Sports Act. The New Power Party and others had hoped to use the act to change the name of Taiwan’s international sports organization from “Chinese
Taipei Olympic Committee” to “National Olympic Committee,” but Tsai resisted this idea and it was not included in the final version of the bill. More significantly, she seems be slow-walking an amendment to the Referendum Act that would lower thresholds for the establishment and success of public referenda, a tool that Chen Shui-bian sought to use during his presidency to express the sovereignty of the people of Taiwan.

US Policy

Though President Trump did not tweet or speak publicly about Taiwan or the one-China policy, his administration commented frequently on cross-strait relations. Acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton and spokesperson Heather Nauert said on a few occasions that neither side should engage in destabilizing actions – even after Panama broke relations with Taiwan – and called for Taiwan and China to engage in productive dialogue. James Moriarty, chairman of the American Institute in Taiwan, was less neutral in a conference at CSIS in July. In a question-and-answer session following his prepared remarks, he said that the lack of authoritative cross-strait dialogue has caused widespread concern within the US government, and urged both sides to be creative and flexible. He also acknowledged Tsai’s attempts to reach out to China, said she has not been provocative, and added “Frankly, China has got to let up on the pressure on the diplomatic front.” He also predicted that “fairly senior” US officials would soon begin traveling to Taiwan.

Nevertheless, some uncertainty about the administration approach remains – not least because a number key government positions remain without nominees or confirmations. Secretary of State Rex Tillerson indicated in May, twice in June, and again in August that a comprehensive assessment of the US-China relationship, with a view toward setting parameters for the relationship over the next half century, is underway and is a component of bilateral discussions with the Chinese. In testimony before the House of Representatives Foreign Affairs Committee in June, Secretary Tillerson stressed that the United States is committed to its one-China policy and all aspects of the Taiwan Relations Act, but in response to questions from the Committee also wondered whether the one-China policy is “sustainable for the next 50 years” (at 1:15:55 of the webcast). Such remarks, and then-President-elect Trump’s statement in January that the one-China policy was “under negotiation,” create concern for some that the administration might seek a fourth communique with China.

In remarks to the World Health Assembly in May, US Secretary of Health and Human Services Tom Price expressed disappointment that Taiwan had not been invited, and said that the US “remains committed that Taiwan should not be excluded from WHO.” Speaking at the Shangri-La Dialogue in June, US Secretary of Defense Jim Mattis affirmed the one-China policy and the Taiwan Relations Act, and stated that the US stands for peaceful resolution “in a manner acceptable to people on both sides of the Taiwan Strait.” He also said that allies and partners would not be treated as bargaining chips.

On June 29, the State Department notified Congress of its intent to make a $1.42 billion arms sale to Taiwan as provided under the Taiwan Relations Act; the package had reportedly been on hold since the end of the Obama administration in late 2016. While relatively small in dollar terms, the package will provide for the first time two missiles that are significant upgrades for the Taiwan Air Force – Joint Stand-off Weapon (JSOW) and High-Speed Anti-Radiation (HARM) missiles. China’s Foreign Ministry and Central Military Commission each accused Washington of a “wrong decision,” and the TAO criticized Taiwan for seeking help from “foreigners.” A group of senior former officials from Taiwan visited Washington in early June, and reported that an “authoritative senior official” told them that Taiwan must rely more on itself for security and raised questions about whether the US would be as supportive in the future if Taiwan does not take on more of a burden for its defense. Taiwan has expressed interest in purchasing F-35 fighter jets, although the administration has not indicated support for the sale.

Other contacts indicated support for Taiwan from the Trump administration. Acting Deputy Assistant Secretary of State Laura Stone made an unpublicized trip to Taipei in June and participated in a ceremony marking 60 years of Fulbright scholarship in Taiwan. US Trade Representative (USTR) and other officials met in July in Taipei for extensive informal bilateral
talks. The first Monterey Talks on defense issues under the Trump administration were held in Hawaii in August.

Several members of Congress have been outspoken in their support of Taiwan, in part in response to Beijing’s increasing pressures on Taiwan. In a letter to President Trump dated June 23, a bipartisan group of senators blamed China for “threatening peace and security in the Taiwan Strait” and called on the administration to approve arms sales that were then under consideration (six days before the June 29 notification to Congress), to approve future sales on a case-by-case basis, and to work with Taiwan on the procurement and development of advanced platforms including fighter jets, submarines, missile defense, and electronic capabilities. Four bills calling for stronger US-Taiwan relations are currently before Congress – House and Senate versions of a Taiwan Travel Act, a proposed Taiwan Security Act, and a bill directing the secretary of State to develop a strategy to regain observer status for Taiwan in the World Health Organization. In addition, the National Defense Authorization Act contains a number of items related to Taiwan including enhancement of military-to-military relations, a feasibility study of port of call exchanges between the US Navy and the “Republic of China Navy,” and a motion for the administration to assess Taiwan arms sale requests on a case by case basis rather than packaging requests.

None of these motions actually requires the government to enhance engagement with Taiwan, with the exception of the Taiwan Security Act, introduced by Sen. Tom Cotton, which has not yet been considered in committee. If passed in its current form, the Taiwan Security Act would require port calls (it too refers to the “Republic of China Navy”), exchanges between flag officers, exchanges between civilian officials at the level of assistant secretary or above, and for Taiwan to be invited to participate in certain joint military exercises including RIMPAC. The act also calls for Taiwan to increase its defense spending and suspend all economic ties with North Korea.

While Taiwan may not be completely comfortable, China has expressed concern about US-Taiwan relations. On July 25, at the National Society of Taiwan Studies conference, Dai Bingguo, former state councilor and now president of the society, warned the United States against making “historic mistakes” with specific reference to arms sales, possibly stationing Marine guards at the American Institute in Taiwan, naval port calls, and bills under consideration in the Congress. Dai warned that, “If the U.S. creates pretexts for again deploying troops to Taiwan and sends naval ships to Taiwan ports, thus violating the principles for our diplomatic relations and breaching the U.S. commitments in the three communiques, this will threaten peace and undermine constructive U.S.-China relations.” To ensure that the United States – in addition to the Chinese researchers at the conference – received the message, Ambassador Cui Tiankai made similar comments at a conference in Washington on the same day.

Kuomintang begins to regroup

In May, former Vice President Wu Den-yih, a Taiwanese, was elected as the new chairman of the KMT, winning 52 percent of the vote in a five-way race and defeating then Chairwoman Hung Hsiu-chu. Several weeks of divisive negotiations were required to lay the groundwork for the leadership transition. In June, Beijing rolled out the red carpet for Hung, who was welcomed by TAO Minister Zhang Zhijun in Nanjing and granted a meeting with Politburo Standing Committee Member Yu Zhengsheng at the ninth Cross-Strait Forum in Fujian. The welcome reflected Beijing’s appreciation for Hung’s advocacy of the pro-unification policies that Beijing encourages the KMT to pursue.

In preparation for the leadership transfer at the KMT Congress in August, Wu negotiated a new party platform that would return the KMT to the “one-China with respective interpretations” formula and remove the explicit references to the peace treaty and a common definition of one-China advocated by Hung. The party congress’s theme was “Renovation, Unity and Return to Power.” Even though the platform rejected Hung’s views, she and all recent party chairmen attended the 2,000-member congress. Wu was sworn in and the party platform was approved. It commits the party to peaceful and prosperous cross-strait relations based on the Lien Chan-Hu Jintao joint statement of 2005 (which includes a peace treaty) and former President Ma’s policies, including his advocacy of “no independence, no unification, no use of force.” Returning the party to these more centrist positions on cross-strait issues will facilitate the goal of returning to power. Despite
these moves, the KMT still faces daunting financial challenges under the DPP-passed Illegotten Party Assets legislation and struggles month-to-month to meet payroll.

The TAO issued a brief comment following the congress offering to cooperate on the basis of the 1992 Consensus and opposition to Taiwan independence. But several mainland scholars noted that Beijing would have difficult relations with Wu because he voiced support for separate interpretations, retained the no unification part of Ma’s policy, and removed explicit mention of a peace treaty. If one Beijing goal is for President Tsai to fail and for the KMT to return to office in 2020, the new platform is an indication that Beijing must look forward to a KMT administration that will be constrained by domestic politics.

Looking ahead

There has been considerable speculation that after consolidating his leadership position at the 19th Party Congress, Xi Jinping will change policy toward Taiwan. There will be changes in the TAO leadership after the Congress. However, it appears likely that Xi will remain focused on more urgent domestic challenges and that there will be no pressing reason to change policy so long as Tsai does not explicitly reject one-China. The Party congress report will set the framework for Beijing’s policy.
CHRONOLOGY OF CHINA-TAIWAN RELATIONS

MAY – AUGUST 2017

May 2, 2017: President Tsai Ing-wen talks of a new model for cross-strait relations.

May 6, 2017: Taiwan Affairs Office (TAO) announces measures beneficial to Taiwan.

May 8, 2017: TAO states Taiwan will not be able to participate in World Health Assembly (WHA).

May 14, 2017: President Tsai says Beijing has squandered opportunities to improve relations.


May 22, 2017: WHA decides not to place Taiwan observer resolution on agenda.

May 24, 2017: Association of Taiwan Invested Enterprises holds 10th anniversary meeting in Beijing.

June 2, 2017: Acting Deputy Assistant Secretary (DAS) of State Laura Stone makes unpublicized visit to Taiwan.

June 12, 2017: Taiwan legislators form group to support democracy in Hong Kong.

June 13, 2017: Panama and Beijing sign communiqué establishing diplomatic relations.

June 17, 2017: Ninth Cross-Strait Forum opens in Fujian.

June 29, 2017: State Department notifies Congress of $1.4 billion arms sales for Taiwan.

July 1, 2017: Taipei Mayor Ko Wen-je attends Twin City Forum in Shanghai.

July 1, 2017: President Xi Jinping presides at Hong Kong reversion anniversary.

July 11, 2017: Paraguayan President Horatio Cartes arrives in Taipei for state visit.

July 23, 2017: PLA H-6 bombers circumnavigate Taiwan.


Aug 7, 2017: In meeting with Dick Cheney, President Tsai urges enhanced US-Taiwan security partnership.

Aug. 8, 2017: President Tsai speaks to Prospect Foundation Asian security conference.

Aug. 10, 2017: President Tsai presents Chinese Taipei Olympic flag to Taiwan Universiade team.


Aug. 11, 2017: PLA H-6 bombers and Y-8 reconnaissance aircraft circumnavigate Taiwan.


Aug. 17, 2017: Three Hong Kong umbrella movement leaders given jail sentences.

Aug. 19, 2017: Opening Ceremony for 2017 Universiade (World University Games) is held in Taipei.


Despite dreaming that the inauguration of Moon Jae-in as the new president in South Korea would lead to an improvement in North–South relations, events over the summer of 2017 precluded any semblance of reconciliation on the Korean Peninsula. In the context of Kim Jong Un’s aggressive pursuit of the North’s ballistic missile and nuclear weapon programs, Moon’s olive branches were consistently rebuffed while Kim exchanged bombastic rhetoric with US President Donald Trump and thumbed his nose at the UN Security Council. By summer’s end, there was little prospect for a return to the “sunshine” era in the South. Instead, South Koreans were increasingly interested in having their own nuclear weapons and the South Korean military openly talking about a decapitation unit to deal with the North Korean leadership.
Introduction

In his famous dystopian novel *Brave New World*, published in 1932 when talking pictures (“the talkies”) were still new, Aldous Huxley imagined a future in which movies had become pan-sensory, including “the smellies” and “the feelies.” As the Internet similarly keeps expanding its range, perhaps the bells and whistles on *Comparative Connections*’ new website might include an all-action video of this author, kicking himself.

Wishful thinking is a constant temptation, especially to those of us optimistic in temperament. Yet after almost half a century watching North Korea, I should be old enough to know better by now. I also temporarily forgot that elementary precept of diplomacy: it takes two to tango.

To be concrete: when the last issue of this journal was published in mid-May, South Korea’s hardline President Park Geun-hye had been dismissed after the Constitutional Court confirmed her impeachment. Writing immediately after the election of her liberal successor Moon Jae-in in early May, I had assumed that the new ROK leader’s firm intention to revive the “sunshine” policy and re-engage the DPRK – as practiced during the decade 1998–2007 by the late Presidents Kim Dae-jung and Roh Moo-hyun, the latter of whom Moon had served as chief of staff – meant this would automatically come to pass. So I eagerly anticipated having more to write about, after almost two years of North–South mutual hostility during which inter-Korean relations had shriveled virtually into non-existence.

That assumption was not unreasonable. It was the South – specifically Kim Dae-jung – that had devised “sunshine,” persuading an initially skeptical North to play ball. And it was Seoul again that turned sunshine to sunset a decade later, when Roh’s conservative successor Lee Myung-bak reneged on the expanded cooperation that Roh had agreed with Kim Jong Il at the second North–South summit in Pyongyang in October 2007. After Lee, Park Geun-hye at first offered “trustpolitik” but later hardened. In February 2016, she abruptly shut the Kaesong Industrial Complex (KIC), the last surviving inter-Korean joint venture, after North Korea’s fourth nuclear test that January. Given the North’s nastily vituperative attacks on both Lee and Park for these retreats and their hard line overall, one might have expected a modicum of enthusiasm in Pyongyang for a new leader in the Blue House keen to mend fences.

Not so, or at least not for now. 2017 is not 2007, and Kim Jong Un is not Kim Jong Il. This Kim has other fish to fry. On his watch and especially since last year, North Korean ballistic missile (BM) and nuclear tests – both banned under successive UN Security Council (UNSC) resolutions – have come thick and fast; and ominously, ever more successful. The numbers are telling. The DPRK’s tested its first missile in 1984; 14 more followed in the last decade of Kim Il Sung’s life. His son Kim Jong Il’s 17 year reign (1994–2011) saw 16 such launches, all but one of them in 2006 and 2009, also the years of the DPRK’s first two nuclear tests. By contrast, in less than six years Kim Jong Un has overseen no fewer than 87 missile launches, including 24 last year and 21 (so far) in 2017. The pace of nuclear testing has quickened too, from every three years to two tests in 2016 alone and one this year. Since July Pyongyang has successfully launched two ICBMs, and exploded its first hydrogen bomb. Kim Jong Un is a man on a mission; even if his precise purpose, or the balance of his motives, remains obscure.

Yet even such a relentless pursuit of WMD, squarely aimed at the US in all senses (militarily and diplomatically) and as such discussed elsewhere in *Comparative Connections*, need not have ruled out a positive response to Moon Jae-in’s olive branches, described in more detail below and in the chronology. A subtler, or more confident, Northern leader might have made nice with Moon, cynically taking whatever Seoul offered – which could have been quite a lot, materially and otherwise – in order to discomfit the South’s more hardline US ally and thus drive
a wedge between Seoul and Washington. That ploy worked well for Pyongyang early this century during the era of high “sunshine,” when President George W. Bush looked askance at Kim Dae-jung and especially Roh Moo-hyun’s soft line toward the North. Donald Trump, with his penchant for bad-mouthing US allies, was ready to rerun this history, at least twice accusing Moon of appeasement – just as, with an eagerness his wiser predecessors abjured, he chose to validate North Korea’s Tom and Jerry worldview by embracing the role Pyongyang assigned him of the big dumb angry cat, forever outsmarted by the wily little mouse.

Trump’s sneer is not only insulting but inaccurate. Moon Jae-in did hope to rekindle “sunshine,” but Kim Jong Un’s belligerence has forced him into an uncomfortable hawkishness, hard to distinguish from his predecessors. As missile test followed missile test, the new ROK president, knowing that a substantial minority of voters – and, in all probability, the bulk of his own military establishment – mistrusted him as being soft on the North and would be vigilant for any sign of weakness, sought to sound and act as hardline as he could. That led to some misjudgments. Eyebrows were raised when Moon said on Aug. 17 that “if North Korea completes an intercontinental ballistic missile and weaponizes it with a nuclear warhead, I will consider that a red line.” He spoke of the DPRK “approaching” that line; yet many if not most experts, including the US Defense Intelligence Agency (DIA), reckon Pyongyang has already crossed it. Moon did not spell out what consequences would follow for the DPRK, merely reiterating his mantra that “there will be no war again on the Korean Peninsula.”

Is Germany germane?

Given the North’s unresponsiveness, it seems pointless to enumerate a long list of Southern offers all of which were rebuffed, so this will be left to the chronology. Suffice it here to sketch the main contours. Our last update covered Moon’s background and known views on North Korea, plus some of his early appointments of key personnel with a strong background in dealing with Pyongyang. Yet as Leif-Eric Easley of Ewha University put it in an aptly headlined article, “Moon assembles dream team, but North Korea unwilling to play.” Another US academic based in Seoul, John Delury of Yonsei University, referenced Moon’s avowed wish to put South Korea in the driving seat on the North Korea issue with an article headlined “Backseat Driver.” That sounds unkind, yet is an accurate summary of how Moon is struggling to gain any traction for Seoul to influence matters, much less revive “sunshine.”

The new government swiftly allowed Southern NGOs to resume contact with the North (Park Geun-hye having progressively, or rather regressively, banned almost all such outreach). Yet though many such organizations had years of experience of the North in the “sunshine” era, contributing aid worth millions of dollars, Kim Jong Un – unlike his father – has ignored or rebuffed these kindly and patriotic souls, just as he scorns their government.

On the official level, the centerpiece of Moon Jae-in’s outreach to the North, like so many of his predecessors (he was at least the fifth ROK president to do this), was a big policy speech delivered in Germany, in his case, to the Körber Foundation in Berlin on July 6. Given the manner of German reunification, it takes a rather baffling tin ear for any South Korean leader, left or right, to suppose that choosing this of all nations as a venue could ever appeal to North Korea. That said, some do it better than others. Ruediger Frank of Vienna University, who has the advantage (analytically speaking) of having grown up in the former East Germany, is a good judge. Having been scathing about Park Geun-hye’s 2014 Dresden Declaration (his article was titled: “Fire the Speech Writers”), Frank was more impressed by Moon, whom he characterized as “navigating difficult waters.” This was indeed a careful, sincere, and reasonable speech – but it fell upon deaf ears, as did all Seoul’s efforts to put it into practice.

Soon after Moon’s Berlin speech, in July the ROK formally proposed two items mentioned therein: a resumption of military dialogue and Red Cross talks. The former was chosen not only in hope
of reducing border tensions, but because Kim Jong Un had in the past made the very same proposal. Yet the dates offered by Seoul passed with no response from Pyongyang.

Death to Southern book reviewers!

Spurning the South’s olive branches is one thing; threatening its citizens quite another. On Aug. 31, North Korea’s official Korean Central News Agency (KCNA) carried the headline, “DPRK Central Court Sentences S. Korean Provokers to Death.” This introduced a report that the Central Court of the DPRK had sentenced four named South Koreans to death: a journalist and the director of each of two rightwing Seoul daily papers, the Dong-A Ilbo and Chosun Ilbo. Their “crime” was to have written and published reviews of the Korean edition of North Korea Confidential, a book originally published in 2015 authored by two Seoul-based British journalists, James Pearson (whom KCNA misspelt) of Reuters and Daniel Tudor, formerly of the Economist. Oddly, no such sentence was passed on the authors themselves for their lèse-majesté. Here is a sample of what caused offense:

... reeling off such sophism that “the north is a country where money has greater influence than in capitalist countries,” “youngsters without mobile phones are treated losers,” “army is unpaid labor unit” and that “those with money can get married to those of high positions in society any time.”

They had the temerity of carrying a photo in which the red star, symbolic of the brilliant revolutionary traditions of anti-Japanese war engraved on the upper part of the national emblem of the DPRK, was replaced by $ symbol and the name of the “Democratic People's Republic of Korea” was replaced by the “Capitalist Republic of Korea.” They even committed such shuddering acts of replacing the title of the book called “North Korea Confidential” with “Capitalist Republic of Korea.”

All this, apparently, merits death under Article 60 of the DPRK Criminal Code. Moreover, “the criminals hold no right to appeal and the execution will be carried out any moment and at any place without going through any additional procedures … We will track down to the end those who masterminded and manipulated hideous provocations of slandering and insulting the dignity of the DPRK and mete out death to them.”

Pyongyang’s ever-bellicose media have more than once threatened to bomb or otherwise destroy these two newspapers, which are overwhelmingly hostile to North Korea. However, this is believed to be the first time that named journalists have been threatened thus. While this is likely bombast, given the grim ends of both Kim Jong Nam and Otto Warmbier, it cannot be assumed either that foreigners or those outside the DPRK are safe. (Of course, neither Korean state officially regards the other’s citizens as foreigners.)

This follows another rum case briefly cited in our last update, where North Korea claimed it had foiled a plot by US and South Korean intelligence agencies involving “state-sponsored terrorism against [our] supreme leadership with the use of bio-chemical substance.” On June 30, KCNA carried a florid joint statement by the DPRK Ministry of State Security, Ministry of People's Security (political police) and Central Public Prosecutors Office. Amid much huffing and puffing, this announced death sentences on Park Geun-hye and Lee Byung-ho, her former intelligence chief, and demanded their handover. (No such threats or demands were made regarding the CIA or its operatives.) After much menacing rhetoric, the statement concluded: “Those who dare challenge the sun of the sky can never evade divine punishment.” (sic).

In the wider debate on how to tackle North Korea, scholars of widely differing perspectives tend to deplore tabloid stereotypes of Kim Jong Un as a mad dictator; insisting au contraire that the DPRK is a rational actor, or at least calculates carefully. In some contexts this may be true – such as this war of words between Pyongyang and President Trump, whose own tweets and other comments (e.g. “fire and fury”) by contrast often appear to be made off the cuff.

Yet it is hard to see rationality in such ravings as the above. What are these threats meant to achieve? Regarding state terrorism, let alone biochemical substances – recall how Kim Jong Nam died: the trial of the two young women accused of his murder in Kuala Lumpur is set to begin on Oct. 2 – the pot is blatantly calling the
kettle black. Sentencing non-North Koreans to death – for a book review! – is itself state terrorism. Having a DPRK court do so undermines any bien-pensant claims, still occasionally heard, that what passes for a legal system in North Korea is remotely worthy of the name or has any real autonomy. No one is fooled, no one is impressed, and hopefully no one is scared. Perhaps Pyongyang just wanted to signal that it really, really isn’t interested in dialogue with Seoul. Message received, loud and clear.

Most South Koreans want nukes too

One ominous, if predictable, result of Kim Jong Un’s relentless pursuit of WMD has been to strengthen demands in some quarters for the ROK to also possess nuclear weapons. Opinion polls have long shown a majority of South Koreans supporting this view, but hitherto only a minority of the political elite and opinion-makers.

It is well-known that Northeast Asia’s three democracies – South Korea, Japan, and Taiwan – are each technically capable of building nuclear weapons should they so decide. On this, a very useful book came out in early 2016: the aptly titled Asia’s Latent Nuclear Powers: Japan, South Korea and Taiwan by Mark Fitzpatrick of the International Institute for Strategic Studies (IISS). Noting that in the 1970s the US discovered and quashed a top-secret effort by the ROK’s then military dictator Park Chung-hee to go nuclear, Fitzpatrick views South Korea today as being “the most likely candidate to emerge as a new nuclear-armed state”. His carefully worded summary is worth quoting in full. I leave it to readers to ponder how far the balance of forces, and therefore the likely decision-making in Seoul, remain today as described herein last year:

If a new nuclear-armed state were to emerge in Northeast Asia, it would most likely be the Republic of Korea (ROK). This observation is not meant to predict that South Korea will choose nuclear armament. Steadfast in its adherence to the Non-Proliferation Treaty (NPT), the government in Seoul firmly rejects the pro-nuclear arguments posed by a few politicians and commentators. Officials understand well the downsides that those advocates ignore: the damage that nuclearisation would cause to the nation’s economy and international status due to direct and indirect sanctions, and the huge security risks in jeopardising its alliance with the US. Going nuclear would undermine US relations at the same time as it made South Korea more vulnerable. Yet these demerits are not readily apparent to the general public, two-thirds of whom voice support for nuclear weapons in polls. Such polls suggest that the non-proliferation norm is still shallow in South Korea. Twice in the 1970s, the country pursued nuclear weapons – albeit under an authoritarian government. More recently, South Korean nuclear scientists transgressed International Atomic Energy Agency (IAEA) safeguards in conducting enrichment and reprocessing experiments. A nationalist desire to possess the rights to sensitive nuclear technology that Japan enjoys could eventually see South Korea moving purposefully towards a recessed weapons capability. Seoul is very unlikely to cross the nuclear-weapons threshold, however, as long as the US defence commitment remains credible.

In fact, rather than any ROK bid for nuclear Juche (so to say) against Washington’s wishes, what we are seeing is a call for the US to once again base tactical nuclear weapons in South Korea, as it did for decades until President George H W Bush removed them in 1991. This is now a formal policy plank of the conservative main opposition Liberty Korea Party (LKP), and is supported by 68 percent of the South Korean public.
More surprisingly, the current ROK defense minister appears to endorse this view. Briefing lawmakers on Sept. 4 about a recent meeting with his US opposite number, Song Young-moo was quoted as saying he had told Jim Mattis that, “The redeployment of [US] tactical nuclear weapons [in South Korea] is an alternative worth a full review.” With the White House later chiming in to suggest it would not rule out such a redeployment were the ROK to request this, a somewhat irritated but perhaps beleaguered Blue House insisted on Sept. 10: “There is no change in the government’s policy principle of denuclearization of the Korean Peninsula, and we have never reviewed a re-adoption of tactical nukes.”

Can Moon hold the line, if Kim keeps on provoking? Watch this space. Meanwhile, at a time when peering into the abyss and thinking the unthinkable as regards apocalyptic scenarios on the peninsula have alas become necessary, here is one such, if only fictional: a different twist, offering scary food for thought. South Korea’s most successful novel ever (over 4 million copies sold; a film was also made), is The Rose of Sharon Blooms Again, a 1993 blockbuster by Kim Jin-myung. Replete with pan-Korean nationalism, well before the “sunshine” era, this postulates the two Koreas pooling their nuclear technology to strike the real enemy – Japan.

Decapitation: heady talk

As Comparative Connections went to press, the New York Times on Sept. 13 and other media reported a new (or renewed) development, hardly conducive to better North-South ties. Once again, the source was Defense Minister Song. In the same Sept. 4 briefing cited above, Song also told lawmakers that a Special Forces brigade known as a “decapitation unit” would be operational by the end of this year. Its avowed aim: to kill Kim Jong Un and other DPRK leaders if war broke out. This idea, and even the name, are not new. Such a unit was reported back in January as being in the works – but with rising tensions its formation, set originally for 2019, has been accelerated.

While forward military planning par excellence should ideally be bipartisan, insulated from the vicissitudes of “regime change” in a democracy, this surely is one legacy from the Park Geun-hye era that Moon Jae-in would gladly have ditched or at least kept quiet about, had his renewal of sunshine gone as hoped. It is a measure of how boxed in Moon must feel that such an extreme measure is still being hyped up. While sympathizing with his dilemma, one may still query the assumed psychology. The NYT quoted retired Gen. Shin Won-sik, until 2015 the ROK military’s top operational strategist: “The best deterrence we can have, next to having our own nukes, is to make Kim Jong Un fear for his life.”

Really? Fixated as he is (to the exclusion on South Korea) on the US, with its far bigger and more deadly arsenal, will the Northern leader really sleep less easy knowing what he no doubt assumes in any case: that in case of war his foes would do their damnedest to kill him? Or does Seoul mean to signal that it does not rule out a pre-emptive strike? Or at least want Kim to be afraid of that? To be sure, Kim Jong Un’s reckless ramping up of tensions is what has brought matters to this pass. Unless there is some sudden change of tack and tactics from Pyongyang – which could still happen, as it has in the past – even Moon Jae-in apparently risks getting mired in the prevailing tit-for-tat of threat and counter-threat.

Not only is this not “sunshine,” but it risks a darkness beyond the blackest black. In August, the Economist ran a cover story with the headlines: with the heads of both Trump and Kim swirling in a mushroom cloud, under the headline “It could happen.” An accompanying article gamed one scenario of how the US and DPRK might stumble into nuclear war, even if neither actively intended to do so. In this scenario, if just two short-range nuclear-armed Northern missiles penetrated ROK defenses, 300,000 people would die at once in South Korea (by no means all of them Korean, of course), with further deaths from radiation to follow – not to mention a prolonged global recession, and more. As the Economist summed up: “Everyone would lose.”

Put like that, it is beyond belief that irresponsible talk of military options still emanates from some in Washington – but in Seoul, not so much. One can only hope that, by January and the next issue of Comparative Connections, wiser counsels will have prevailed and current tensions may have eased into a much-needed diplomatic track, be it bilateral or multilateral. Yet as of now, frankly, it is hard to be optimistic. Scorned alike by Kim Jong Un and Donald Trump, Moon Jae-in simply lacks political traction to pull the peninsula back from the brink. It is difficult to see how he might find a workable way to do that.
CHRONOLOGY OF NORTH KOREA–SOUTH KOREA RELATIONS

MAY – AUGUST 2017

May 5, 2017: Pyongyang media report Kim Jong Un’s conducting a field inspection of the Korean People’s Army (KPA)’s Southwestern Front Command on Changjae and Mu Islets, close to South Korea’s Yeonpyeong Island which Northern artillery shelled in November 2010, killing four. Calling that “the most delightful battle after the [sc 1953] ceasefire”, Kim examines “the plan for fire strike” and commands his troops “to break the backbone of the enemy once ordered.”

May 5, 2017: In a long statement, shrill even for Pyongyang and carried in full by the BBC, DPRK Ministry of State Security accuses US Central Intelligence Agency (CIA) and South Korea’s ‘Intelligence Service’ – presumably the National Intelligence Service (NIS) – of a plot to kill its supreme leadership using a “biochemical substance.”

May 5, 2017: -- North Korea’s Committee for the Peaceful Reunification of the Country (CPRC) condemns the South’s “puppet Ministry of Unification” for planning a “south-north human rights dialogue.” Choice insults include: “The ‘idiots of the ministry’, who are reduced into living corpses and being treated like a mange-affected dog” – and much more.

May 9, 2017: On the eve of the ROK election, Rodong Sinmun, daily newspaper of the DPRK’s ruling Workers’ Party of Korea (WPK), urges South Korean voters to “judge the puppet group of conservatives, accomplices with Park … as they punished Park.”

May 9, 2017: South Korea holds its 19th presidential election, seven months ahead of the normal schedule because of Park Geun-hye’s impeachment. The main opposition candidate, Moon Jae-in of the Minjoo Party (Democrats), wins overwhelmingly.

May 10, 2017: Moon Jae-in is sworn in as the ROK’s 19th president. In his inaugural speech he expresses willingness to go anywhere for peace, including Pyongyang.

May 10, 2017: Two of Moon’s first appointments highlight North Korea. New NIS director Suh Hoon lived there for two years, working for the former KEDO (Korean Peninsula Energy Development Organization) consortium; he later helped arrange the two inter-Korean summits. Im Jong-seok, Moon’s Blue House chief of staff – one of two, it later transpires – was jailed in his youth for organizing an illegal visit to Pyongyang by a fellow-student.

May 12, 2017: DPRK Central Public Prosecutors Office says it will demand the extradition of those behind the alleged “bid to commit state-sponsored terrorism against its supreme leadership.” It names three ROK NIS operatives, including the agency’s outgoing director.

May 17, 2017: South Korea’s Unification Ministry (MOU) calls for restoration of the inter-Korean hotline at Panmunjom. Set up in 1971 and periodically suspended since, this has been inactive – meaning the North refuses to answer the South’s daily calls – since February 2016.

May 28, 2017: Yonhap quotes an unnamed official source as saying the Moon government plans additional financial support for not only Southern firms impacted by closure of the KIC, but also those harmed by suspension of tourism to Mount Kumgang since 2008 and by Lee Myung-bak’s 2010 ban on non-KIC trade with and investment in North Korea.

May 31, 2017: South Korea returns six Northern fishermen whose boats drifted into ROK waters on May 27. The North refuses two different phone calls at Panmunjom – one direct, the other via the UN Military Armistice Commission – so the South has to communicate its plan via loudspeaker across the DMZ. A DPRK guide vessel duly receives the six men and one boat (the other was damaged beyond repair) at the east coast marine border, whose demarcation unlike that on the west coast is agreed and not disputed.
June 2, 2017: Reacting to a string of DPRK ballistic missile tests this year, the UN Security Council (UNSC) unanimously passes another resolution criticizing North Korea, its seventh since 2006. UNSCR 2356 censures such activity and further tightens economic sanctions.

June 5, 2017: MOU approves four more applications by Southern NGOs to contact North Korea, bringing the total of such approvals to 15 in less than a month since Moon Jae-in took office. Park Geun-hye, by contrast, had ended up banning all civilian contacts. The same day two of these organizations say the North refuse to let them visit, in protest of Seoul’s support for the latest UN sanctions against the DPRK.

June 6, 2017: South Korean preparatory group says there will be no joint celebrations of the anniversary of the first inter-Korean summit meeting on June 15, 2000. North Korea has yet to invite them to Pyongyang, but the group also said, “it is regrettable that the [Southern] government has not presented a clear stance over its approval.”

June 13, 2017: President Moon nominates Cho Myoung-gyon as Minister of Unification. A career official with 28 years’ service in the MOU, Cho had key roles at KEDO and the Kaesong Industrial Complex (KIC) in 2004–06, before serving the late President Roh Moo-hyun as secretary for unification, diplomacy and security in the Blue House during 2006–08.

June 15, 2017: On the 17th anniversary of the first North–South summit, MOU calls for peace and reconciliation. For its part, North Korea blames the South for the absence of any joint celebrations this year, and accuses Seoul of “reading the face of the US.”

June 22, 2017: ROK’s official National Unification Advisory Council (NUAC) publishes a survey it conducted on June 9–11. 77 percent of South Koreans polled support a resumption of North–South dialogue; 22 percent disagree. NUAC finds a similar divide (74 vs 23) on whether Seoul should allow private business inter-Korean contacts. 48 percent expect North–South relations to improve.

June 23, 2017: With President Moon watching, the ROK successfully test-fires a Hyunmoo-2 missile, whose 500 mile range – the maximum currently allowed under an accord with the US – means it can strike anywhere in the DPRK.

June 29, 2017: ROK National Assembly approves Cho Myoung-gyon as unification minister. The conservative main opposition Liberty Korea Party (LKP), keen to block Moon’s Cabinet nominees – the new foreign minister, Kang Kyung-wha, failed to get parliamentary approval, which is not mandatory – concedes that Cho has no “major ethical lapses.”

July 2, 2017: Report published by the Korea Development Institute (KDI), an ROK state think-tank, notes that the only sphere of North–South socio-cultural exchanges still ongoing is sports. It suggests using this as an icebreaker for wider inter-Korean relations, given Kim Jong Un’s personal interest in this field.

July 3, 2017: Cho Myoung-gyon formally starts work as the 39th minister of unification. He succeeds Park Geun-hye’s appointee Hong Yong-pyo, who had served since February 2015.

July 6, 2017: In a major speech given at the Körber Foundation in Berlin, President Moon calls on North Korea to choose peace and cooperation. He insists that, “We do not wish for the collapse of North Korea, and we will not pursue any form of unification by absorbing the other ... [or] unification by force.”

July 10, 2017: MOU says South Korea will seek fresh inter-Korean talks once it gauges North Korea’s reaction to President Moon’s Berlin speech.

July 13, 2017: Yonhap, the ROK’s quasi-official news agency, quotes an unnamed senior official as saying there is no evidence that monies the DPRK received from the joint venture Kaesong Industrial Complex (KIC) went to fund its nuclear program. Such a link was alleged by the Park Geun-hye administration as one reason for closing the KIC in February 2016.

July 16, 2017: DPRK website Uriminzokkiri features a video interview with Jon Hye Song, a young woman who defected to the ROK in 2014. Known there as Im Ji-hyun, she was a well-known figure on TV shows featuring DPRK defectors. Like previous such returnees, she now tearfully repents and begs the motherland’s forgiveness. Some in Seoul claim she must have been abducted. (Note: The Uriminzokkiri video is very slow-loading. Until recently this could also be watched on YouTube, but in an act of gratuitous censorship YouTube has recently shut down this and other DPRK accounts.)
July 17, 2017: South Korea’s Ministry of National Defense (MND) proposes inter-Korean military talks to reduce border tensions on July 21 at Tongilgak, North Korea’s main building at the Panmunjom. Separately, the ROK Red Cross suggests talks on Aug. 1 about resuming family reunions. Both dates pass with no reply from Pyongyang.

July 17, 2017: MOU says it called the DPRK liaison office at Panmunjom, but no one answered. Inter–Korean communication channels were cut by North Korea in February 2016 after the South closed the Kaesong Industrial Complex.

July 19, 2017: Responding to barely veiled criticism from the US that a resumption of inter-Korean dialogue is untimely, MOU insists this is distinct from the denuclearization issue – and helpful in promoting humanitarian contacts and reducing tensions.

July 20, 2017: Dismissing Seoul’s call for better inter-Korean ties as “nonsense,” Rodong Sinmun tells South Korea to end its “submission” to the US: “Ditching confrontation and hostility is a precondition for opening the door for the two Koreas' reconciliation and unity.”

July 27, 2017: South Korea, and the UN Command, each hold events to mark the 64th anniversary of the 1953 Armistice, which ended the Korean War. MOU again urges North Korea to respond to the South’s overtures, adding that there is no deadline.

July 27, 2017: Unseen for the past 15 days, Kim Jong Un re-emerges on what the DPRK celebrates as Victory Day to pay tribute to the fallen in Pyongyang’s Fatherland Liberation War Martyrs Cemetery.

July 28, 2017: DPRK test–fires another claimed ICBM, its second this month.

July 30, 2017: Leif–Eric Easley of Ewha University in Seoul neatly sums up the current inter–Korean situation: “Moon assembles dream team, but North Korea unwilling to play.”

Aug. 1, 2017: Rodong Sinmun condemns South Korea’s “commemorations with July 27 as an occasion” (the word armistice is not mentioned) as a “disgusting burlesque” by “traitors” and “lackeys.” It warns that if provoked again, “[our] army and people will wipe out the enemies to the last one so that there would be no one left to sign a document of surrender.”

Aug. 13, 2017: After Pyongyang threatens to fire missiles at Guam, ROK Vice Unification Minister Chun Hae–sung says Seoul is “considering all necessary steps to reduce tensions on the peninsula” and “will leave the door open for dialogue with the North.”

Aug. 15, 2017: On Liberation Day (from Japan in 1945: a holiday in both Koreas), Moon Jae–in vows to prevent a new Korean war “at all costs.” He insists: “Military action on the Korean Peninsula can only be decided by the ROK and no one may decide to take military action without the consent of the ROK.” The main opposition LKP accuses Moon of “running about in confusion,” voicing fears that South Korea “will be relegated into an observer country.”

Aug. 21, 2017: Annual Ulchi Freedom Guardian US–ROK war games, which are mainly computer– rather than field–based, begin. This year’s exercise is slightly smaller than in 2016, but US Defense Secretary Jim Mattis denies that this is a gesture to Pyongyang. Unimpressed DPRK media as usual shrilly excoriate these maneuvers as a rehearsal for invasion.

Aug. 27, 2017: Yonhap says the Moon administration is seeking to ensure that North Korea participate in the upcoming Pyeongchang Winter Olympics next February, hoping this will help ease inter–Korean tensions.


Aug. 31, 2017: KCNA carries a proclamation by North Korea's Central Court sentencing four named Southern journalists to death for reviewing a book deemed insulting to the DPRK. No such sentence is passed on the book’s British authors. MOU at once condemns and dismisses this as “absurd.”
Sept. 3, 2017: DPRK conducts its sixth, and much the most powerful, nuclear test since 2006. Most observers accept Pyongyang’s claim that this was a hydrogen bomb. In response, the ROK on Sept. 4 holds a live-fire ballistic missile drill.

Sept. 10, 2017: Reacting to an NBC report that the US does not rule out moving tactical nuclear weapons to the ROK if Seoul so requests, the Blue House denies any such plans: “There is no change in the government’s policy principle of denuclearization of the Korean Peninsula and we have never reviewed a re-adoption of the tactical nukes.”

Sept. 11, 2017: Responding to North Korea’s Sept. 3 nuclear test, the UN Security Council passes – unanimously, as ever – its eighth major resolution since 2006 censuring North Korea. UNSCR 2375 (full text here) further tightens economic sanctions against the DPRK, which as ever denounces these measures – even more vitriolically than usual.

Sept. 12, 2017: New York Times reports that the ROK military is accelerating formation of a “decapitation unit”, originally planned under Park Geun-hye as a medium-term project, to target Kim Jong Un in the event of war.

Sept. 14, 2017: President Moon firmly rules out any nuclear option for South Korea, whether the return of US tactical weapons or autonomously. But he accepts that the ROK must “develop our military capabilities in the face of North Korea’s nuclear advancement.”
Days after Moon Jae-in’s presidential victory in Seoul on May 9, Pyongyang continued a series of missile tests that demonstrated the range and capability of its weapons, including an intercontinental ballistic missile capable of striking the United States. Early exchanges between Chinese leaders and the new Moon administration provided a chance to reset bilateral ties, including at Beijing’s Belt and Road Forum in June and South Korea’s hosting of the AIIB meeting in Jeju a month later. China supported the adoption of new UN Security Council Resolutions 2356 and 2371 on North Korea, pledging to enforce expanded sanctions and announcing domestic measures to enhance sanctions enforcement. The China-ROK strategic dialogue in June and the first Xi-Moon meeting in July, however, failed to narrow differences over THAAD, clouding Beijing and Seoul’s 25th anniversary celebrations of diplomatic normalization in August. Meanwhile, public attacks between Chinese and North Korean media indicate continued deterioration in the China-DPRK relationship.
Pyongyang defies Chinese and international pressure

North Korea tested two intermediate-range ballistic missiles (IRBMs) on May 14 and May 21; a short-range ballistic missile on May 29; several short-range projectiles on June 8; a new rocket engine on June 23; two intercontinental ballistic missiles (ICBMs) on July 4 and July 28; three short-range ballistic missiles on Aug. 26; and an IRBM on Aug. 29. Following weeks of US negotiations with Beijing, the UN Security Council adopted Resolution 2356 on June 2 sanctioning more DPRK officials and entities, including North Korea’s Strategic Rocket Force, which manages its ballistic missile programs. In response to Pyongyang’s two ICBM tests in July, the UN Security Council on Aug. 5 adopted Resolution 2371, aimed to cut North Korea’s annual export revenue of $3 billion by a third.

President Trump in Twitter remarks on May 29 called Pyongyang’s ballistic missile test an indication of “great disrespect” for China, a neighbor who is “trying hard.” Chinese frustration with its North Korean ally surfaced with Pyongyang’s first ICBM test on July 4, which the PRC Foreign Ministry condemned as a violation of “clear rules on North Korea’s ballistic missile technology and activities” under UN Resolutions. PRC Ambassador to the UN Liu Jieyi raised an early alarm on July 3, cautioning against “disastrous” consequences without an immediate resumption of dialogue. US Defense Secretary James Mattis in a CBS interview on May 28 similarly warned against the risks of “catastrophic war” posed by Pyongyang’s military threats if not resolved through diplomatic means. The July 4 test came three days after Moon Jae-in’s first summit with Trump in Washington, seemingly rejecting the new South Korean president’s pledge to improve inter-Korean ties through dialogue. It was also timed two days before Moon’s talks with President Xi Jinping on the sidelines of the G20 Summit in Hamburg, where the two leaders condemned the test as “unforgivable” but failed to reconcile ongoing differences over THAAD.

Coordinating Chinese, ROK, and US approaches to North Korea

The escalation of North Korean military threats has amplified the need to coordinate policy responses among China and the new administrations in Seoul and Washington. Beijing is pushing for a two-pronged approach to Korean Peninsula denuclearization that calls for Pyongyang’s suspension of nuclear and missile tests in exchange for the suspension of US–ROK joint military exercises. Since taking office May 10, Moon has promoted his own dual-track approach of seeking DPRK denuclearization and inter-Korean dialogue. In a May 2 Washington Post interview ahead of his election, he expressed support for Trump’s “pragmatic approach” of pressure and openness to dialogue. The Trump administration’s four-point policy was revealed later that month during a meeting between a bipartisan group of ROK politicians and US Special Representative for DPRK policy Joseph Yun. It ruled out the military option despite earlier indications of such a possibility while emphasizing the following points: (1) not recognizing North Korea as a nuclear weapon state, (2) sanctions and pressure, (3) not seeking regime change, and (4) dialogue.

Although President Moon seeks cooperation with Beijing and Washington, he has stressed Seoul’s pursuit of a more independent DPRK policy under his leadership. At the Jeju Forum on June 1, Moon reiterated his promise to “take the lead in dealing with Korean Peninsula issues without relying on the role of foreign countries.” Rep. Park Byeong-seug of the ruling Democratic Party delivered Seoul’s core positions as South Korea’s representative to the “Belt and Road Forum” on May 14–15 in Beijing, where he met separately with President Xi and State Councilor Yang Jiechi: (1) no war under any condition, and (2) no discussion of the Peninsula’s future without South Korea’s presence. Prospects for a China–ROK diplomatic reset waned as the PRC digested Moon’s support of THAAD in the run-up to his first meeting with President Trump in Washington at the end of June. By the time Moon met Xi on the sidelines of the G20 in Germany, the damage had been done. Beijing dismissed Seoul’s proposal of three-way negotiations with Washington on THAAD, which included formation of a joint panel to examine THAAD’s technical specifications, reportedly raised during the summit talks in Germany.

Timed against annual US–ROK military drills, Pyongyang’s latest missile test in August, according to Kim Jong Un, was “the first step of the military operation of the Korean People’s Army in the Pacific and a meaningful prelude to containing Guam.” Beijing’s linkage of DPRK tests and US–ROK military exercises targets
what China has long identified as a lack of trust between North Korea and the United States, as Foreign Minister Wang Yi outlined in his joint press conference with Russian counterpart Sergei Lavrov on May 26. He Lei, vice president of the PLA Academy of Military Science, similarly identified Pyongyang and Washington’s mutual suspicion as the primary source of the nuclear impasse in his speech at the 2017 Shangri-La Dialogue in Singapore on June 2–4, where regional attention centered on North Korea and the Trump administration’s Asia policy.

China’s strained relations with Seoul and Pyongyang

Although Beijing has welcomed both US–DPRK contact and Moon’s inter–Korean reconciliation initiatives, the immediate obstacles to regional coordination lie in China’s own strained ties with both Pyongyang and Seoul. The Korean Central News Agency (KCNA) on May 3 directly attacked China, arguing that, “the DPRK will never beg for the maintenance of friendship with China” and will pursue nuclear weapons “no matter how valuable the friendship is.” While past criticisms have refrained from identifying China by name, this article explicitly targeted the People’s Daily and Global Times for voicing North Korea’s threat to China’s national interests as mouthpieces of the Chinese Communist Party and government. In an Aug. 25 KCNA article, Jong Myong Chol of the Institute of International Studies of Korea criticized “some big neighboring countries” for supporting recent US-led sanctions, an apparent reference to China and Russia.

Chinese officials quickly welcomed the chance to “reset” China–ROK ties after the presidential victory of Moon Jae-in, who during the election campaign displayed a cautious attitude toward THAAD, which an early May Xinhua commentary characterized as Seoul’s “major foreign policy mess.” In a press release following Pyongyang’s May 21 missile test, Foreign Minister Wang Yi indicated that “the new South Korean administration has brought new changes to the country’s China policy, and its attitude towards China is also different from that of its predecessor.” Pyongyang’s provocations since Moon’s move into office, however, present limited options for bilateral and regional dialogue.

One Belt, One Road and the AIIB: an opportunity for engagement?

Pyongyang’s first missile launch in May disturbed both Moon’s inauguration and Beijing’s hosting of the “Belt and Road Forum” on May 14–15, the highest–profile meeting of Xi’s Belt and Road Initiative (BRI) since it was launched in 2013. Gathering at least 28 heads of state and government according to official Chinese sources, the forum also brought together ROK and DPRK delegations led by Rep. Park Byeong–seug and North Korea’s Minister of External Economic Relations Kim Yong Jae. Many South Korean observers saw Park’s attendance as an occasion for advancing Xi and Moon’s “mutual consensus on repairing South Korea–China relations,” reached in telephone talks in May immediately after Moon’s election. Such hopes to renew ties continued over a three–day visit by Moon’s new special envoy to China, Lee Hae–chan, on May 18–20, during which he met President Xi, State Councilor Yang Jiechi, and Foreign Minister Wang Yi. However, the protocol for the Xi–Lee meeting rankled South Korean media, which noted that Lee was seated in a subordinate position to that of Xi, in contrast to his visit to Beijing 15 years earlier as Roh Moo–hyun’s special envoy, at which time Lee was treated as an equal in his meeting with Hu Jintao.

South Korea’s hosting of the AIIB’s second annual meeting on Jeju Island on June 16–18 presented another opportunity for reengagement. Moon in his opening address praised the region’s “great potential to lead the global economy” and noted close alignment between the bank’s plans and his own agenda for national development, including new infrastructure investment and job creation. His first international meeting as ROK president, the AIIB gathering also served as Moon’s platform for seeking regional support for inter–Korean economic integration and broader regional peace. However, as a Xinhua article suggested in May, Chinese calls for reviving ties with Seoul through such regional economic initiatives remain dampened by skeptical perceptions of Xi’s project as merely “political rhetoric.”

Anticipation of closer cooperation under the Moon administration waned as China and South Korea marked their 25th year anniversary of diplomatic ties in August, which reflected intensified friction over THAAD and China’s
economic retaliation. At the fifth China-ROK Public Diplomacy Forum in Jeju on Aug. 17, PRC Ambassador Qiu Guohong called THAAD China and South Korea’s “most difficult challenge” since normalization. The PRC Foreign Ministry stepped up Beijing’s warnings against “necessary measures” since THAAD became operational in early May. The China-ROK Strategic Dialogue in Beijing on June 20, led by Vice Foreign Ministers Zhang Yesui and Lim Sung-nam, made no progress in narrowing differences. Ahead of his state visit to Russia, Xi Jinping criticized THAAD for undermining regional stability and Korean Peninsula denuclearization in an interview with Russian media on July 3. China Institute of International Studies head Jiang Yuechun told Yonhap on Aug. 17 that the THAAD deployment would drive a regional arms race in Northeast Asia. South Korean observers stress the gravity of the THAAD issue with China, which, unlike past bilateral disputes over history or trade, involves conflicting geopolitical interests between China and the US and appears to have imposed clear bounds on development of Sino-ROK relations. Furthermore, Beijing’s policy rhetoric and actions have fired up South Korea’s domestic debates on the future of the US-ROK alliance in response to Trump’s critical attitude toward burden sharing.

Pressure shifts to China

The escalation of Pyongyang’s military threats has shifted US and ROK pressure increasingly toward China through secondary sanctions and other policy measures. President Moon in a June 22 Reuters interview argued that Chinese efforts to punish North Korea have yielded “no tangible results,” noting that “without the assistance of China, sanctions won’t be effective at all.” Held just days after the death of detained US college student Otto Warmbier in North Korea, the inaugural US-China Diplomatic and Security Dialogue on June 21, was led by US Secretary of State Rex Tillerson and Secretary of Defense Jim Mattis, and PRC State Councilor Yang Jiechi and PLA chief Gen. Fang Fenghui. DPRK denuclearization and the full implementation of UN resolutions were priority issues. Calling North Korea Washington’s “top security threat,” Tillerson stressed Beijing’s “diplomatic responsibility to exert much greater economic and diplomatic pressure on the regime.” President Trump on June 20 acknowledged China’s limited influence over Pyongyang, stating on Twitter: “While I greatly appreciate the efforts of President Xi & China to help with North Korea, it has not worked out. At least I know China tried!” In his efforts to close any perceived gaps with Trump, Moon has unhesitatingly supported the US push for stronger sanctions enforcement by China.

On May 4, the US House of Representatives passed a bill authorizing sanctions on North Korea’s suppliers of crude oil, targeting China as the North’s principal energy source. While China’s ban of coal imports from February supported UN sanctions, recent Chinese media debates on cutting off North Korea’s oil supply fed rumors of a shift toward tougher measures should Pyongyang continue provocations, including a sixth nuclear test. (China ultimately decided against a North Korea oil cut-off, opting instead for a cap in UN Security Council discussions following North Korea’s September 2017 nuclear test.) China is reported to have imposed a limited three-day suspension of its crude oil supply to the North more than a decade ago in 2003, citing technical issues as a reason for the temporary cut-off after Pyongyang launched a ballistic missile. Sun Xingjie of Jilin University indicated to the South China Morning Post in April that China’s suspension of crude oil supplies would have to last for at least half a year to have a significant impact. South Korean analysts remained very skeptical about the prospect of China’s imposition of such an oil embargo given the implications for North Korea’s internal stability.

A day after the UN’s adoption of its August resolution, China warned North Korea against additional provocations in talks between PRC Foreign Minister Wang Yi and counterpart Ri Yong-ho on Aug. on the sidelines of ASEAN meetings in Manila, where Wang also met ROK counterpart Kang Kyung-wha. In line with the August resolution, China’s Ministry of Commerce pledged to enforce sanctions banning imports of coal, iron, iron ore, lead, and seafood from Aug. 15. According to the Korea Trade-Investment Promotion Agency (KOTRA), the import ban will reduce North Korea’s exports to China by $1.53 billion, amounting to 62 percent of goods sold to China at the end of last year. China-DPRK trade reached $6.06 billion last year and accounted for 93 percent of North Korea’s total external trade. North Korea’s total exports to China shrank by 32 percent in May, declining for the third consecutive month after China’s import ban of North Korean coal in February. The drop in coal imports to zero in
March–May was accompanied by sharp increases in coal imports from other partners like Indonesia, Mongolia, and Russia.

As experts such as Zhang Tuosheng of the China Foundation for International and Strategic Studies indicated in August, the decline in China’s energy exports to North Korea may be a result of the North’s growing self-sufficiency in meeting its energy needs rather than sanctions. A June report by Stanford University’s Asia-Pacific Research Center and South Korea’s Institute for National Security Strategy shows that North Korea’s trade dependence on China has increased with the growing impact of international sanctions, with oil and food aid (excluded in official statistics) supporting military activities. KOTRA similarly indicated in May that Chinese electronic goods and automobiles are dominating the DPRK market as the North continues to manage the impact of prolonged sanctions. DPRK imports of LCD TVs from China in January–March this year increased by 90 percent on-year, while mobile phone imports, most of which are made in China, increased by 141 percent.

Ahead of Trump-Moon talks on June 29–30, US Treasury Secretary Steven Mnuchin announced Washington’s blacklisting of Bank of Dandong as a “primary money laundering concern,” a move that some predicted may have effects similar to the 2005 US sanctions on Macau-based Banco Delta Asia. The US Treasury also sanctioned two Chinese individuals and Dalian Global Unity Shipping Co. Complementing the August UN resolution, the US Treasury Department on Aug. 22 announced new sanctions on 16 individuals and entities mainly from China and Russia. In a meeting between AIIB President Jin Liqun and ROK Finance Minister Kim Dong-yeon on June 15 ahead of the AIIB’s annual meeting in Jeju, Seoul agreed to invest $8 million in the AIIB’s Project Preparation Special Fund for developing countries. A Bank of Korea report in June urged local businesses and financial and government agencies to work together to facilitate South Korea’s expansion into the growing Asian infrastructure market through the China-led bank. South Korean companies experienced a boom in sales in China’s excavator market with China’s increased spending on infrastructure, led by South Korea’s biggest construction equipment producer Doosan Infracore, which accounted for 9 percent of the Chinese market share last April.

South Korea’s participation in the AIIB as its fifth biggest stakeholder (after China, India, Russia, and Germany) has also boosted prospects for cooperation in the infrastructure market, which the Asian Development Bank projects will amount to $1.3 trillion annually in 2016–2030 among emerging Asian economies. In a meeting between AIIB President Jin Liqun and ROK Finance Minister Kim Dong-yeon on June 15 ahead of the AIIB’s annual meeting in Jeju, Seoul agreed to invest $8 million in the AIIB’s Project Preparation Special Fund for developing countries. A Bank of Korea report in June urged local businesses and financial and government agencies to work together to facilitate South Korea’s expansion into the growing Asian infrastructure market through the China-led bank. South Korean companies experienced a boom in sales in China’s excavator market with China’s increased spending on infrastructure, led by South Korea’s biggest construction equipment producer Doosan Infracore, which accounted for 9 percent of the Chinese market share last April.

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Pessimism looms over China–ROK interdependence

Changes in the composition of South Korean exports to China, currently led by the IT sector, reflect the structural transformation of the bilateral economic relationship since normalization. While automobile exports have multiplied more than six times since 1992, they dropped by 91 percent in 2015–2016 with reduced Chinese demand for Korean cars. Seoul’s export strategy now targets China’s consumer goods market, which according to the Hyundai Research Institute expanded to 15 percent of the US market last year compared to 3 percent in 2006. South Korea’s share of the Chinese consumer goods market grew from 4.2 to 7.8 percent in 2011–2017, with beauty products accounting for almost three-quarters of ROK consumer exports to China.

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South Korea’s long-term concerns remain fixed on the uneven nature of interdependence. China, as South Korea’s biggest export market, accounted for 25 percent of ROK exports last year, but PRC exports to South Korea have hovered around 5 percent of total exports since 2000. Public opinion surveys suggest pessimistic perceptions of an increasingly competitive relationship. In a survey of KOTRA employees in China this summer, 38 percent of respondents indicated that South Korea will lose its position as the biggest exporter to China within the next two years. In terms of brand recognition, 46 percent already see South Korea as lagging behind China. Following Beijing’s drive to boost domestic consumption, South Korean experts are calling for an export strategy that moves away from intermediary products, which made up 78 percent of South Korea’s total exports to China in 2014 according to the latest figures from the Korea Center for International Finance.
PRC, ROK, and Japanese senior financial officials and central bankers in trilateral talks on the sidelines of an annual Asian Development Bank meeting in Yokohama on May 5 issued a strong statement of unity against “all forms of protectionism” amid concerns over Trump’s protectionist orientation, following the March meeting of financial chiefs of the G20 economies. But China’s lower-level representation by its deputy finance minister, and absence of bilateral talks between Ministers Xiao Jie and Yoo Il-ho, reflected political tensions over THAAD.

**Economic implications of the THAAD dispute**

South Korea’s deepened economic dependence on China amplifies current concerns over the costs of China’s economic retaliation against THAAD. Speaking at the Public Diplomacy Forum in Jeju, Jiang Yuechun of the China Institute of International Studies warned of economic costs for South Korea amounting to $15 billion and a 0.59 percent decline in annual GDP should the THAAD controversy continue. Moon Jae-in’s inauguration in May appeared to revive private and public exchanges, including local-level diplomatic and cultural exchanges, trade events, flight services, and tourism programs that were suspended or postponed last year amid the THAAD dispute. But local industry projections show that the losses for Lotte, South Korea’s fifth biggest conglomerate, may amount to 2.5 trillion won ($2.2 billion) should business disruptions continue through the end of the year. Food product rejections, representing 14.5 percent of all product rejections, almost quadrupled in March and April compared to the same period last year according to the Korea Agro-Fisheries and Food Trade Corporation, mostly for violating local label and packaging rules. The Korea International Trade Association on June 16 revealed China’s blacklisting of 24 South Korean manufacturers and exporters of cosmetics and food products for failing to meet quality standards. Furthermore, South Korea’s leading retailer Shinsegae in May announced E-Mart’s voluntary withdrawal from China, citing poor performance and failure to fully assimilate the brand into the local market.

The number of Chinese visitors to South Korea dropped by 47 percent on-year in January-July according to the Korea Tourism Organization, with an almost 70 percent decline in July alone. Following China’s ban of group tours to South Korea in March, the number of travelers on Chinese routes operated by domestic carriers dropped by 45 percent from 2.04 million to 1.12 million in July according to the Ministry of Land, Infrastructure and Transport. In July, Shenyang banned local tour agencies from issuing visas for individual travel to South Korea, mainly to target unauthorized Chinese travelers. On the South Korean side, the number of South Korean visitors to China almost halved in March-May, and accounted for 15 percent of all outbound Korean travelers compared to 33 percent in the same period last year. South Korean travel agencies reported a more than halving of travelers to China, accompanied by an expansion in the number of travelers to Southeast Asia and Japan.

South Korean businesses in China point to a historic low point since the “Korean Wave” of the 2000s, characterized by weakening competitiveness and political frictions over THAAD. Once among the biggest beneficiaries of normalization, the Korean entertainment industry sees itself as a victim of geopolitics, facing the hardest pressures of anti-Korean sentiment and state restrictions since entering the Chinese market 25 years ago. A South Korean public opinion poll by the Asan Institute for Policy Studies showed a sharp increase in negative views of China’s influence on South Korea from 21 to 60 percent in just two years since 2015.

**Conclusion: prospects under Moon**

Hopes for “resetting” ties between Beijing and Seoul centered on the need for the new leadership under President Moon to address regional stability (by suspending THAAD) and revive South Korea’s economic growth, both of which require closer engagement with China. At the China-ROK Public Diplomacy Forum in August, PRC Ambassador to South Korea Qiu Guohong identified THAAD as the “most difficult challenge” facing bilateral relations but emphasized a 25-year trend of “practical benefits” of cooperation that “cannot be reversed.” ROK Ambassador to China Kim Jang-soo in a Yonhap interview on Aug. 22 similarly expressed confidence in building a constructive relationship with China through closer communication. But Moon was unable to generate diplomatic space between the US and South Korea, which Beijing appears to have made a prerequisite for stabilizing Sino-South Korean relations. It turns out to have been an
impossible ask for a South Korea that cannot tolerate any gaps with its primary alliance partner and security guarantor, the US. Moon’s approach to foreign policy has been realistic and pragmatic, while China’s pressure strategies against South Korea have proven to be unrealistic, costly, and counterproductive.

Many South Koreans find that President Moon came into office under the worst external conditions ever faced by a new South Korean leader, including North Korea’s military threats, Trump’s alliance policy, and tensions among Northeast Asian neighbors. This environment has vitiiated his campaign agenda of forging a new path of engagement with Pyongyang, upgrading the alliance relationship with Washington, and advancing regional multilateral cooperation, revealing the constraint that dictates South Korea’s navigation of relations between Washington and Beijing. Ironically, just when Seoul would not be blamed for looking hard at alternatives to alliance under a US president who questions prior assurances and maximizes tactical uncertainty, Beijing has removed itself from consideration as an alternative patron by pursuing bullying tactics and distancing itself from Seoul. China’s estrangement from both Pyongyang and Seoul is a product of paralysis in Chinese policies toward the Korean Peninsula and undercuts Chinese interests and influence toward a critical set of neighbors on its periphery. As with almost every Chinese policy, there is no choice but to wait and see how things play out after the dust settles on China’s October Party Congress.
CHRONOLOGY OF CHINA-KOREA RELATIONS

MAY – AUGUST 2017

May 3, 2017: A Korean Central News Agency (KCNA) commentary criticizes China for criticizing the DPRK’s nuclear weapons program.

May 3, 2017: China Southern Airlines resumes its Cheongju-Yanji flight services.


May 10, 2017: President Xi Jinping congratulates Moon Jae-in on his election as ROK president.

May 11, 2017: Presidents Xi and Moon hold telephone talks

May 11, 2017: ROK Foreign Minister Yun Byung-se sends a message to PRC counterpart Wang Yi expressing condolences for the death of former Vice Prime Minister Qian Qichen.

May 11, 2017: ROK Vice Foreign Minster Lim Sung-nam requests Chinese government assistance in managing a school bus accident in Weihai that left 10 South Korean children dead.


May 14, 2017: North Korea conducts a missile test.


May 14, 2017: Rep. Park of ROK ruling Democratic Party and DPRK Minister of External economic relations Kim Yong-jae meet on sidelines of the Belt and Road Forum in Beijing.

May 15, 2017: Former ROK Prime Minister Lee Hae-chan is appointed special envoy to China.

May 18-20, 2017: President Moon’s special envoy Lee visits China and meets President Xi and State Councilor Yang on May 19 and Foreign Minister Wang Yi on May 18.

May 21, 2017: North Korea test-fires a ballistic missile.


May 23, 2017: PRC Foreign Ministry expresses support for the Moon administration’s reported plans for inter-Korean reconciliation.

May 24, 2017: Dozens of South Koreans sue the PRC and ROK governments over the health costs associated with fine dust pollution.

May 24, 2017: SK chief Chey Tae-won to meet government and business leaders and participate in the Korea Foundation-Fudan University-hosted Shanghai Forum.

May 26, 2017: PRC Foreign Minister Wang Yi at a joint press conference with Russian counterpart Sergei Lavrov in Moscow calls for a peaceful resolution to the Korean nuclear issue.

May 29, 2017: North Korea fires a short-range missile toward the East Sea.

May 31-Jun. 1, 2017: PRC Foreign Ministry expresses concern over the delivery of four additional THAAD launchers to the ROK.

May 31, 2017: Shinsegae Vice Chairman Chung Yong-jin announces E-Mart’s withdrawal from China.

June 1, 2017: PRC Foreign Ministry expresses support for Seoul’s steps to approve inter-Korean civilian contact.
June 1–3, 2017: Chinese and South Korean virtual reality (VR) companies hold an investment forum on the sidelines of the 2017 Busan VR Festival.

June 2–4, 2017: PRC and ROK officials and experts attend the 2017 Shangri-La Dialogue.


June 4, 2017: North Chungcheong provincial government announces that Cheongju International Airport has resumed flights to China.

June 7, 2017: China Cultural Center in Seoul and Yonhap News Agency agree to promote cultural exchanges.

June 8, 2017: PRC Foreign Ministry calls for restraint after North Korea launches several short-range projectiles toward the East Sea.

June 8, 2017: Second China-ROK-Japan Trilateral High-Level Dialogue on the Arctic is held in Tokyo.

June 14, 2017: China’s Foreign Ministry welcomes former US basketball player Dennis Rodman’s visit to North Korea.

June 15, 2017: Asian Infrastructure Investment Bank (AIIB) President Jin Liqun and ROK Finance Minister Kim Dong-yeon meet in Jeju. South Korea agrees to invest $8 million in the AIIB Project Preparation Special Fund.

June 16–18, 2017: South Korea hosts the AIIB’s second annual meeting of the board of governors in Jeju. President Moon delivers a congratulatory address.

June 16, 2017: PRC and ROK Finance Ministers Xiao Jie and Kim Dong-yeon meet on the sidelines of the AIIB meeting in Jeju.

June 16, 2017: PRC Foreign Ministry expresses support for inter-Korean reconciliation after President Moon proposes dialogue between the two Koreas.

June 16, 2017: Korea International Trade Association indicates that China has blacklisted 24 South Korean manufacturers and exporters.

June 20, 2017: ROK Vice Foreign Minister Lim Sun-nam meets State Councilor Yang Jiechi in Beijing and holds a high-level strategic dialogue with PRC counterpart Zhang Yesui.


June 22, 2017: President Moon in a Reuters interview discusses China’s North Korea policy.

June 24, 2017: ROK Foreign Ministry extends condolences over deaths from a landslide in Mao County, Sichuan.


June 27, 2017: PRC Foreign Ministry expresses support for inter-Korean reconciliation after Seoul approves an aid group request to send humanitarian aid to the North.


June 29, 2017: US Treasury Department announces that it has blacklisted Bank of Dandong, two Chinese individuals, and Dalian Global Unity Shipping Co. for their ties to North Korea.


July 3, 2017: China’s Ambassador to the UN Liu Jieyi calls for dialogue with North Korea.
July 4, 2017: North Korea fires a ballistic missile into its eastern waters.

July 6, 2017: Presidents Xi and Moon meet on the sidelines of the G20 Summit in Hamburg.


Aug. 6, 2017: PRC Foreign Minister Wang holds separate meetings with ROK and DPRK counterparts Kang Kyung-wha and Ri Yong-ho on sidelines of ASEAN meetings in Manila.

Aug. 14, 2017: China’s Ministry of Commerce announces that it will enforce the latest UN sanctions on North Korea, effective Aug. 15.

Aug. 17, 2017: Fifth China-ROK Public Diplomacy Forum is held on Jeju Island.


Aug. 24, 2017: PRC Ambassador Qiu Guohong and ROK Vice Foreign Minister Lim Sung-nam address a reception at the PRC Embassy in Seoul marking the 25th anniversary of diplomatic ties.

Aug. 24, 2017: Wan Gang, PRC science and technology minister and vice chairman of China’s parliamentary advisory body, leads delegation to a South Korean Embassy event in Beijing marking the 25th anniversary of diplomatic ties.


Aug. 29, 2017: North Korea test-fires an intermediate-range ballistic missile over Japan.

Aug. 30, 2017: Former lawmaker Noh Young-min appointed as South Korea’s ambassador to China.
The pattern of warm trade and cold politics continued over the summer of 2017. No discernible progress was made in resolving issues between Japan and China. Leadership interaction was limited, while economic relations showed some signs of improving and tensions in the East China Sea dominated defense activity. At the end of September, the government-sponsored China Daily opined that it was “no exaggeration to say that the past five years have been among the darkest days in Sino-Japanese ties since the two established formal diplomatic ties.”
High-level meetings

Japan’s leadership continued to profess its desire for better relations with China, while the Chinese government insisted that improvement must await a change in Japanese behavior. From Beijing’s point of view, no improvement occurred. This impasse presumably precluded formal state visits, but regular exchanges took place in other venues.

Although Chinese Finance Minister Xiao Jie failed to attend a scheduled meeting with Japanese counterpart Aso Tarō at the Sixth China-Japan Finance Dialogue in Yokohama in May, allegedly due to pressing domestic concerns, Xiao and Aso, who were to have co-chaired the dialogue, met two days later and announced they would launch a joint research initiative on issues of mutual interest, and agreed to hold a seventh round of talks in 2018.

A week later, Secretary General of Japan’s Liberal Democratic Party (LDP) Nikai Toshihiro attended an international conference for the Silk Road project, carrying a letter from Prime Minister Abe Shinzo to President Xi Jinping expressing interest in joining the Asian Infrastructure Investment Bank (AIIB). Nikai was quoted as saying not if, but when Japan would join.

As May closed, the fourth round of high-level Sino-Japanese political talks was held in Tokyo, co-chaired by Chinese State Councilor Yang Jiechi and Japanese National Security Advisor Yachi Shotarō. Yang stated that with the 45th anniversary of diplomatic normalization coming at the end of September, relations between the two countries were at an important juncture. China attached importance to developing the relationship. However, Japan must “honor its words and abide by relevant rules regarding the historical and Taiwan issues, safeguard peace and stability in the East China Sea, speak and act cautiously regarding the South China Sea.” Yachi did not directly address these points, which in effect called for a complete concession of Japan’s claims, saying only that Japan’s stance on Taiwan and historical issues had not changed and that there was consensus that they two countries are each other’s cooperative partner.

A few days later, Japan’s Foreign Ministry revealed that Chinese authorities had detained a seventh Japanese citizen, a man in his 60s, on suspicion of harming the country’s national security.

Talks at the end of June between foreign ministry officials in charge of maritime issues resulted in agreement to work on a sea and air communication mechanism to prevent accidental clashes between Japan’s Self-Defense Forces (SDF) and the Chinese military, but made no progress toward resuming negotiations on joint gas field development in the East China Sea. A Japanese official opined that China’s intention was to continue to delay so that its developments in the area – 16 have been confirmed so far, of which 12 are operational – must be accepted as a fait accompli.
In July, President Xi Jinping and Prime Minister Abe Shinzo met on the sidelines of the G20 meeting of the world’s leading economies held in Hamburg, Germany. Abe opened the talks on an optimistic note, describing the healthy growth of the panda cub just born at Tokyo’s Ueno Zoo as emblematic of Sino–Japanese friendship. Xi, however, urged Japan to learn from history so as to have better relations with China. China Daily added that relations between the two could not improve if Japan continued to regard China as a threat, held military exercises with the US, and sold weapons as it had to the former Philippine administration. Japanese media commented that there had been no agreement on major issues between them such as the Diaoyu/Senkaku Islands, North Korea, and repeated Chinese intrusions into what Japan regards as its territorial waters and air space.

In August, Chinese Foreign Minister Wang Yi met newly-appointed counterpart Kono Taro on the sidelines of the ASEAN Regional Forum (ARF) held in the Philippines. In 1993, Kono’s father, Kono Yohei, who also served as foreign minister, had as chief Cabinet secretary issued a statement acknowledging the involvement of the World War II Japanese military in forcing women to provide sex to soldiers, the so-called comfort woman issue. If China expected that this would translate into a conciliatory attitude by Kono Taro, they were dashed when he voiced his opposition to unilateral attempts to change the status quo based on military power and endorsed US freedom of navigation exercises in areas where sovereignty was contested. Wang then stated that he felt “let down,” contrasting Kono with his father, “an honest politician,” and characterizing his remarks as “completely like a mission the United States assigned to you.” This departure from the usual diplomatic niceties was sufficiently startlingly to arouse suspicion that Wang was hoping to follow the career path of his predecessor, Yang Jiechi, who had been elevated from foreign minister to state counselor after making a similarly rude comment: at a 2010 ARF meeting he said that ASEAN countries would have to understand that they were small while China was big. In this case, Kono replied by suggesting that China “learn how to behave as a big power.”

Economy

Both sides reported robust economic growth in the second quarter. China seemed on target to achieve international agencies’ projected 6.5–6.7 percent increase in GDP while easing the economy onto a slower growth trajectory. Still, concerns remained over a domestic property bubble that might deflate, and that the government’s attempts to stimulate the economy would simply postpone and exacerbate structural problems. The Japanese economy achieved its longest continuous streak of growth since 2006, with Bloomberg reporting GDP growth of 1.7 percent. Second quarter growth expanded at an annualized 4 percent, the economy’s strongest showing in three years and well above expectations. Exports to China surged 18 percent in July, with comparable increases in Japan’s exports to Southeast Asia and the United States. However, the recovery was not without problems, with electronics giant Toshiba registering record losses and eventually negotiating to sell its semiconductor subsidiary to a consortium comprising its US business partner Western Digital and two Japanese government-backed funds. An earlier feeler from a Chinese company had raised national security concerns.

In July, China regained the spot as largest foreign lender to the US that it had lost to Japan eight months earlier, and was expected to surpass Japan by becoming the second largest contributor to the UN peacekeeping force in 2020.

Sino–Japanese trade was strong. Casual wear designer, manufacturer, and retailer Uniqlo, one of Japanese most iconic brands, announced plans to double the number of its stores in China.
by 2020, meaning that they would exceed the number of those in Japan. Parenthetically, the expansion also underscored the importance of Sino-Japanese trade.

While not ruling out Japanese participation in the AIIB, Prime Minister Abe sounded a good deal less optimistic about its prospects than the aforementioned Nikai, stating that questions including proper governance, the creditworthiness of borrowers from the bank, and transparency would have to be addressed before negotiations could take place. Ministry of Finance professionals remained strongly skeptical of the AIIB, with one analyst opining that Nikai and Abe's comments might represent a conditional appeasement of China as well as political cover if the Trump administration surprised Japan by agreeing to participate in AIIB without prior consultation with Tokyo. The prospects for a satisfactory resolution of Japan's concerns about governance, creditworthiness, and transparency seemed dim.

An opinion piece in Beijing’s nationalistic Global Times declared that Japan’s participation in the AIIB appeared to be an attempt to influence the program from within, professing a desire for friendship even as Tokyo ramped up the China threat theory, “making a big fuss about the Diaoyu [Senkaku] islands,” with the writer erring by claiming that international law had legitimated China’s claims thereto.

An influx of Chinese companies into Japan raised concerns in Tokyo. According to the Bank of Japan, Chinese direct investment in Japan totaled about $4 billion in 2016 and, though it slowed to $762.4 million in the first half of 2017, was expected to pick up in the last six months. Leading financial daily Nikkei cautioned that there was a risk that the CCP could seize payments and personal information from Japanese users.

Japan also moved closer to India whose government, although joining the AIIB, had grave misgivings about the effect China’s Belt and Road Initiative (BRI) would have on India. In what the press of both India and Japan described as a broad strategy to counter China’s expanding influence in the region, the two agreed to establish an Asia-Africa Growth Corridor. A Ph.D. candidate at the Chinese Academy of Social Sciences’ Institute of Japan Studies opined that, due to its domestic difficulties, Japan would not back India over the disputed Doklam border, and that “for Japan, stronger cooperation with China is an irreversible trend.”

Japanese representatives attended a ministerial-level meeting with 50 African countries held in Mozambique, with Japan announcing its intention to establish a representative office in Ethiopia before the end of the fiscal year, i.e., April 2018. China was the unmistakable elephant in the room, with Yomiuri stating that attention must be paid to China’s investments having reinforced its political influence over African countries, whose help Japan needed to become a permanent member of United Nations Security Council. Yomiuri did not specify how African backing could advance the realization of this long-held goal, given the PRC’s consistent opposition to Japan’s inclusion and its power to veto Japan’s inclusion.

When Japan imposed sanctions on five Chinese companies and one Chinese national for trading with North Korea, China’s Foreign Ministry warned that if Japan did not rescind the decision, “it must be responsible for the consequences.” Global Times taunted that, 72 years after the end of World War II, Japan was still far behind its goal of becoming a politically important power. In any case, the paper argued, the sanctions would have no effect on the Chinese economy, and were simply another show of Japan’s loyalty to the US.

Defense

China continued its gradual expansion of activities near or into what Japan considers to be its territorial waters and airspace. These typically resulted in protests from the Japanese side, but no counteractions. In mid-May, the four Chinese Coast Guard vessels that entered territorial waters near the disputed Diaoyu/Senkaku Islands were for the first time accompanied by a drone. After the Japanese Foreign Ministry described as “unusual” the flight of six Chinese Xian H-6 bombers over the Miyako Strait between Okinawa and Miyako, China's Defense Ministry replied that Japan “should not over-react and make a great fuss about it. They will feel better after getting used to such drills.” As if to confirm that drills would become more frequent and intrusive, in late August, Chief Cabinet Secretary Suga Yoshihide reported that Chinese bombers had flown close
to Kii Peninsula, on Japan’s east coast, for the first time.

Prime Minister Abe continued to push for revision of war-renouncing Article 9 of the Japanese Constitution, though successive polls indicated that a majority of the citizenry opposed any change, as did the Chinese media. An animated Chinese video in the form of a computer game showed an unrepentant Abe riding a tank and confronted with a group of protesting Japanese in the form of comfort women, proponents of the peace constitution, and others. After each defeat, a “KO” appears on the screen, with a prompt asking “continue?”

Abe’s campaign to change the Constitution was not helped by the controversies surrounding Defense Minister Inada Tomomi. Her nationalistic views and visits to Yasukuni Shrine, which honors, among other war dead, the spirits of 14 men whom a post-war Allied Tribunal declared war criminals, were anathema to left-of-center views in Japan as well as to the Chinese government. Inada had, moreover, declared that, were conflict to break out on the Korean Peninsula, the SDF could be dispatched there to rescue Japanese nationals.

China was, therefore, delighted at Inada’s resignation. The proximate cause was not her nationalistic views but her responsibility for concealing data that showed the danger that Japanese members of the UN Peacekeeping Force in South Sudan were in. Whether Inada knew about the logs has not been proven. The same scandal claimed Gen. Okabe Toshio, chief of staff of Japan’s Ground Self-Defense Force.

A war game underwritten by the Japan–based Sasakawa Peace Foundation’s US branch was premised on a truly bizarre scenario in which hostilities begin when a rightwing Japanese group land on the largest of the Diaoyu/Senkaku Islands and claim they are physically occupying them for Japan. As the then–Foreign Ministry official responsible for the islands told this author, such an event could not possibly happen, because the Japanese Coast Guard would never have permitted them to land. Since this has in fact been the Japanese Coast Guard’s consistent practice, it is a mystery why a Japanese–funded organization would underwrite a scenario that could only bring the country bad publicity. The second war game in the exercise was just as unfavorable, positing that the US sided with China after a confrontation broke out and called on both sides to withdraw their ships. Such an action would implicitly affirm China’s claim that sovereignty over the islands is disputed, a contention that the Japanese government has consistently denied.

Japan’s Foreign Ministry 2017 Diplomatic Bluebook’s judgment that North Korea’s nuclear and ballistic missile tests had reached a new level of threat to Japan was greeted with skepticism in Beijing, where the Blue Book’s real intent, media commented, was to exaggerate the North Korean threat to break through the no–go zones in Japan’s security policy, rationalize joint drills with US forces, strengthen its own defense capabilities, and expand its global influence.

Although the Japanese Defense Ministry 2017 White Paper, issued a few months later, struck those familiar with past years’ iterations as little changed, a spokesperson for the Chinese Defense Ministry denounced it as full of vicious denigration of the Chinese military and blatant deception of the international community. Oddly, the vituperative reaction did not mention what was truly new about the paper: a substantial section on Taiwan emphasizing that, whereas China had long had a quantity edge over the island–state, the quality gap was rapidly closing. By contrast, Taiwan’s defense budget had not increased in nearly two decades while China’s publicly announced defense budget – widely believed to greatly understate expenditures – had increased 49 times since 1988. There was a similarly unusual lack of reaction to a Japan Times editorial published a few days later that called on China to respect the will of Taiwanese in its cross-strait relations.

Japan’s Defense Ministry reported there had been 101 aircraft scrambles against Chinese planes from April–June, down from 207 in the January–March period, but that 36 Chinese Coast Guard ships had entered the waters around the Senkaku Islands in the same period, up from 27 in the first three months of the year. The ministry requested a modest 2.5 percent increase in the defense budget for fiscal year 2018, to 5.25 trillion yen ($48 billion) to bolster security measures against North Korea’s military provocations and China’s maritime advances.

Japan’s defense minister replied to a reporter’s question about spam emails from China to
incumbent Cabinet members, among other officials, by saying he had no knowledge of the matter.

Taking note of closer Japanese defense relations with India, Global Times warned New Delhi that Abe was encouraging Indian aggressiveness so that China would shift its focus from the South China Sea to the disputed Indo-Chinese border in the Himalayas, thus relieving pressure on Japan.

As the report period closed, Japan’s Defense Ministry, reinforced by North Korea’s launch of a missile over Hokkaido a few days before, presented its budget, requesting additional funds to defend against such attacks but also to provide security for outlying islands. Xinhua, citing a retired US professor of Marxism, argued that the level of spending was disproportionate to any real threat Japan was facing and crossed the line into offensive weapons with first-strike capabilities.

Further cues on the state of China-Japan relations can be expected from the attention paid to the 45th anniversary of the establishment of diplomatic relations between the two. Radical changes are unlikely given Beijing’s preoccupation with internal personnel appointments to be announced at the 19th Congress of the Central Committee of the CCP which is scheduled to begin Oct. 18.
CHRONOLOGY OF JAPAN-CHINA RELATIONS

MAY – AUGUST 2017

May 2, 2017: *Global Times* criticizes the Japanese Foreign Ministry 2017 Diplomatic Blue Book of escalating tensions on the Korean Peninsula as an excuse to strengthen its military, create the conditions for revising Article 9 of its Constitution, and enhance its global influence.

May 5, 2017: Chinese Finance Minister Xiao Jie skips a trilateral meeting with Japanese and South Korean counterparts, casting doubt over the outlook for regional cooperation among the Northeast Asian powers.

May 7, 2017: *China Daily* reports that Xiao Jie met Taro Aso, who serves concurrently as Japan’s deputy prime minister of minister of finance. They agree that dialogue is important to both sides and pledge to deepen pragmatic cooperation in the financial field.


May 8, 2017: *Xinhua* reports that four Chinese Coast Guard vessels conducted a patrol in the territorial waters off the Diaoyu/Senkaku islands on May 8.

May 11, 2017: *Yomiuri Shimbun* expresses concern that the China–founded Asian Infrastructure Investment Bank (AIIB) could be twisted toward the PRC’s ends, and urges reform of the Asian Development Bank, whose largest financial contributor has been Japan, and all of whose nine successive presidents have been Japanese.

May 12, 2017: *Associated Press* reports that multinational military drills off Guam designed to show support for the free passage of vessels in international waters amid concerns that China intends to restrict access to the South China Sea were postponed indefinitely after a French landing craft ran aground there.

May 13, 2017: Editorial in *Huanqiu Shibao*, which is sponsored by *Renmin Ribao*, official newspaper of the Central Committee of the Chinese Communist Party (CCP), states that the momentum of Xi Jinping’s Belt and Road Initiative would be more robust with Japanese, US, and South Korean participation.

May 13, 2014: New reports on the Diaoyu/Senkaku are posted on the website of the Japanese Cabinet Secretariat, including a Qing Dynasty map of 1744 that did not show the islands as part of China’s territory.

May 14, 2017: In what *Asahi Shimbun* terms “cutter diplomacy,” Japan supplies front-line coast guard cutters to the Philippines and Vietnam. Japan’s Coast Guard has created the post of director for international coast guard cooperation who will focus on providing support to Southeast Asian nations. Trilateral exercises including Japan, the Philippines, and Vietnam are planned.

May 15, 2017: *Space News* reports that the Japanese government is considering a three-satellite addition to the country’s domestic navigation system so that it would work even if China were to take out the US Global Positioning System.

May 16, 2017: Nikai Toshihiro, secretary general of Japan’s ruling Liberal Democratic Party (LDP) meets Chinese President Xi Jinping, and, according to *Asahi Shimbun*, says the question was not if but when Japan will join AIIB. A parallel story in Beijing’s *Global Times* does not mention this statement, saying only that Nikai congratulated China on the success of its Belt and Road Forum for International Cooperation and cited the need to develop bilateral ties.

May 16, 2017: *Yomiuri Shimbun* says Xi Jinping’s maritime Silk Road plan is inseparably linked to Chinese efforts to secure footholds for its navy through harbor improvement projects and is aimed at excluding the US from the region.
May 17, 2017: Asahi reports that Nikai carried a letter from Abe to Xi that proposed the two of them engage in regular shuttle diplomacy. Asahi adds that Nikai also called on Xi and other Chinese leaders to visit Japan by the end of next year, the 40th anniversary of the Treaty of Peace and Friendship.

May 17, 2017: Renmin Ribao publishes an article by “Commentator,” a standard pseudonym for a high-ranking Chinese leader, stating the China must first know whether Japan is completely changing its strategy of confronting China or if the overtures are merely a strategic easing. China would warmly welcome the first, but regret the second.

May 17, 2017: Asahi opines that since Xi’s BRI strategy is designed primarily for the advancement of Chinese investment, it can be considered a form of neocolonialism. Unless China modifies its traditional tendency to pursue only its own interests, questions will remain about its suitability as the promoter of collaborative international efforts.

May 18, 2017: Xinhua cites Foreign Ministry spokesperson Hua Chunying as describing a planned meeting between the Japanese and New Zealand prime ministers as “inappropriate,” and calling on Japan to improve relations with China through concrete policies and actions.

May 18, 2017: Japanese Foreign Ministry lodges a protest to China after four Chinese Coast Guard vessels, one of which appeared to be equipped with guns, entered Japanese waters near the disputed Diaoyu/Senkaku Islands. A drone was seen flying above. Chinese Foreign Ministry refuses to accept the protest, replying that the drone was used for aerial photography and that, since the islands belong to China, the ships and drone had a right to be there.

May 18, 2017: Japan Times editorial observes that Beijing must address skepticism about China’s motives in establishing the OBOR, and that there is a long way to go if the plan is to serve its stated end of providing the cornerstone of a regional and global order.

May 19, 2017: Philippine Daily Inquirer reports that the Duterte administration plans to “pivot to neighboring economic giants” by seeking loans from both China and Japan.

May 20, 2017: Argentine President Mauricio Macri, having obtained 16 agreements worth an estimated $17 billion from China, flies to Japan to seek additional funding.

May 21, 2017: Xinhua reports that 1,800 people had gathered in Tokyo’s Shinjuku Park to protest Prime Minister Abe’s plan to amend the Japanese Constitution.

May 22–23, 2017: Chief Cabinet Secretary Suga Yoshihide states that Chinese authorities had placed six Japanese nationals under detention since March on grounds they conducted illegal activities; China’s Foreign Ministry confirms the arrests on the next day. Asahi reports all six were conducting surveys for possible hot springs in cooperation with a Chinese company.

May 24, 2017: Japan’s conservative Sankei Shimbun predicts that if the US withdraws from Japan, the country could not defend itself against China, since the latter’s quantitative advantages would prevail over SDF weapons that had been developed exclusively for defensive purposes. Hence Japan should not rule out the possibility of possessing nuclear weapons.

May 24, 2017: China expresses dissatisfaction with the renaming of the former Association of East Asian Relations as the Taiwan–Japan Relations Association.

May 25, 2017: Japan and India agree on a broad strategy to promote development across an arc from East Asia to Africa to counter China’s expanding influence in the regions.

May 30, 2017: Fourth round of high-level Sino-Japanese political talks is held in Tokyo, co-chaired by Chinese State Councilor Yang Jiechi and Japanese National Security Advisor Yachi Shotarō. According to Xinhua, Yang calls on the Japanese side to honor its words and abide by the relevant rules regarding the historical and Taiwan issues.”

May 30, 2017: Global Times editorial says Abe administration’s interest in joining the AIIB is a ruse to improve relations with China while using Taiwan as a bargaining chip in negotiations and contriving an imaginary China threat as a pretext for revising Japan’s Constitution and reviving militarism.
June 3, 2017: China announces that a seventh Japanese national is being investigated for harming national security and violating China’s domestic law.

June 3, 2017: Defense Minister Inada Tomomi’s address at the annual Shangri-La Dialogue decries continued unprovoked, unilateral attempts to alter the status quo in Asian seas, adding that “government ships of a certain country continue to make periodic incursions into Japanese waters, [and] construct outposts in the South China Sea… for military purposes.”

June 6, 2017: China protests publication of The Real History of Japan, a second book by Motoya Toshio, rightist president of the APA Group, which blames Chinese soldiers for the looting and killings of the 1937 Nanjing massacre.

June 10, 2017: Delegation from China’s National People’s Congress calls on Japan to “properly handle Tibet-related issues.”

June 12, 2017: Japanese defense official states that the country is seeking to increase sales of military equipment to Southeast Asia states amid growing tensions with China and North Korea.

June 13, 2017: Tokyo and Beijing agree to resume high-level talks on joint resource development and avoiding unintended maritime clashes.

June 14, 2017: US government pledges that Japan will never be a bargaining chip in its trade negotiations with China.

June 14, 2017: Article in the conservative Japan Forward argues that, because the US is losing ground in the Pacific, Japan should double its defense spending against Chinese expansionism.

June 15, 2017: Chinese media highlights Japanese opposition parties’ resistance to a government bill that would criminalize the planning of serious crimes.

June 15, 2017: Xinhua describes Japanese participation in an international maritime defense trade show as a “dangerous push to buddy up to Southeast Asia.”

June 19, 2017: China Daily opines that the birth of a panda cub at Tokyo’s Ueno Zoo might renew Sino-Japanese friendship.

June 20, 2017: China Daily criticizes Japan for warning its tourists to avoid activities that might arouse suspicion that they are engaging in espionage; the government should instead “issue a self-warning: efforts to whitewash the war crimes … will not succeed.”

June 20, 2017: New volume appears in the 51-book series to commemorate the 80th anniversary of the July 7 Marco Polo Bridge incident that began the Japanese invasion of northeast China.

June 22, 2017: Chinese Foreign Ministry objects to new curricular guidelines for Japanese elementary and secondary schools that describe “China’s Diaoyu islands … as ‘inherent’ parts of Japanese territory.” Japan must face up to history and reality and stop provocation.

June 22, 2017: Editorial in Japan’s leading business newspaper states that the time has come for the US and Japan to examine the pros and cons of joining the AIIB.

June 24, 2017: Four Chinese Coast Guard ships enter Japanese territorial waters near the Diaoyu/Senkaku Islands.

June 28, 2017: China Daily states that Japan’s helicopter destroyer Izumo’s passage near China’s nine-dash line in the South China Sea and participation in exercises with a US aircraft carrier a few days earlier have been interpreted by the international community as open defiance of China’s “so-called assertiveness” in the waters.

July 8 2017: Xi and Abe meet on sidelines of the G20 in Hamburg; Yomiuri says both must make concessions, suggesting joint development of the East China Sea gas fields. Xi responds on July 13 by proposing “separation of politics and economy.”

July 16, 2017: Japanese Coast Guard announces that, in a first for these particular areas, two Chinese Coast Guard ship violated Japanese waters off the coasts of Tsushima and Okinoshima.

July 20, 2017: PRC military expert disparages the new air-to-ship supersonic missiles Japan plans to deploy, describing their limited range as unable to reach aircraft carrier formations and hence a fatal shortcoming.
July 28, 2017: Japan announces sanctions on two Chinese firms, including a bank accused of laundering North Korean cash. Five entities, including two Chinese organizations and nine individuals, are affected.

July 31, 2017: India's The Pioneer daily describes the launch of the Asia–Africa Growth Corridor for Japan–India collaboration, together with Australian participation, as an initiative through which “the China challenge could be tackled.”

Aug. 2, 2017: Japanese government sources reveal that China has established a new mobile drilling rig near the Japan-China median line in the East China Sea.

Aug. 3, 2017: Sankei reports that Japanese Maritime SDF frogmen from a nearby Japanese ship approached two Chinese military vessels anchored at China's newly opened base at Djibouti, and were driven away by crew members.

Aug. 5, 2017: United Nations report on contributions to the UN’s budget announces that China’s share is estimated to rise to second place after the US, surpassing Japan for the first time.

Aug. 6, 2017: Japanese government reveals that it made several high-level requests to China to restrict its acceptance of North Korean workers, to no avail.

Aug. 6, 2017: Chinese media’s coverage of the anniversary of the atomic bombing of Hiroshima admonishes Japan to cease downplaying its role as an aggressor in the war and portraying itself as a victim. Only by learning from history can a recurrence of war tragedies be prevented.


Aug. 15, 2017: Japan commemorates the 72nd anniversary of its surrender in World War II, with Chinese media commenting that, for the fifth year in a row, Abe did not mention remorse over Japan’s actions nor did he pledge that the country would never again engage in war. Although Abe did not attend ceremonies at the Yasukuni Shrine, nor did any currently serving Cabinet members, they noted, Abe sent a sacred masasuki branch, and numerous Diet members representing several political parties were present.

Aug. 22, 2017: Japan’s Defense Ministry requests a record-high 2.5 percent increase to 5.25 trillion yen ($48 billion) in its initial budget for fiscal 2018, to bolster security measures against North Korea's military provocations and China’s maritime advances.

Aug. 25, 2017: China responds to Japanese sanctions on Chinese companies doing business with North Korea saying that unless Tokyo desists immediately “it must be responsible for the consequences.”

Aug. 26, 2017: Environmental ministers of China, Japan, and South Korea agree on cooperation to combat the spread of invasive species such as fire ants.

Aug. 27, 2017: Japan attends a ministerial-level meeting with 50 African countries, pledging investment to aid their efforts to achieve self-sustaining development.

Aug. 27, 2017: Global Times editorial predicts that, due to its domestic difficulties, Japan will not back India in its border dispute with China, and that the only road forward for Japan is closer cooperation with China.

Aug. 28, 2017: Global Times editorial accuses Abe of encouraging Indian aggressiveness on the disputed Indo-Chinese border in the Himalayas to divert China’s attention from the South China Sea and relieve pressure on Japan.

Aug. 31, 2017: Xinhua accuses the Abe administration’s FY 2018 budget request of crossing the line into offensive weaponry and violating the country’s constitution.
With the inauguration of Moon Jae-in in South Korea on May 10, relations between Seoul and Tokyo witnessed a significant turnaround over the summer months of 2017. In particular, the dispute over the “comfort women” agreement reached in 2015 escalated as the Moon administration reversed course, launching a task force on July 31 to review the agreement. Meanwhile, concerns that measures the Park administration had adopted to improve security ties with Japan might be revoked were dispelled when Seoul and Tokyo agreed to maintain close security cooperation on the North Korea issue. In addition, despite the continued tension over Dokdo/Takeshima and Japan’s wartime crimes, Seoul and Tokyo chose to “pursue forward-looking relations” through diplomatic exchanges. Given that the Moon administration has indicated that it wants relations to go smoothly regardless of the comfort women issue, we expect diplomatic exchanges and security cooperation to continue. Sustained improvement will depend on South Korea’s “final” decision on the 2015 comfort women agreement.
From a bundle deal approach to a dual-track approach

Given the new administration and the switch from a conservative to liberal leader in South Korea, changes in the foreign policy stance of the South Korean government were more influential. The Park Geun-hye administration (February 2013 – March 2017) employed a “bundle deal” approach toward Japan, demanding a change in Abe’s attitude toward history as a prerequisite to resolving other issues. Moon Jae-in’s administration has relied on a “dual track” approach to Japan during the first four months of its tenure, separating issues.

The Moon government took a critical approach to the history issue by revisiting the 2015 “comfort women” deal. However, at the same time, Seoul strengthened diplomatic, economic, and security cooperation with Tokyo. President Park refused to hold a bilateral summit with Prime Minister Abe Shinzo until her third year in the office, while President Moon agreed to hold a summit with Abe “as soon as possible” in their first telephone talks held a day after Moon’s inauguration. The first summit was July 7, on the sidelines of the Group of 20 Summit in Hamburg, Germany. At the meeting, the two leaders agreed to resume “shuttle diplomacy” – annual reciprocal visits by the leaders – that was suspended in December 2011, and agreed to maintain close cooperation on policies toward North Korea, despite differences over the comfort women agreement.

War of words

Contention over the 2015 comfort women agreement began as soon as Moon assumed office. Although Moon had explicitly indicated his intent to renegotiate the agreement during the campaign, once in office he has toned down his rhetoric and refrained from specifically using the word “renegotiation.”

In the first telephone call between Abe and Moon on May 11, Moon said Japan should “face up to history” to avoid making historical issues an obstacle to moving toward mature and cooperative relations. Abe expressed Japan’s expectation for “faithful implementation” of the agreement. Moon replied that the “reality is that the majority of South Koreans could not emotionally accept the agreement over the sexual slavery issue,” and “there are limits to government’s capacity in managing the issues taking place in the private sector.” Thus, they needed “more time and effort” to solve the issue.

The differences continued, first, at their summit in Germany on July 7, and then through regular diplomatic exchanges. President Moon’s special envoy Moon Hee-sang visited Japan from May 17–20. When he met Foreign Minister Kishida Fumio on May 17, envoy Moon relayed President Moon’s position that many South Koreans disapprove of the 2015 agreement. The envoy also reminded the minister of Japan’s past acknowledgment of the wartime atrocities in the 1993 Kono Statement and the 1995 Murayama Statement, calling for joint efforts to resolve the problem with wisdom. Kishida did not comment specifically on the agreement. Instead, he said that Japan hopes to pursue forward-looking relations with the Moon administration. During the visit, Moon handed over a letter from the president saying that he hopes to restart frequent exchange visits by top government officials.

As a sign of consent to the resumption of “shuttle diplomacy,” Prime Minister Abe sent Liberal Democratic Party Secretary General Nikai Toshihiro as his special envoy to South Korea from June 10–13. The thorniness of the comfort women issue was evident at a meeting with South Korean lawmakers on June 10, when Nikai called for efforts to “eradicate” those “seeking any tricks” to spoil South Korea and Japan relations. Although, he did not specify the target or the context of those remarks, both South Korean and Japanese media interpreted them as referring to those demanding renegotiation of the 2015 agreement. A few days later, South Korea’s Foreign Ministry called for Japan to be more careful in making comments on bilateral relations. During a meeting between President Moon and Nikai on June 12, Moon reiterated that, “South Koreans do not accept the 2015 comfort women agreement” and both countries should understand “more time is needed” on this issue. Later in June, Moon went further and urged the Japanese government to “take legal responsibility for its actions” and “make an official apology” to the victims of wartime sexual slavery.

The contention over the comfort women agreement also took place at the ministerial level. Even before Kang Kyung-hwa assumed the position of foreign minister of South Korea,
Kang’s background as the United Nations Deputy High Commissioner for Human Rights raised expectations that she would review the issue of Japan’s wartime sexual enslavement of Korean women. Kang expressed her willingness to meet the victims of Japan’s wartime sexual slavery on May 25, the day she returned to Seoul from New York, when she visited a house sheltering some of those victims and stated that “victims” should be at the center of resolving the “comfort women” issue. The following day, Japanese Defense Minister Inada Tomomi said her government regards the “comfort women” issue with South Korea as “fully resolved.” Inada noted that Seoul and Tokyo have an “irreversible and final” agreement. She added that the agreement is “a country-to-country agreement” and “Japan has already done its part in the agreement” during a session at the Shangri-La Dialogue on June 3.

The distance between the foreign ministries on the comfort women agreement was evident at the National Assembly confirmation hearing of Kang Kyung-hwa and Kang’s first phone call with Japanese counterpart Kishida after taking office. At the National Assembly hearing held on June 7, confirming her eligibility as the foreign minister, Kang said, “From a standpoint of a person who had been involved in human rights affairs at the UN, I found (the deal) very strange in many aspects. Doubts linger over whether it was surely reached with a victims-oriented approach.” She added that she “will try to gather wisdom from the victims’ perspective and continue talks with Japan so that sincere measures will be taken,” insinuating that she would seek talks with Japan to revisit the agreement, which has been criticized for not sufficiently reflecting the opinions of victims. Kang’s expression of interest in the issue led three victims of Japan’s wartime sexual slavery to come forward in support of her. During the first phone conversation between Kishida and Kang on June 21, Kishida urged South Korea to “steadily implement” the agreement. Kang repeated Moon’s position that, “The reality is most of our people and victims are not able to accept the deal, and both sides should directly face the point and make mutual efforts to resolve the issue in a wise manner.”

**Actions speak louder than words**

South Korea and Japan’s dispute over the 2015 deal escalated as the Moon administration approved policies that could be regarded as a rejection of the agreement from the Japanese government’s perspective. Given that the agreement is confidential, its specific terms can be only be inferred from the joint press announcement made by Foreign Minister Kishida and then-Foreign Minister Yun Byung-se on Dec. 28, 2015. Four major points of agreement were summarized in an article originally in *The Japan News*:

| **Japanese government’s responsibility** | The government is “painfully aware of responsibilities.” Prime Minister Abe Shinzo “expresses anew his most sincere apologies and remorse.” |
| **Support projects** | The South Korean government establishes a foundation aimed at providing support for former comfort women, with the Japanese government providing the fund with a lump sum from its budget. The two governments conduct projects “for recovering the honor and dignity and healing the psychological wounds of all former comfort women.” |
| **Refraining from criticism** | The Japanese government confirms that the “issue is resolved finally and irreversibly.” The two governments will “refrain from accusing or criticizing each other” in the international community, such as at the United Nations. |
| **Girl statue** | The South Korean government will “strive to solve” the issue of a girl statue placed in front of the Japanese Embassy in Seoul through measures such as consulting with related organizations. |
Final and irreversible?

Since announcing the agreement in December 2015, Japan’s official stance has been that the comfort woman issue is resolved “finally and irreversibly” and that both governments should implement it “faithfully.” Thus, whenever South Korea implemented new measures regarding comfort women, Japan reiterated that position. For instance, on July 18, President Moon approved a plan by the State Affairs Planning Advisory to designate a “national memorial day” to remember the victims of sex crimes committed by Japanese soldiers during World War II. On July 21, Tokyo lodged a protest with Seoul about the plan, saying, “As we have been pursuing a future-oriented Japan–South Korea relationship, we cannot allow (South Korea) to cover old ground.”

On July 31, South Korea’s Ministry of Foreign Affairs took another step by officially launching a task force to review the comfort women agreement, announcing that it will focus on fact-finding and assessing the processes leading up to the signing of the agreement, as well as its terms. The task force is under the direct control of Foreign Minister Kang and she specifically asked the nine-member team to examine the agreement from the perspective of the victims of sexual slavery. In response, Japanese Chief Cabinet Secretary Suga Yoshihide stated that, “both South Korea and Japan should acknowledge that the 2015 agreement resolved the [comfort women] issue finally and irreversibly,” and “also, the agreement has been highly praised by the international community and it is extremely important that both Japan and South Korea implement it with responsibility. Thus, the Japanese government will take various opportunities to tenaciously urge the South Korean government to faithfully implement the agreement.”

Reconciliation and Healing Foundation

The Reconciliation and Healing Foundation, established to provide support for former comfort women as a part of the agreement, ended under the Moon administration. The foundation received ¥1 billion ($8.7 million) from Japan to conduct projects “for recovering the honor and dignity and healing the psychological wounds of all former comfort women.” However, South Koreans have been critical since its launch in July 28, 2016 due to suspicions that the organization provided reparation funds to some former comfort women without first gaining their assent. On July 23, 2017, less than a year after its establishment, the head of the foundation Kim Tae-hyeon resigned amidst rising doubts about the role and purpose of the foundation after President Park’s impeachment. On July 27, South Korean Gender Equality and Family Minister Chung Hyun-back stated that the ministry had launched an inspection team that will review and assess activities of the foundation.

UNESCO’s Memory of the World Register and museum

In 2016, an alliance of civic groups from eight countries, including South Korea, asked the UN Educational, Scientific and Cultural Organization (UNESCO) to list records of Japan’s wartime sexual enslavement of women on its Memory of World Register. The documentary records included photos and recorded tapes of the victim’s statements, their treatment, and the investigation process. However, Japan has attempted to prevent records related to the comfort women from being registered. Japan, currently the largest donor to UNESCO, has withheld annual funding to the organization for two years in a row, according to Hankyoreh’s report on May 8. On July 10, Gender Equality and Family Minister Chung Hyun-back announced government plans to set up a museum for Korean victims of Japan’s wartime sexual slavery by 2020 in downtown Seoul, at “a place easily accessible so that it can play a role as a mecca for people to remember and recall the human rights violations that the war brought.” On July 11, a day after Chung’s remarks, Foreign Minister Kishida lodged a protest with the South Korean government over its decision to support the UNESCO bid. Tokyo also expressed opposition to the museum project, arguing that the project runs counter to the philosophy of the 2015 comfort women agreement.

Girl Statues

One of the terms of the 2015 agreement was the removal of “girl statues,” a statue symbolizing comfort women that had been placed in front of the Japanese Embassy in Seoul and the Japanese Consulate in Busan. In the joint press announcement that followed the signing of the agreement, then-Foreign Minister Yun Byung-se said South Korea will “strive to solve” the issue of a girl statue through measures such as
“consulting with related organizations.” Since then, the Park administration tried to remove the girl statue, but faced fierce protests from the “Korean Council for the Women Drafted for Military Sexual Slavery by Japan,” who erected the statue in December 2011, and from the South Korean public.

After Moon’s inauguration, the “girl statue” issue took a new turn. The Moon government did not offer outright support of the statues, nor did it exert pressure on civic organizations or the local governments to remove them. For instance, rather than removing the statue, the Busan Metropolitan Assembly passed an ordinance that entrusts municipalities with the protection and care of statues symbolizing the comfort women on June 30. The Japanese government expressed concern over the ordinance because it is likely to make it even more difficult for Tokyo to demand removal of a statue erected in front of the Consulate General in Busan. Foreign Minister Kishida said that, “Moves to enable the statue of the girl to remain where it is run counter to our country’s stance,” at a news conference in Tokyo.

The statue issue has taken on a life of its own, and the number of comfort women statues in South Korea has increased during the first four months of Moon administration. On Aug. 3 and 4, respectively, the city of Yongin and Hongseong County announced that they would unveil a statue commemorating comfort women on Aug. 15, Korean National Liberation Day. On Aug. 14, marking “international comfort women day,” a series of events were held in South Korea, which included the display of 500 statues of a girl symbolizing comfort women at Cheongye Stream Square in central Seoul. Five public buses that passed the Japanese Embassy in central Seoul carried a girl’s statue to commemorate the day and the traditional Korean folk song, Arirang, was played as the buses passed the embassy. On Aug. 15, Chief Cabinet Secretary Suga expressed his concern over the parade of buses at a press conference saying, “Japan and South Korea are making efforts to develop a future-oriented relationship,” and the setting up of the statues “may put a damper on the efforts.”

The dispute between Korea and Japan over the statues has also affected the United States. On May 23, a comfort women statue rejected by the Center for Civil and Human Rights in Atlanta found a new home in Brookhaven after a vote by the city council of Brookhaven. On June 10, Japan’s consul general in Atlanta, Takashi Thomas Shinozuka, remarked in an interview with a local US newspaper that there is “no evidence” that the military sexually enslaved women during WWII and rather that the women were “paid prostitutes.” Further, he urged the Brookhaven City Council to withdraw its decision to accept a comfort women memorial, claiming that the statue is a “symbol of hatred and resentment.” South Korea issued a strong protest. On June 27, the Ministry of Foreign Affairs spokesperson said, “If the report is true, it’s unbelievable that such a high-ranking diplomat would make that statement... It would be a really inappropriate remark that goes against the international community’s consensus that the ‘comfort women’ issue is about wartime sexual violence, and that it was a gross violation of human rights.” Despite the controversy, the comfort women statue was unveiled in a Brookhaven park on June 30 as scheduled. About 200 people attended the ceremony, including a surviving victim of the slavery, city officials, and South Korean activists.
North Korea – pushing Japan and South Korea together

In contrast to the squabbling over the comfort women issue, the Moon administration strengthened security cooperation with Japan on North Korea. Moon implemented the General Security of Military Information Agreement (GSOMIA), a controversial military intelligence pact that was signed by the Park and Abe administrations in November 2016. From May 17-20, President Moon’s special envoy Moon Hee-sang visited Japan and met Prime Minister Abe and Foreign Minister Kishida. Special envoy Moon told Abe and Kishida that South Korea and Japan pursue “identical values” and the leaders of the two nations should meet at an early date and frequently to discuss North Korea. Abe and Kishida stated that South Korea and Japan are “most important” neighbors who “share strategic interests” and Japan plans to “pursue forward-looking relations” with the Moon administration. On July 27, Japanese Ambassador to South Korea Nagamine Yasumasa noted that South Korea is an important country for Japan that “shares strategic interests” and that their good relations are "indispensable" for the sake of peace and stability in Asia at a forum held in Seoul.

Since the Moon administration took office on May 10, Pyongyang fired missiles seven times and have successfully launched an Intercontinental Ballistic Missile (ICBM) twice, on July 4 and July 28. Under those circumstances, Seoul and Tokyo shared classified information on Pyongyang’s activities based on the GSOMIA and repeatedly expressed a strong commitment to close security cooperation against North Korean provocations. On May 14, Pyongyang launched a Hwasong-12 medium range missile, from a test site in Kusong. In response to the launch, then-Foreign Minister Yun Byung-se and Foreign Minister Kishida held telephone talks, where they exchanged information on the launch, agreed to maintain close cooperation between the two countries and with the US, and agreed that China and the international community should cooperate in dealing with the North Korea problem. On May 29, North Korea fired a short-range missile that traveled 450 km and landed inside Japan’s exclusive economic zone where fishing and cargo ships were active. Following the launch, Moon and Abe talked on the phone, agreeing that the repeated provocations by North Korea were “totally unacceptable” and reconfirming their commitment to close cooperation on North Korea issues. Abe stated that dialogue with North Korea for the sake of dialogue is not worthwhile and Moon expressed his appreciation for the leading role that Japan played in issuing a strong communiqué on the issues regarding North Korea at the G7 Summit on May 26–27. On June 8, South Korean National Assembly Speaker Chung Sye-kyun, Japan’s House of Representatives Speaker Oshima Tadamori, and House of Councilors Speaker Date Chuichi met and called for the two countries’ closer cooperation against North Korea’s nuclear and missile threats.

South Korea and Japan also strengthened trilateral cooperation against North Korean provocations with the US. On July 7, on the eve of the G20 Summit in Hamburg, President Donald Trump, President Moon, and Prime Minister Abe issued a joint statement condemning North Korea’s unprecedented July 4 test firing of a ballistic missile with intercontinental range and agreeing to tougher UNSC sanctions against North Korea. On the same day, Moon and Abe held their first meeting, agreeing to close bilateral cooperation on North Korea issue.

Top officials from Japan and South Korea continued to meet, as Foreign Minister Kang Kyung-wha, Secretary of State Rex Tillerson, and Foreign Minister Kono Taro met on the sidelines of the ASEAN+3 meetings in Manila in early August and promised to cooperate to ensure the faithful implement the new UN Security Council Resolution 2371. They underscored that China, Russia, and ASEAN have important roles to play in pressuring North Korea and making UN sanctions more effective.
Kang and Tillerson also “strongly backed” Japan's efforts to address the issue of Japanese abducted by North Korean agents in the 1970s and 1980s.

**Battleship Island**

Despite increased interaction between Japan and South Korea over the North Korea issue, other contentious issues remain. In July, a new South Korean film, *The Battleship Island*, depicted the atrocities suffered by Koreans forced to provide labor for coal mining on Hashima Island during Japan’s colonial rule of Korea in the early 1900s.

The film brought an immediate response from official Japanese sources. Chief Cabinet Secretary Suga dismissed *Battleship Island* as a “fictional” film. The South Korean Foreign Ministry spokesperson responded by saying, "There is no need for us to ask for prior admission, and we don't have to do such a thing." From June 15-16, the South Korean Navy held a two-day “Dokdo defense drill,” to practice defending Dokdo from possible aggression by “outside forces.” On June 15, Director General of the Foreign Ministry’s Asian and Oceanian Affairs Bureau Kanasugi Kenji told a senior diplomat at the South Korean Embassy in Tokyo, Lee Hee-sup, that South Korea’s Dokdo defense drill “is unacceptable … extremely regrettable in light of our country’s stance” on the sovereignty of the islets. In response, South Korean Navy’s spokesperson said, “It’s natural (for us) to conduct the drills since it's a regular one aimed at defending our territory.”

Over the summer, the dispute over Dokdo/Takeshima escalated as both Seoul and Tokyo announced further plans to claim the islets. On July 19, South Korea published the administration’s five-year management plan, listing 100 issues the Moon government will seek to deal with. The plan included bolstering South Korea’s control over the Dokdo islets from 2018, and expanding and strengthening berthing and security facilities at key ports on the islets for use by the South Korean Coast Guard. On Aug. 2, Japan’s Defense Ministry responded by releasing a white paper referring to Takeshima as its sovereign territory. It was the 13th straight year Japan has made that claim in its annual defense paper.

**Dokdo/Takeshima Islets**

The territorial dispute over Dokdo/Takeshima islets remained a sensitive issue. On May 17, *Asahi Shimbun* reported that Japan’s Ministry of Foreign Affairs lodged a complaint against a South Korean ocean research vessel’s intrusion into Japan’s exclusive economic zone (EEZ) near the disputed Dokdo/Takeshima islets “without permission.” South Korea dismissed the charge with the Foreign Ministry spokesperson saying, "There is no need for us to ask for prior admission, and we don't have to do such a thing.” From June 15-16, the South Korean Navy held a two-day “Dokdo defense drill,” to practice defending Dokdo from possible aggression by “outside forces.” On June 15, Director General of the Foreign Ministry’s Asian and Oceanian Affairs Bureau Kanasugi Kenji told a senior diplomat at the South Korean Embassy in Tokyo, Lee Hee-sup, that South Korea’s Dokdo defense drill “is unacceptable … extremely regrettable in light of our country’s stance” on the sovereignty of the islets. In response, South Korean Navy’s spokesperson said, “It’s natural (for us) to conduct the drills since it's a regular one aimed at defending our territory.”

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Seoul and Tokyo made efforts to advance their territorial claims over Dokdo/Takeshima within the international community, as well. In June, Japan's Kyodo News reported that the Japanese government left messages on the websites of approximately 70 overseas diplomatic missions, encouraging readers to report to the embassies if they see any maps or publications in which the islets are named “Dokdo” or its surrounding waters referred to as the “East Sea.” In response, the South Korean Foreign Ministry stated on Aug. 7 that it would promote the use of the term “East Sea” at the 11th meeting of UN Conference on the Standardization of Geographical Names scheduled for Aug. 8.

Prospects

It is likely that South Korea and Japan will continue to pursue the dual-track approach in their bilateral relations in the remaining months of 2017. Remarks by President Moon and Prime Minister Abe on Aug. 15 – National Liberation Day of Korea from Japanese colonial rule and the 72nd anniversary of the end of World War II – suggest that Seoul and Tokyo will continue efforts to improve bilateral relations and strengthen security cooperation against North Korea, but remain divided on the history issue. Moon emphasized that historical issues between Seoul and Tokyo cannot be overlooked, saying, "In dealing with history issues between South Korea and Japan, such as Japan's sexual slavery and forced labor of Korean people, there exists an international standard of restoring one's honor, compensation, fact-finding and a promise to prevent a recurrence of such events based on universal values of humanity and national consensus. Our government will stand by these principles.” Meanwhile, Abe sent a symbolic offering to the Yasukuni Shrine, a controversial war shrine in Tokyo that honors 2.4 million war dead of Japan, including 14 Class-A war criminals, but refrained from making a visit himself to the shrine on Aug. 15. Indeed, none of the members of Abe’s Cabinet paid their respects to Yasukuni Shrine on that day. This is noteworthy in that it was the first time since 1980 that no member of Cabinets of Liberal Democratic Party (LDP)-led governments visited the shrine on the war anniversary. This change in behavior indicates the Japanese government’s will to improve relations with South Korea.

The most important and pressing issue for the autumn will be North Korea’s missile launches, which have driven tensions between the United States and North Korea to new heights. South Korea and Japan will work with the US to dampen both North Korean and US reactions to each other. Whether there is any way forward on the North Korea issue remains to be seen. On bilateral issues, South Korea and Japan seem to be repeating the “one step forward, one step back” dance they have conducted for years, and the coming months appear set for more of the same.
CHRONOLOGY OF JAPAN-KOREA RELATIONS

MAY – AUGUST 2017

May 3, 2017: Japanese Ambassador to South Korea Nagamine Yasumasa urges South Korean Foreign Minister Yun Byung-se to remove “comfort woman” statues. Yun notes the need for all parties to respect the spirit of the agreement and for the South Korean government to gain the understanding of the civic group and others who set up the statues.

May 3, 2017: South Korean Ministry of Gender Equality and Family states that the ministry will distribute the 216-page report on Japan’s wartime sexual slavery of Korean women to government agencies and post it online in the coming week.

May 4–5, 2017: South Korean Ministry of Gender Equality and Family modifies the report on Japan’s wartime sexual slavery distributed online and offline after receiving complaints from some contributors that the positive description of the 2015 comfort women agreement does not reflect their view and the decision to publish the report was not discussed with them in advance.

May 5, 2017: Finance ministers and central bank governors of South Korea, Japan, and China meet in Yokohama to coordinate policies and strengthen cooperation to fight trade protectionism. The top officials also attend the ASEAN+3 Finance Ministers and Central Bank Governors’ Meeting scheduled on the same day.

May 8, 2017: Japan withholds annual payment of ¥3.48 billion in funding for the UN Educational, Scientific and Cultural Organization (UNESCO).

May 9, 2017: Japanese Prime Minister Abe Shinzo and Foreign Minister Kishida Fumio issue statements congratulating South Korean President Moon Jae-in’s election victory and urge a future-oriented South Korea-Japan relationship in a broad range of fields as each other’s most important neighbors that share strategic interests.

May 10, 2017: Japanese Chief Cabinet Secretary Yoshihide Suga tells reporters, “The [comfort women] agreement has been highly praised by the international community and it is extremely important that both Japan and South Korea implement it with responsibility,” and “The Japanese government will take various opportunities to tenaciously urge the steady implementation of the agreement.”

May 11, 2017: President Moon and Prime Minister Abe hold telephone talks. Abe congratulates Moon on his election victory and they agree on developing a future-oriented South Korea-Japan relationship and holding a summit meeting as soon as possible.

May 13, 2017: UN Committee against Torture calls on Japan and South Korea to revise the 2015 comfort women accord to “ensure that the surviving victims of sexual slavery during World War II are provided with redress, including the right to compensation and rehabilitation and the right to truth, reparation and assurances of non-repetitions.”

May 14, 2017: Foreign Minister Yun Byung-se and Foreign Minister Kishida hold telephone talk. They exchange information on North Korea’s ballistic missile launch, agree to maintain close cooperation between two countries and the US.

May 16, 2017: South Korean Foreign Ministry says it is reviewing a UN Committee against Torture’s recommendation to modify the 2015 comfort women deal.

May 17, 2017: Asahi Shimbun reports that Japan’s Ministry of Foreign Affairs lodged a complaint against a South Korean ocean research vessel’s intrusion into Japan’s exclusive economic zone (EEZ) near the disputed Dokdo/Takeshima islets “without permission.”

May 18, 2017: South Korea dismisses Japanese government’s protest of maritime research near Dokdo/Takeshima islets.
May 23, 2017: A comfort women statue rejected by the Center for Civil and Human Rights in Atlanta finds a new home in Brookhaven after a vote by the city council of Brookhaven.

May 25, 2017: South Korean Foreign Minister-nominee Kang Kyung-hwa, expresses willingness to meet the victims of Japan’s wartime sexual slavery on the day she returns to South Korea from New York.

May 28–29, 2017: Japanese media, including Kyodo News, The Japan Times, and Mainichi, reports that UN Secretary-General Antonio Guterres told Prime Minister Abe that he supports the 2015 comfort women agreement during their meeting in Italy on the sidelines of the G7 Summit. Secretary general’s office rejects Japanese Foreign Ministry’s claim.

May 30, 2017: Following the missile launch by North Korea on May 29, President Moon and Prime Minister Abe hold telephone talk. They share the view that provocations by North Korea are “totally unacceptable” and agree to maintain close cooperation on North Korea issue. Moon expresses appreciation for the leading role that Japan played in issuing a strong communique on the issues regarding North Korea at the recent G7 Summit.

June 2, 2017: Foreign Minister-nominee Kang visits a house sheltering Japan’s wartime sexual slavery victims and remarks that “victims” should be at center of resolving “comfort women” issue.

June 3, 2017: Japanese Defense Minister Inada Tomomi says her government regards comfort women issue with South Korea as fully resolved.

June 8, 2017: South Korea, Japan, and China hold Second Triilateral High-Level Dialogue on the Artic in Tokyo, adopting a joint statement agreeing to enhance cooperation on Arctic research.

June 8, 2017: South Korean and Japanese parliamentarian leaders meet and call for the two countries closer cooperation against North Korea’s nuclear and missile threats.

June 8, 2017: Three victims of Japan's wartime sexual slavery come forward in support of Foreign Minister-nominee Kang.

June 10, 2017: Japanese government calls on its citizens abroad to contact Japanese diplomatic missions if they find a map labeled as the “East Sea,” the name favored by South Korea, instead of the “Sea of Japan.”

June 12, 2017: President Moon tells Nikai Toshihiro, Prime Minister Abe’s special envoy, that the people of South Korea do not accept the 2015 comfort women agreement and “more time is needed” to resolve the issue.

June 13, 2017: Seoul Central District Court concludes that South Korean sex slavery victims still have individual rights to sue the Japanese government for compensation despite the 2015 agreement.

June 14–15, 2017: South Korean Navy announces a two-day “Dokdo defense drill,” an effort to defend Dokdo from the possible aggression by “outside forces.”

June 15, 2017: South Korean government condemns Japanese government’s recent order to its foreign missions to report maps with marking of “Dokdo” or “East Sea.”

June 20, 2017: In a newspaper interview with The Washington Post, President Moon urges Japanese government to “take legal responsibility for its actions” and “make an official apology” to former comfort women.

June 20, 2017: South Korea calls in the minister for political affairs at the Japanese embassy, Kitagawa Katsuro, to voice strong protest against Japan’s “repeated” and “unjustified” territorial claims to Dokdo islets in the new education manuals.

June 21, 2017: Foreign Minister Kang and Foreign Minister Kishida hold phone talks. Mainichi reports that the ministers were at odds over the 2015 comfort women deal.

June 23, 2017: A local newspaper reports that Japanese consul general in Atlanta Shinozuka Takashi stated in an interview with the newspaper that there is “no evidence” that the military sexually enslaved women during WWII; rather, the women were “paid prostitutes.”

**June 30, 2017:** Busan Metropolitan Assembly passes ordinance that entrusts municipalities with the protection and care of statues symbolizing the “comfort women.”

**June 30, 2017:** Comfort women statue unveiled in the city of Brookhaven, despite Japanese efforts to block it.

**July 4, 2017:** Blue House announces that President Moon and Prime Minister Abe will hold their first summit on July 7 on the sidelines of the G20 Summit in Hamburg, Germany.

**July 4, 2017:** South Korea’s Gender Equality and Family Minister–nominee Chung Hyun–back says that she will examine the “Reconciliation and Healing Foundation” closely, resume the ministry’s support to register the comfort women related materials to the UNESCO’s Memory of the World Register, and restart publishing a white paper on comfort women.

**July 7, 2017:** President Donald Trump, President Moon, and Prime Minister Abe issue a joint statement condemning North Korea’s testfiring of a ballistic missile on July 4 and agreeing to draw tougher UNSC sanctions on North Korea.

**July 7, 2017:** President Moon and Prime Minister Abe hold the first summit meeting at the G20 summit in Hamburg, Germany.

**July 10, 2017:** During her visit to a shelter for former sex slaves, South Korean Gender Equality and Family Minister Chung says that the government plans to set up a museum for Korean victims of Japan’s wartime sexual slavery in Seoul by 2020.

**July 11, 2017:** Foreign Minister Kishida lodges a protest over South Korea’s support for efforts for UNESCO listing of documents related to comfort women. South Korean Foreign Ministry states that, “The government’s consistent stance is to continue efforts to make the comfort women issue a lesson from history and pass down to future generations the truth of the issue.”

**July 18, 2017:** South Korea announces that it has approved a plan by the State Affairs Planning Advisory to designate a national memorial day in 2018 to remember the victims of sex crimes committed by Japanese soldiers during the World War II.

**July 19, 2017:** South Korea publishes administration's five-year management plan.

**July 20, 2017:** A joint annual opinion poll by Genron NPO in Japan and the East Asia Institute of South Korea shows that 53.8 percent of Japanese respondents and 75 percent of South Korean respondents think that the 2015 comfort women deal did not resolve the dispute.

**July 23, 2017:** Head of “Reconciliation and Healing Foundation” Kim Tae–hyeon resigns.

**July 25, 2017:** South Korean Foreign Ministry spokesperson says that a task force to review the comfort women deal is soon to be launched and the ministry is “in the middle of preparations for personnel composition of the task force.”

**July 27, 2017:** Gender Equality and Family Minister Chung says the ministry has launched an inspection team to review and assess the “Reconciliation and Healing Foundation.”

**July 27, 2017:** Japanese Ambassador to South Korea Nagamine Yasumasa calls on South Korea to “faithfully” implement the 2015 comfort women deal at a forum held in Seoul.

**July 29, 2017:** Foreign Minister Kang has separate emergency phone calls with US Secretary of State Tillerson and Foreign Minister Kishida to discuss responses to North Korea’s missile launch on July 28.

**July 31, 2017:** South Korean Ministry of Foreign Affairs declares that South Korea has officially launched a task force to review comfort women agreement.

**Aug. 1, 2017:** In response to South Korea’s launching of a task force to review the comfort women agreement, Chief Cabinet Secretary Suga states that South Korea should note that the agreement is “final and irreversible” and should implement it faithfully.

**Aug. 2, 2017:** Japan’s Defense Ministry releases white paper that refers to Takeshima islets as its sovereign territory, the 13th straight year Japan has made that claim in its defense paper.

**Aug. 4, 2017:** Top security officials of South Korea, US, and Japan hold a video conference and agree to maximize pressure on North Korea to stop its missile and nuclear provocations.
Aug. 5–6, 2017: UN Security Council (UNSC) unanimously adopts new sanctions resolution (Resolution 2371) on North Korea.

Aug. 6, 2017: South Korean Ministry of Oceans and Fisheries states that fishery goods exports to Japan increased 9.1 percent on-year to $82.5 million.

Aug. 7, 2017: During a telephone conversation, President Moon and Prime Minister Abe agree to put maximum pressure on North Korea until it chooses the path of dialogue.

Aug. 7, 2017: Foreign Ministers from South Korea, Japan, China, and Southeast Asian nations share concerns on North Korea’s provocations and agree to bolster financial cooperation at the annual ASEAN+3 meeting in Manila. South Korea, Japan, and the US foreign ministers meet to discuss North Korea issue on the sidelines of the ASEAN meetings. Foreign Minister Kang and Secretary of State Tillerson “strongly back” Japan’s efforts to address the issue of Japanese abducted by North Korean agents in the 1970s and 1980s.

Aug. 7, 2017: ASEAN Regional Forum (ARF) issues a statement expressing “grave concern” over North Korea’s escalation of regional tensions and urging Pyongyang to “fully” comply with UNSC resolutions.

Aug. 7, 2017: Yonhap reports that South Korean Foreign Ministry will promote use of “East Sea” at the 11th meeting of UN Conference on the Standardization of Geographical Names.

Aug. 8, 2017: Foreign Minister Kang and Foreign Minister Kono vow to step up joint efforts to rein in North Korea and improve national ties at their bilateral talks in Manila on the sidelines of ASEAN meetings.

Aug. 8, 2017: Gwangju District Court of South Korea rules in favor of victims of Japanese forced labor during World War II, ordering the Japanese firm Mitsubishi Heavy Industries to pay compensation to an elderly surviving victim and a family member of a deceased victim.

Aug. 8, 2017: South Korean Ministry of Foreign Affairs issues a commentary “strongly protesting” Japan’s renewed claim to Dokdo islets in its annual defense white paper and calls for “immediate withdrawal.” South Korea summons a minister at Japan’s Embassy in Seoul, Mizushima Koichi, and a defense official at the embassy to lodge a protest against the claim.

Aug. 14, 2017: A series of events are held for international comfort women day in South Korea, including the display of 500 statues of a girl symbolizing comfort women at Cheongye Stream Square in central Seoul. Five public buses pass the Japanese Embassy in central Seoul carrying a girl’s statue and the Korean folk song, Arirang, is played when the buses pass the embassy.

Aug. 14, 2017: Naver, South Korea’s major Internet portal operator, adds updated images of the “Dokdo islets in the East Sea” on its online map service a day before the 72nd Anniversary of the National Liberation day.

Aug. 15, 2017: At the 72nd Anniversary of the National Liberation of Korea from Japanese colonial rule ceremony, President Moon urges other Northeast Asian countries, including Japan, to participate in institutionalizing regional security and economic cooperation.

Aug. 15, 2017: Prime Minister Abe sends offering to Yasukuni Shrine in Tokyo, but he and all his Cabinet members refrain from visiting the shrine. Senior Vice Foreign Minister Masahisa Sato and two groups of Japanese lawmakers visit the shrine. South Korean Foreign Ministry issues a statement of “deep concern” over the Shrine visit by the Japanese politicians.

Aug. 15, 2017: Chief Cabinet Secretary Suga expresses concern over the operations of buses in Seoul carrying statues that symbolize comfort women.

Aug. 17, 2017: Japanese government confirms that all its citizens residing in South Korea can be admitted to shelters designated by the South Korean government should North Korea attack the South. The evacuation plan would include repatriating Japanese nationals after they evacuate to shelters. South Korea has not consented to the dispatch of Japanese Self-Defense Forces’ transport vessels and aircraft.
Aug. 20, 2017:  Jeju Air Co., South Korea's leading budget carrier, announces that it will add another route to Japan in November to offset falling demand on Chinese routes.

Aug. 21, 2017:  President Moon meets Japanese members of the Japan-Korea Parliamentarians’ Union at the Blue House. He urges improved Seoul-Tokyo cooperation on security and hosting of a series of global sporting events in the region, despite the need to address history issues.

Aug. 22, 2017:  Third Korea-Japanese Youth Debate Forum is held; the theme is the “Korean and Japanese youth’s role to create a joint youth culture” at the National Assembly in Seoul.

Aug. 25, 2017:  President Moon and Prime Minister Abe hold telephone conversation and agree to maintain sanctions and pressure on North Korea, but to resolve the nuclear issue through peaceful measures.

Aug. 25, 2017:  At 19th Trilateral Environmental Ministers Meeting between South Korea, China, and Japan in Suwon, South Korea, ministers agree to step up cooperation on air pollution.

Aug. 26, 2017:  At the ninth annual Culture Ministers Talks held in Kyoto, South Korea, China, and Japan vow to cooperate to ensure Seoul's successful hosting of the 2018 Winter Olympics in PyeongChang and to increase cultural exchanges among the three countries.

Aug. 28, 2017:  Japanese government returns a complaint filed by 11 South Korean comfort women seeking compensation for forced sex with Japanese soldiers during World War II. A South Korean victim of Japan's wartime sexual slavery, Ha Sang-sook, dies at the age of 89, reducing the number of surviving victims to 36.

Aug. 30, 2017:  President Moon names Lee Su-hoon (63), an international relations professor from Kyungnam University, as ambassador to Japan. Lee served as the head of the foreign relations and security division on Moon's transition team.

Aug. 30, 2017:  Prime Minister Lee Nak-yon pays respect to a late victim of Japan's wartime sexual slavery and instructs the government to fulfill dying wish of Ha Sang-sook, a comfort woman who passed away recently, which is to be buried at a state cemetery.
Between April and early September, top Chinese and Russian leaders met four times: in Beijing (BRI Summit), Astana (SCO Summit), Moscow (Xi’s official visit), and Xiamen (BRICS Summit). Each time, Xi and Putin hammered on the “best-ever” theme for Sino-Russian relations. Meanwhile, the two militaries signed a four-year guideline for military cooperation and conducted their first naval exercise in the Baltic Sea. The world according to Beijing and Moscow, however, was being turned upside-down and inside-out as threats of nuclear war were hurled between the US and North Korea. Moscow and Beijing tried hard to coordinate their Korea policies. In May, China’s Belt and Road Initiative (BRI) Forum received Russia’s public if not enthusiastic support. India’s unambiguous objection, however, turned out to be the precursor to a protracted standoff between India and China over a remote road on the Doklam plateau. The crisis was defused only a few days before the BRICS Summit in Xiamen. Few, if any, of those gathered at the summit’s 10th anniversary expected to be jolted by North Korea’s hydrogen bomb test on Sept. 3. Welcome to a brave new world of strong, and sometimes strange, leaders whose decisions have serious consequences for the world.
All BRI roads lead to Beijing? Not so fast says Russia

On May 14–15, Beijing hosted the first international Belt–Road Initiative (BRI) Forum at the Yanqi Lake (雁栖湖) conference center. Of the 28 foreign heads of state at this “Leaders Roundtable of the Belt and Road Forum for International Cooperation,” President Vladimir Putin was the last to show up. His Russian Air Force One landed at Beijing Airport shortly before President Xi Jinping started to greet other participants at the conference center. It was unclear why Xi’s chief guest was “fashionably late.” Some Chinese netizens speculated that Putin is always busy as president of the “fighting nation” (战斗民族). Others thought that “Putin the Great”—a phrase first coined by this author in 2004—was actually on time, but only after Putin’s motorcade raced 45 km in 30 minutes from the airport to the conference site.

Xi unveiled the ambitious BRI in Kazakhstan in September 2013. Moscow’s initial reaction was cautious at best, despite XI’s promised “three Nos” in its BRI drive through Central Asia: no interference with Central Asian countries’ internal affairs; no attempt to seek a dominant role in regional affairs; and no desire to create a sphere of influence in this traditionally Russian sphere. It took almost two years for China and Russia to start talks on the integration of BRI and Eurasian Economic Union (EAEU). By mid-2016, Putin came around to publicly supporting BRI.

Part of the reason for Russia’s turnaround was the steady expansion of BRI projects along the old Silk Road and beyond. In the past few years, 50 Chinese companies have invested in nearly 1,700 BRI projects, including the $46 billion China–Pakistan transportation corridor, a railroad to Singapore, massive oil and gas pipelines across Central Asia, 56 special economic zones in 20 BRI countries with a total investment of $19 billion, to mention just a few. In the medium-term (next 10 years), Chinese outbound investment is forecasted to reach $1.5 trillion, a 70 percent increase over the previous 10 years (2007–16).

The Beijing forum was the logical step toward a “common destiny of human beings” (人类命运共同体), or Chinese-style globalization, against a backdrop of the West’s retreat from economic interdependence. Xi pledged an additional $113 billion in the next few years for the BRI. Some 270 deals/agreements were signed between governments and firms. The number of Chinese deals with BRI countries totaled 109 in the first eight months of 2017, compared to 175 in 2016 and 134 in 2015, according to the China Daily.

Despite China’s huge clout, Russia was no passive observer at the BRI Forum. In fact, Putin’s two–day visit, which was the first for 2017, was full of symbolism and substance. The Russian president was the only head of state from a major Western nation to come to the forum, though Italian and Spanish prime ministers and German and French economic ministers were also present, together with 1,200 political and business leaders representing more than 130 countries and 70 international organizations.

In his speech at the opening session, President Putin presented a more ambitious blueprint for Eurasian integration by urging all participants to establish a large economic space in three separate geographic and geo-economic domains. The first consists of the Russia–led Eurasian Economic Union (EAEU), China’s BRI, the Shanghai Cooperation Organization (SCO), and ASEAN; the second is “a common cooperation framework from the Atlantic to the Pacific – for the first time in history”; and the third was the Northeast (Arctic) Passage increasingly available as a result of the rapid melting of Arctic sea ice. Russia would be at the center of this vast network, connecting places and players. Meanwhile, China’s BRI would be “boxed in” by the first scenario, eclipsed in the second one (by the Trans–Siberian Railway including the Baikal–Amur Mainline), and being one of many users of the newly available northern transit presumably with Russia’s consent and cooperation.

In Beijing, Putin seemed determined to hold Russia’s bottom–line. “We agree only to those
proposals that benefit us,” replied Putin to journalists’ questions at the BRI Forum. In addition to telling his Chinese host that Russia not only supported BRI but would actively contribute to achieving it, Putin also stated that “It is important that all of the existing integration structures in Eurasia and any new initiatives be based on universal and generally recognized foundations. They must also take into account the specifics of the member states’ national development models and be developed openly and transparently.” Putin, however, fully understood the downside of not working with the BRI. “It would be a shame not to make use of the opportunities this cooperation creates. Russia is open for cooperation with all countries, and today China is demonstrating its openness to the entire world,” added the Russian president.

It remains to be seen how BRI will interact with Russia’s EAEU. Given the current trajectory, BRI is set to expand, regardless of what Russia does. Managing this increasingly asymmetrical relationship is an art. Chinese political and intellectual elites have so far been careful not to push the envelope in dealing with Russia over the BRI, which is in sharp contrast to Washington’s Russia-bashing. President Putin remains popular in the Chinese public space as both a strong and capable head of state as well as a real man of muscularity. For Moscow, there is perhaps no alternative but to embrace BRI given a hostile West and recent US sanctions imposed by the Trump administration for alleged Russian interference in the 2016 US election. Between China’s open-ended and promising BRI and the West’s theoretically open but in actuality closed “liberal” international order, Moscow’s choice for BRI is both rational and practical.

A bigger SCO in Astana & growing apart?

The most significant development of the 17th SCO Summit in Astana was the entry of India and Pakistan into the group. Seventeen years after its founding, the regional security group finally took its first step to expand its core members from six to eight. In addition to its east–west breadth (from the Yellow Sea to the Baltic Sea), the SCO now stretches from Russia in the north to the Indian Ocean in the south. With nearly half the world’s population, this gigantic grouping intersects virtually all the world’s major civilizations/religions in the age of, for better or worse, the “clash of civilizations.”

The chemistry of the SCO, however, is far from smooth. While the Astana Summit hailed the SCO’s “historical” enlargement, Indian and Pakistani membership went through years of deliberation (2009–2015) and the two South Asian nations would have to wait for almost two more years after the 2015 Ufa (Russia) Summit finally started the ascension process. In fact, India was interested in formal membership in the SCO as early as 2005 when it received observer status. From the early days of the SCO, the regional security group has been labeled as a “NATO of the East” in the West. The SCO’s “survival-of-the-slowest” mode was in sharp contrast to the steady eastward expansion of NATO, which had, in a matter of 10 years, pushed its eastern border three times (1999, 2004, and 2009) adding 12 new members to the fold.

Russia was the first to propose Indian membership. China had been reluctant to expand the group for at least three reasons. First, China believed the SCO should prioritize and improve its own structure and processes, particularly the ability to implement numerous signed agreements and turn those declarations into real policies. The record of the SCO has been disappointing at best. Even under the best circumstances, the inclusion of India and Pakistan would have made the SCO less efficient, given that decision-making is based on consensus building, not majority rule. China’s second concern was that the tension and hostility between India and Pakistan would be brought into the SCO. Beijing’s own difficult relations with New Delhi might have weakened China’s role within the SCO. The expectation that the SCO would help resolve the India–Pakistan disputes was perhaps an illusion as Indian commentators insisted there was no role for third-party mediation in the India–Pakistan conflict.

Finally, many in China understood that Russia supported India’s accession into the SCO as part of Russia’s geopolitical strategy to balance a steadily rising China, particularly in Central and South Asia. For the same reason, Moscow has resisted China’s suggestion to turn the SCO into a free trade zone, which could lead to post-Soviet SCO members (Kazakhstan, Kyrgyzstan,
Tajikistan, and Uzbekistan) drifting further into China’s geo-economic orbit.

As a result, the SCO remains a policy articulation and coordination platform at best. Chinese analysts understood that the inclusion of India and Pakistan meant complications and challenges (机遇和挑战) for the group. Beijing therefore would not let the issue of India’s SCO membership stand between its strategy for its rise and increasingly difficult relationship with the West/US on the one hand, and Russia’s regional concern over China’s clout on the other.

Still, the SCO’s first enlargement was not China’s preferred option. Unlike the almost constant praise of Indian and Pakistani membership at the opening session at the Astana Summit, President Xi merely acknowledged that “Today, we will admit India and Pakistan as the SCO formal members” (“今天，我们将接收印度、巴基斯坦为成员国”). The bulk of Xi’s speech was devoted to broad and specific measures to strengthen the cohesion and coordination of the SCO into what Xi called a community of common destiny (命运共同体).

Possibly as a safeguard against deepened division within the SCO resulting from Indian and Pakistani membership, the Chinese president began his speech by calling for SCO unity. “The current global and regional situations are going through deep and complicated changes with numerous uncertain factors. Only by united actions can these threats and challenges be appropriately managed,” said Xi. Xi proposed drafting a five-year guideline for the SCO “Treaty on Long-term Good-neighborliness, Friendship and Cooperation” (《上海合作组织成员国长期睦邻友好合作条约》signed into effect in 2007 at the SCO Bishkek Summit. Given the deteriorating security situation in Central Asia and Afghanistan, Xi also proposed to set up a SCO defense and security forum as well as a three-year cooperation guideline for combating the “three evil forces” (terrorism, separatism, and religious extremism). Obviously, Beijing did not think the current security arrangements were adequate in the post-enlargement SCO.

Xi did not completely abandon the economic dimension of SCO development. Instead, he proposed a gradual process for a regional economic cooperation structure (“逐步建立区域经济合作制度性安排”). Meanwhile, China would support “strategic linkage” (战略对接) between its BRI, Russia’s EUEA and Kazakhstan’s Bright Road (“Nurly Zhol”) economic strategy (since 2015).

In Astana, China took over the SCO rotating chair for the 2018 summit in China. In his speech to the other heads of state, Xi donated 10 million Chinese yuan for the SCO Secretariat to improve its work environment and other activities.

* In contrast to Xi’s lip-service to the Indian and Pakistani membership, President Putin spoke of the significance of SCO enlargement. He reminded his audience that it was during the Russian presidency of the SCO in 2015 that the ascendance process started. “In less than two years, India and Pakistan have met all the conditions and completed all the necessary procedures,” remarked Putin. Aside from welcoming the new members, Putin’s concern was the “unprecedented surge in terrorism and extremism” all over the world, including Central Asia. He proposed to resume the work of the SCO-Afghanistan Contact Group, which was suspended in 2009.

In the absence of the contact group, Russia and China seemed to have gone different paths regarding Afghanistan. While Russia hosted its own Afghan Peace Conference (five times by early 2017), China ran its mini-Afghan project, the “Quadrilateral Counter Terrorism Coordination (QCTC) Forum” with Tajikistan, Pakistan, and Afghanistan at the level of chief of the General Staff. Indeed, the first assignment for China’s new chief of staff, Gen. Li Zuocheng, was to travel to Dushanbe, Tajikistan, for his meeting with QCTC counterparts in late August. This was just a week after US President Donald Trump’s televised speech on Aug. 21, committing 4,000 additional US troops to Afghanistan. Unlike Moscow’s Afghan conferences that included China, Pakistan, India, and Afghanistan with both governmental and security officials, QCTC excludes Russia and India and is a strictly military/security forum for senior officers (《阿中巴塔四国军队反恐合作协调机制高级领导人会议》).

It is interesting to note that the SCO did not conduct any military exercises for 2017, which
was a surprising break from its normal practice since 2006. The reason for the pause is unclear, given the deepened concern expressed by SCO leaders in Astana and the signing of the SCO Convention on Counteracting Extremism as part of the security-enhancement measures.

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It would be wrong to write off the SCO because of “growing pains.” Russia and China have been dreaming different dreams in the same bed (SCO) ever since the inception of the SCO in 2001. While post-Soviet leaders try to preserve Russia’s influence and interests in Central Asia, China sees economic opportunities in these newly independent nations. Despite their separate interests, shared concerns of stability and security in this volatile part of the world serve as strong incentives for Moscow and Beijing to coordinate their policies through the SCO.

Whatever the deficiencies of the SCO, this part of the vast Eurasian landmass is perhaps one of the few oases from chaos, civil wars, regime change, refugee flows, and rising populism. And this may well be the main motives for India and Pakistan to join the SCO. The disputes and conflicts between the two South Asian nations will continue, and the SCO may not be able to exercise any forceful constraints. Nevertheless, the two will find themselves in an annual event that will allow them to work on “anger management.” The final resolution of the century-long conflicts and disputes over territory, ideology, and security between China and other original SCO members in the 1990s also serves as a model of conflict resolution and confidence building that constituted a solid ideational basis for the founding SCO members, in addition to their more tangible security and economic interests.

Largely because of these previous efforts, the Astana summit witnessed a business-as-usual atmosphere. Formal and informal meetings focused on two issues: assessing the SCO’s current performance and future orientation, and exchanging views on global and regional issues. Eleven documents were adopted at the meeting, including the Astana Declaration of the SCO Heads of State and the SCO Convention on Counteracting Extremism. The declared goal of the convention was to strengthen the international legal framework for countering “new challenges and threats” that previous documents may not cover, presumably a reference to the growing presence of ISIS and the SCO’s enlargement.

President Xi and President Putin met on the sidelines of the Astana Summit. This was just 20 days after their meeting at China’s BRI Forum. Xi thanked Putin for Russia’s “positive commitment” to support and participate in the BRI. Xi also talked about the new opportunities and challenges that the SCO faced, including the need for unity and coordination between SCO member states.

BRICS in Xiamen: for the next 10 years

The Korean nuclear crisis keeps escalating as Pyongyang tests ballistic missiles, hydrogen bomb, and miniaturized warheads, while trading threatening remarks with President Trump. For China and Russia, Korea is right on their door step and the 6.3 Richter scale earthquake presumably caused by North Korea’s hydrogen bomb test on Sept. 3 was felt in China’s northeastern provinces and Russia’s Far East region.

While the nuclear test was a powerful tremor for both the region and the world, Beijing was perhaps more surprised and certainly irritated by a tense 73-day standoff with the Indian Army at Doklam. The incident was particularly disturbing because India injected itself into the dispute on behalf of its protectorate (Bhutan) over what China considers its own territory, thus setting a precedent for India along other disputed stretches of the Sino-Indian border. India made the move just a week after its SCO ascendance, which was not liked by China. Only a few days before the scheduled BRICS Summit in China in early September was a disengagement understanding reached (Aug. 28).
Prime Minister Narendra Modi’s airplane was the last to land in Xiamen at 20:30 on Sept. 3 in the midst of a rainstorm. While Chinese netizens were amused by Putin’s “fashionably late” arrival for the BRI Forum in May, the tone of Chinese media for Modi’s late arrival was low-key relief. No BRICS member would gain anything if Modi failed to show up, deliberately or not. As host of the annual summit and perhaps its most important driver, China would like to see a more coherent and influential BRICS at the onset of its second decade. Russia, too, would benefit more from a successful BRICS at a time when its relations with the West are at a historically low level. Russia may enjoy a certain psychological edge by playing balancing games between India and China. This could, however, backfire against Russia’s long-term interests. For India, its absence at the Beijing BRI Forum may be justified by its objection to the China–Pakistan Economic Corridor (CPEC). There was no reason, however, not to join the Xiamen Summit of BRICS as New Delhi has a significant stake in the group.

For leaders of all three large Eurasian powers (Russia, China, and India), BRICS should be “used” to build a common house, or platform, for shared interests of economic and socio-political development, in a world of instability, fluidity and economic nationalism. Since its inception, BRICS has contributed more than 50 percent of the world’s economic growth, and its share of global GDP has increased from 12 percent to 23 percent. The BRICS’ record of economic growth, however, has been asymmetrical. Its outgoing investment in 2016, for example, reached an unprecedented $197 billion, but their mutual investment constituted only 5.7 percent of the total. This indicates a huge potential for future growth in their economic interactions, which was the goal of the BRICS New Development Bank (NDB). Already the NDB has approved $3 billion loans for 11 projects since its first loan in December 2016. By the end of 2017, NDB will process another $3 billion loan for 10-15 projects. In August, NDB opened a branch office in Africa where both China and India have huge and growing economic footprints. In Xiamen, BRICS leaders conducted a dialogue session with representatives of the world’s developing nations (Egypt, Mexico, Tajikistan, Guinea, and Thailand), and President Xi committed $500 million in aid for “South-South” cooperation.

BRICS also began coordinating security and foreign policies with its first foreign ministers meeting. The long-term goal is to achieve global governance by transcending, not replacing, the West-led system with its own version of “circle of partners.” For this purpose, BRICS members would cooperate and coordinate in three general areas: political-security, economic development, and cultural/civilizational reciprocity. Indeed, cultural and humanitarian exchanges are designated as the next growth area. Already, BRICS held its first movie festivals (New Delhi in 2016 and Chengdu in 2017) and Games (June 2017 in Guangzhou).

At the Xiamen BRICS Summit, both sides of the Himalayas tried to put aside the “D-word,” (Doklam), while focusing on opportunities for cooperation and economic development. “As the two largest developing and ‘emerging’ nations, a healthy and stable Sino-Indian relationship is in the interest of both sides,” Xi told Modi, and that China wants peace but not confrontation. Xi suggested that the two sides should see each other as opportunities but not threats. Modi reportedly agreed. To the delight of India, the Xiamen declaration listed – together with other terrorist groups – two Pakistan-based terrorist groups, Lashkar-e-Taiba and Jaish-e-Mohammad, and expressed “concerns” for their “violent actions.”

The Sino-Indian border disputes are far from resolved. Events of the past few months demonstrated that these disputes between two large powers can be managed, which was a gain for both sides as well as for SCO and BRICS, in which China, Russia, and now India, have invested huge stakes. Moreover, those disputes are only part of their overall relationship and the latter should not be a hostage of the former. At a minimum, China and India should learn how
to live with – and contain if possible – disputes, while exploring other areas of mutual interests.

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“It was the best of times, it was the worst of times.” When President Xi quoted the English writer Charles Dickens in his keynote speech at the annual Davos Economic Forum in January 2017, he may have intend to juxtapose a more globalized and confident China with Trump’s “American-first” strategy. But Dickens’ words anticipated some trajectories of the past four months, some of which are still unfolding. Dickens' famous words may well be the norm in the real world, in which the best and worst things always coexist. How to manage and live with these contradictions while trying to keep one’s enemies closer, however, still separates statesmen from politicians.
CHRONOLOGY OF CHINA-RUSSIA RELATIONS

MAY – AUGUST 2017

May 14–15, 2017: President Vladimir Putin travels to Beijing for China’s Belt and Road Initiative (BRI) Forum. He meets President Xi Jinping and Premier Li Keqiang. They discuss the integration of the BRI and Russia’s Eurasian Economic Union (EAEU).

May 22, 2017: Deputy Foreign Minister Igor Morgulov and Assistant Foreign Minister Kong Xuanyou co-chair the Russian–Chinese Dialogue on Security in Northeast Asia in Moscow. They express concern over the serious deterioration of the situation in the Korean Peninsula following Pyongyang’s pursuit of its missile and nuclear programs and what they consider the disproportionate US military reaction, including the deployment of THAAD in South Korea.

May 25–26, 2017: Foreign Minister Wang Yi visits Moscow and meets Russian counterpart Sergey Lavrov. They discuss bilateral issues including Xi’s July visit to Russia, as well as situation on the Korean Peninsula and the Syrian conflict. Wang meets President Putin prior to meeting Lavrov.

May 29, 2017: Deputy Foreign Minister Igor Morgulov meets Chinese Ambassador to Russia Li Hui in Moscow.

June 7, 2017: Shanghai Cooperation Organization (SCO) defense ministers hold their annual meeting prior to the SCO Summit in Astana and sign a Protocol of Intent between the SCO defense ministries in studying and preserving the historical and cultural heritage, and also approve the SCO Defense Ministries’ Cooperation Plan for 2018–2019.


June 8–9, 2017: SCO holds 17th annual Heads of States Council Meeting in Astana.


July 24–27, 2017: Russia and China conduct the “active phase” of their Joint Sea 2017 naval drills in the Baltic Sea, which is considered an “inner European lake.” This is the first time the Chinese Navy exercised in the Baltic Sea.


Aug. 11, 2017: Foreign Minister Lavrov says China did not aim its newest Dongfeng–41 (DF–41) intercontinental ballistic missiles (ICBM) at China when deploying them in Heilongjiang Province bordering Russia. Deployment of the DF–41 is believed to be a response to the US missile defense system (THAAD) in South Korea.

Aug. 15, 2017: Foreign Minister Lavrov initiates a phone call with Chinese counterpart Wang Yi regarding the situation on the Korean Peninsula. “No one is allowed to provoke an incident in areas close to China and Russia,” according the Chinese Foreign Ministry.
Aug. 21, 2017: Deputy Foreign Minister Igor Morgulov travels to Beijing for consultation with Deputy Foreign Minister Kong, China’s new special envoy for North Korea in May.

Aug. 26, 2017: Gen. Li Zuocheng (李作成), China’s new People’s Liberation Army chief of staff, travels to Dushanbe, Tajikistan to attend the second round of the Quadrilateral Counter Terrorism Coordination (QCTC) forum between China, Pakistan, Afghanistan, and Tajikistan. Li meets separately with Gen. Qamar Bajwa, chief of Pakistan Army Staff on the sidelines.
The uncertainty generated by President Donald Trump has made Australia cling ever tighter to the US alliance. The Trump effect hit Canberra within days of Trump taking office. The phrase “shock and awe” springs to mind – rendered in the alliance realm as “shake and appall.” The first phone conversation between Trump and Prime Minister Malcolm Turnbull was a version of “shake, rattle and roll.” Canberra wants to play nice with The Donald, and say nothing publicly that is critical of the president. The template for the Australian approach was on display early when the president withdrew the US from the Trans-Pacific Partnership. The Turnbull government expressed great regret at the decision but said nothing about the man who’d made it. While striving not to affront the president, Australia’s language about China has become shriller. Tongue-tied by Trump, Canberra gives stronger voice to concerns about China. Turnbull has referred to the “dark view” of a “coercive China” seeking Asia domination. Stern words about China’s threat to the rules-based system serve a dual purpose: speak to Beijing about the value of the system while implicitly pleading with the US not to abandon what it has built and policed – and mightily profited from.
The Donald dichotomy

Donald Trump has caused a profound shift in the way Canberra thinks about a US leader, but not yet about US leadership. Call this The Donald dichotomy – seeking US leadership without the leader. Australia confronts an “America First” president who is sceptical of alliances and the international economic system the US created. Canberra is shaken by Trump’s view of alliances as lousy, zero-sum deals (US spends the dollars and gets zero from allies) and the economic and trade picture he paints using protectionist, mercantilist hues.

Australia seeks to Trump-proof the alliance with multiple layers of history and commitment. The art of this effort – and the discipline in its execution – is to lavish praise on the US while saying nothing negative about Donald Trump: stress US leadership, downplay the US leader. The strains in the dichotomy are obvious. The discipline is dressed with great swathes of affection for the alliance. If Canberra can’t say much nice about the 45th president, it talks of the wonderful things the US has done in the past and could do in the future. While a shaky template for building policy, it helps structure the speeches and statements. What Trump believes and what he wants to discard has become a subtext for foreign policy statements by the Turnbull government in 2017. Without naming Trump in many cases, Australia argues against the president by emphasizing the arrival of Asia’s new order, the deep foundations of the Australia-US alliance, the central role the US still has in Asia, and the vital interests of Australia (and the US) in a rules-based international order.

As an example of how Australia is dealing with The Donald dichotomy, a speech by Foreign Minister Julie Bishop in July on “Trump and Asia” (although the official title of the speech was “Address to 2017 Economic and Social Outlook Conference”) sets the tone. Her starting point was a simple statement of the sense of shock and shake: “The election of President Donald Trump in November 2016 raised concerns as to whether our international rules-based order would continue to be the bedrock for peace, stability and prosperity.” To dismiss that appalling concern, Bishop looked beyond Trump’s Twitter account to “analyse and respond to decisions and actions.” Then Bishop mounted the argument for the alliance and the US role in Asia, directing it at the administration rather than the president:

Australia’s values and interests align more closely with those of the United States than virtually any other nation. While the bilateral relationship is mutually beneficial, America’s global leadership remains firmly in Australia’s national interest. We are working to ensure that the new administration is fully aware of the importance of our alliance and, of course, its broader global leadership role. In prosecuting Australia’s foreign policy, we must balance the need to pursue our interests and promote our values. They are generally mutually reinforcing, although it can lead to tensions at times. Our interests are in open markets and free trade, the maintenance of peace, prosperity, security, and stability.

Trump on the telephone

The initial shake-rattle-and-roll moment came just after the president’s inauguration, in a phone call between Trump and Turnbull in January. The policy focus of the call was Turnbull’s effort to get Trump to stick with an agreement that the US take up to 1,250 refugees from Australian detention centers on the South Pacific island of Nauru and Manus in Papua New Guinea. Asylum seekers hoping to reach Australia by boat are transported to the camps, to prevent them reaching Australian soil. Under the exchange agreed with the Obama administration, Australia would accept Central American refugees living in Costa Rica.

When the Washington Post gave an account of the call in February, it quoted Trump as fuming: “This is the worst deal ever.” The Post reported that Trump informed Turnbull that he had spoken with four other world leaders that day – including Russian President Vladimir Putin – and this was “the worst call by far.”

Trump, who one day earlier had signed an executive order temporarily barring the admission of refugees, complained to Turnbull he was “going to get killed” politically and accused Australia of seeking to export the “next Boston bombers.” Many of the people held on Nauru and Manus come from Iran, Iraq, Sudan and Somalia, countries listed in Trump’s order temporarily barring their citizens from entry to
the US. A special provision in the Trump order allowed for exceptions to honor “a preexisting international agreement,” a line inserted to cover the Australian deal.

After the Post story, Turnbull said “these conversations are conducted candidly, frankly, privately.” The final shred of secrecy was shed in August when the Post published the transcript of the Trump–Turnbull conversation. It’s a record of a tough 24-minute exchange. Trump rails against Obama’s deal as Turnbull pushes to maintain the agreement. And despite his anger, Trump re-commits. At one point, Turnbull argues that “There is nothing more important in business or politics than a deal is a deal.” Turnbull tells Trump the US must maintain the deal even if does little of what was agreed: “You can decide to take 1,000 or 100 [people]. It is entirely up to you. The obligation is to only go through the process.”

Near the abrupt end of the call, Trump complains that he’ll be seen as a “weak and ineffective leader in my first week… This is a killer.” Turnbull responds: “You can certainly say that it was not a deal that you would have done, but you are going to stick with it.”

Trump replies: “I have no choice to say that about it. Malcolm, I am going to say that I have no choice but to honor my predecessor’s deal. I think it is a horrible deal, a disgusting deal that I would have never made. It is an embarrassment to the United States of America and you can say it just the way I said it. I will say it just that way. As far as I am concerned that is enough Malcolm. I have had it. I have been making these calls all day and this is the most unpleasant call all day. Putin was a pleasant call. This is ridiculous.”

Turnbull: “Do you want to talk about Syria and DPRK?”

Trump: [inaudible] “this is crazy.”

Turnbull: “Thank you for your commitment. It is very important to us.”

Trump: “It is important to you and it is embarrassing to me. It is an embarrassment to me, but at least I got you off the hook. So you put me back on the hook.”

Turnbull: “You can count on me. I will be there again and again.”

Trump: “I hope so. Okay, thank you Malcolm.”

Turnbull: “Okay, thank you.”

And then, as the transcript aptly states: “End of call.”

After the Trump–Turnbull telephone turmoil, Australia’s Foreign Minister Julie Bishop zoomed to Washington for talks with Vice President Mike Pence. The White House readout on that February meeting was a no-harm-done statement of alliance boilerplate: “The two reaffirmed the strong alliance between the United States and Australia and committed to maintaining the close ties of friendship between our two countries. The vice president thanked the foreign minister for Australia’s multifaceted partnership with the United States around the globe.”

When Pence visited Australia in April during an Asia-Pacific tour, the vice president committed to the “strong and historic” alliance while affirming that the Trump administration would honor the refugee deal: “Let me make it clear, the United States intends to honor the agreement, subject to the results of the vetting processes that now apply to all refugees considered for admission to the United States of America. President Trump has made it clear that we will honour the agreement. It doesn’t mean that we admire the agreement.”

The telephone acrimony framed the first tuxedo–plus–smiles meeting between Trump and Turnbull, in New York in May. To mark the 75th anniversary of the Battle of the Coral Sea, the president and prime minister met on board the USS Intrepid, now a museum moored on Manhattan’s West Side. History has many uses.
As the glittering event on the World War II aircraft carrier showed, the shared memory of a vital moment of war can be used to burnish an alliance. Or it can bring leaders together. Whatever the shake and shock, the Trump-Turnbull relationship now has its Intrepid moment to balance the telephone tempest.

In a commentary for the US magazine Foreign Affairs – headlined “Down and Out Down Under – Australia’s Uneasy American Alliance” – the head of a Sydney think-tank, the Lowy Institute for International Policy, Michael Fullilove, said Australians saw Trump’s behavior in the January phone call as both appalling and revealing: “Australians are not delicate flowers. They have been known to use rough language. The problem was not the phone call itself but what it represented. It crystallized broader concerns about Trump’s worldview, which may have significant consequences for Australian interests and for Australian foreign policy in the coming years. It is conceivable that Trump’s presidency may push Australia away from the United States.”

The US–Australia alliance

“In this brave new world we cannot rely on great powers to safeguard our interests.”
Malcolm Turnbull, Singapore, June 2, 2017

“If there is an attack on the United States by North Korea, then the ANZUS Treaty will be invoked and Australia will come to the aid of the United States just as if there was an attack on Australia, the United States would come to our aid.”
Malcolm Turnbull, Canberra, August 11, 2017

Australian government pronouncements argue implicitly about the meaning of Donald Trump while explicitly averring the future of the alliance. The Donald dichotomy was on full display when Malcolm Turnbull mused that Australia couldn’t rely on “great powers” to care for its interests, and that the US alliance was no “straitjacket” on Australian foreign policy. The prime minister made those points in one of his major Asia speeches for 2017, addressing Singapore’s Shangri-La Dialogue in June. Here is a fuller version of his great powers thought: “In this brave new world we cannot rely on great powers to safeguard our interests. We have to take responsibility for our own security and prosperity while recognising we are stronger when sharing the burden of collective leadership with trusted partners and friends. The gathering clouds of uncertainty and instability are signals for all of us to play more active roles in protecting and shaping the future of this region.”

The founder of Turnbull’s Liberal Party, Robert Menzies, coined what became a famous alliance phrase, describing Australia’s reliance on its “great and powerful friends” (first Britain, then the US). Contemplate the moment, then, when one of Menzies’s heirs hinted that Australia couldn’t quite rely on our great and powerful friend. In Singapore, Turnbull’s embrace of the US came with tacit Trump cautions: “Our alliance with the United States reflects a deep alignment of interests and values but it has never been a straitjacket for Australian policy-making. It has never prevented us from vigorously advancing our own interests. And it certainly does not abrogate our responsibility for our own destiny.” Contrast that moment of alliance caution with Turnbull’s “joined at the hip” alliance pledge in August when tensions with North Korea were building. The prime minister said in any conflict between North Korea and the US, the ANZUS treaty would be invoked and Australia would join the fight.

After a phone conversation with Vice President Pence on North Korea’s threats, Turnbull said Australia would stand with America:

The United States has no stronger ally than Australia and we have an ANZUS agreement and if there is an attack on Australia or the United States, then each of us will come to the other’s aid. So let’s be very clear about that – if there is an attack on the United States by
North Korea, then the ANZUS Treaty will be invoked and Australia will come to the aid of the United States just as if there was an attack on Australia, the United States would come to our aid. And you would remember on 9/11 when the United States was attacked, John Howard invoked the ANZUS Treaty and Australia came to the aid of the United States. We stand together as we have done for generations.

Australia’s Donald dichotomy was addressed by Chairman of the US Senate Armed Services Committee Sen. John McCain in a speech in Sydney in May:

I realize that I come to Australia at a time when many are questioning whether America is still committed to these values. And you are not alone. Other American allies have similar doubts these days. And this is understandable. I realize that some of President Trump’s actions and statements have unsettled America’s friends. They have unsettled many Americans as well. There is a real debate underway now in my country about what kind of role America should play in the world. And frankly, I do not know how this debate will play out.

Sen. McCain said the US needed patience and understanding from Australia as well as its commitment to common interests and ideals. That request for continued commitment is being heeded, according to surveys of Australian thinking. The annual Lowy poll of Australian international sentiment found Australians dislike Donald Trump but have accepted he’s in power, and they remain wedded to the alliance as crucial to Australia’s security. The Lowy Institute commented on its 2017 findings:

“Before the November 2016 US election, Australians were extremely wary of the idea of a Donald Trump presidency and almost all of them would have preferred Hillary Clinton to win. However, they have swiftly come to terms with the reality of the Trump administration. Almost half of Australian adults said last year that Australia should distance itself from the United States if someone like Mr Trump were elected, but this year’s Poll shows that Australians’ affinity with America and Americans remains intact, and support for the US alliance is rock-solid.”

The Lowy Institute reported that support for the alliance had rebounded, with 77 percent (up six points since 2016) saying the alliance relationship is either “very” or “fairly” important for Australia’s security. Only 29 percent of Australians said “Australia should distance itself from the United States under President Donald Trump.” The number who said Australia should remain close to the US under President Trump is 65 percent (up 14 points from last year’s 51 percent who said “Australia should remain close to the US regardless of who is elected US President”). However, Trump remained unpopular: 60 percent said he caused them to have an unfavorable opinion of the US (although nine points fewer than said the same about George W. Bush in 2007).

A survey of America’s role in the Asia Pacific by the Asian Research Network – conducted in March – looked at responses to Trump in Australia, China, Indonesia, Japan and Korea. It found that Australians increasingly see China as having the most influence in the Indo-Pacific region (72 percent). More than half of Australians (62 percent) perceive US influence in the next five years as negative under President Trump. Despite this, most Australians (71 percent) still see the US as the global “rule setter” and the majority of Australian respondents (93 percent) believe in the Australia-US alliance, trusting that the US would come to Australia’s aid in a crisis.

The alliance was at the heart of a Canberra speech in May by Defence Department Secretary Dennis Richardson on the final day of his 48 years as a public servant. Richardson had served as international affairs adviser to the prime minister, secretary of the Department of Foreign Affairs and Trade, ambassador to the United States, and head of the Australian Security Intelligence Organisation. Richardson called for clear-eyed analysis of the alliance rather than an emotional reaction to Trump. The retiring secretary said Trump had “raised questions about the continued relevance and value of our alliance with the United States and the question of ‘independence’ in policy.” In answering those questions, Richardson said ANZUS was created in 1951 as a strong Australian initiative, embraced by a “somewhat reluctant” US. Since then, he said, Australian governments had
Richardson said the alliance had proved remarkably resilient and adaptable: “It is, at the very least, as relevant in a multipolar world as in a bipolar one. And no other global power, current or prospective over the next 50 years, has a set of values and interests more closely aligned with Australia’s, than the United States.” The retiring defense secretary has long offered a simple formula to contrast Australia’s relationship with China and the US: “friends with both, allies with one.” The formula will continue to work, Richardson said, because “any notion that the growth in our relationship with China requires a recalibration of our relationship with the US is, in my view, inconsistent with the facts, and lacks logic or purpose.”

China as frenemy

In an unscripted aside during drinks at a public event in October, 2016, Malcolm Turnbull labeled China as both friend and enemy. When asked about China, the prime minister replied: “You mean our frenemy.” The Oxford dictionary defines a “frenemy” as “a person with whom one is friendly despite a fundamental dislike or rivalry.” The “frenemy” line ranks with the blunt assessment of Australia’s previous leader, Tony Abbott, who said Australian policy toward China was driven by “fear and greed.” Just as Abbott’s candid remark to Germany’s Angela Merkel eventually got into the newspapers, so Turnbull’s off-the-cuff assessment was revealed by the Australian Financial Review. The paper claimed the moment of candor demonstrated Australia’s hardening attitude to its largest trading partner. The Review said that in his two years as prime minister, Turnbull had shifted from being a “panda hugger” to a “China hawk.” In foreign policy speeches in 2017, Turnbull and Foreign Minister Julie Bishop have offered evidence to support the idea that Australia’s China view is less hug, more shrug and tug. Key factors driving the tougher stance are:

- Concern at China’s role in the breakdown of the “rules-based global order.” The fear about fraying rules was the central theme of Australia’s 2016 Defence White Paper. (See last year’s Australian Comparative Connections).
- China’s coercive behavior in the South China Sea.
- China’s espionage and cyberattacks on the Australian government and business.
- China’s efforts to influence Australian domestic affairs through Chinese Australians and through donations to political parties. The Australian Security Intelligence Organisation, the counter-espionage agency, has cautioned Australian political parties about the dangers of accepting millions of dollars in donations from two billionaires with links to the Chinese Communist Party.

In his Singapore Shangri-La Dialogue speech, Prime Minister Turnbull warned of the “dark” prospects Asia would face from a “coercive” China. He challenged China to strengthen the regional order as it reaches for greater strategic influence:

Some fear that China will seek to impose a latter day Monroe Doctrine on this hemisphere in order to dominate the region, marginalising the role and contribution of other nations, in particular the United States. Such a dark view of our future would see China isolating those who stand in opposition to, or are not aligned with, its interests while using its economic largesse to reward those toeing the line... A coercive China would find its neighbours resenting demands they cede their autonomy and strategic space, and look to counterweight Beijing’s power by bolstering alliances and partnerships, between themselves and especially with the United States.

Turnbull’s Singapore speech enlarged on the China fears expressed in a March lecture, also in Singapore, delivered by Foreign Minister Bishop (entitled ‘Change and Uncertainty in the Indo-Pacific’). Bishop depicted China “rising as an economic partner and geo-political and geo-strategic competitor with the US and other nations.” And she claimed that China does not have the values Asia’s system needs: “The
importance of liberal values and institutions should not be underestimated or ignored. While non-democracies such as China can thrive when participating in the present system, an essential pillar of our preferred order is democratic community."

The strategic challenge China poses is underscored for the Australian polity by a growing understanding of the scope of China’s cyber and espionage attacks on Australia. The euphemisms about unfriendly foreign activity are being replaced by discussion of what China is doing and what it means. In his farewell speech as Defense Secretary, Dennis Richardson, put it this way: “It is no secret that China is very active in intelligence activities directed at us. And it is more than cyber. That is no reason to engage in knee jerk anti-China decision making or to avoid seeking to build a stronger relationship with China. It is simply the world in which we live.” Richardson pointed out that China “keeps a watchful eye on Australian-Chinese communities and effectively controls some Chinese language media in Australia.”

At the Hamburg G20 Summit in July, Prime Minister Turnbull used brief bilateral talks with China’s President Xi Jinping to argue that China had key responsibility for dealing with North Korea’s nuclear escalation. Turnbull told journalists that his message to Xi was that “China has the ability to bring North Korea to its senses in a way that nobody else can, absent military force, and they should take that responsibility and act. It is very clear that escalation is becoming increasingly dangerous and China has the unique ability to take action.”

President Trump has said America will not proceed with the Trans-Pacific Partnership. You have to recognise that his Secretary of State, Rex Tillerson, has been a long-time advocate for it. The Republican Party in the Congress have been strong supporters of the TPP. So it is possible that US policy could change over time on this as it has done on other trade deals. There is also the opportunity for the TPP to proceed without the United States and I’ve had active discussions with other leaders as recently as last night with Prime Minister Abe about that. We believe in trade.

Trans-Pacific Partnership

Can you express a US institutional vision for the economic future of the Asia-Pacific without the US being a member? Can you create an enhanced trade structure to buttress the US strategic role in the Asia-Pacific if the US opts out of that trade pact? The answers to those questions should be clearer within months as the region struggles with the formation of a Trans-Pacific Partnership (TPP) without the US as a partner. On his fourth day in office, President Trump signed an executive order formally withdrawing the US from the TPP. The Washington Post reported: “The order was largely symbolic – the deal was already essentially dead in Congress – but served to signal that Trump’s tough talk on trade during the campaign will carry over to his new administration.” Dead for Trump and dead for Congress – yet the effort is on to give the TPP a fresh life for the remaining 11 nations that negotiated the trade partnership with the US.

The first top-level Australian response to the US withdrawal in January was a phone conversation between Prime Minister Turnbull and Japan’s Prime Minister Abe Shinzo, on a TPP without the US. Turnbull’s initial response to the president’s action was to look beyond Trump, both in the US and in Asia:

Australia’s ratification of the TPP is on hold. In February, the Australian Senate Foreign Affairs, Defence and Trade References Committee reported on its inquiry into the TPP. The committee recommended that Australia should defer binding treaty action until the future of the TPP is clarified.

When Malcolm Turnbull met New Zealand’s Prime Minister Bill English, in February, the two leaders agreed to work to deliver a TPP without the US. New Zealand joined Japan in leading the push. In May, New Zealand followed Japan’s lead and formally ratified the TPP – the first two nations among the original 12 nations to ratify. If a TPP covering all 11 nations isn’t achievable, a smaller version of TPP is being discussed, with five members – Japan, Australia, New Zealand, Singapore, and Brunei. With that as a “core” grouping, the effort is to bring other TPP members on board. The preference of this core is to retain the agreed terms of the TPP; an attempt to re-negotiate risks unravelling what was agreed in the negotiations that ran from 2008 to 2015.
In May, in Hanoi, ministers of the remaining 11 TPP countries – Australia, Brunei, Canada, Chile, Japan, Mexico, New Zealand, Malaysia, Peru, Singapore, and Vietnam – met to discuss the TPP, on the margins of an Asia-Pacific Economic Cooperation (APEC) meeting. The ministers reaffirmed the “balanced outcome and the strategic and economic significance of the TPP,” highlighting its “principles and high standards” for regional economic integration. They agreed to assess options to bring the agreement into force quickly. Senior trade officials are preparing an assessment to be completed before another meeting of the TPP ministers to coincide with the APEC Economic Leaders Meeting in November. The May statement of the 11 TPP countries kept the door open for Trump – or some future US administration – to think again about the agreement, expressing a “vision for the TPP to expand to include other economies that can accept the high standards of the TPP. These efforts would address our concern about protectionism, contribute to maintaining open markets, strengthening the rules-based international trading system, increasing world trade, and raising living standards.”

Australia’s Trade Minister, Steven Ciobo, said he’s “hopeful” that alternative arrangements for the remaining 11 TPP countries can be achieved during the November APEC meeting. If Donald Trump attends the Vietnam meeting as promised, he’ll be on hand to see whether the Asia-Pacific can give life to the TPP he rejected. It’s an appropriate metaphor for the way Australia is approaching The Donald dichotomy – embrace the US for its role and vision, even if that embrace can’t extend to the US president.
CHRONOLOGY OF AUSTRALIA-US/EAST ASIA RELATIONS

MAY – AUGUST 2017

Sept. 21, 2016: Prime Minister Malcolm Turnbull visits New York for UN General Assembly and President Obama’s summit on refugees.

Oct. 6, 2016: Australia and the US announce a deal to end the negotiating deadlock over who will pay for facilities for US Marines training in Darwin.

Oct. 12, 2016: Singapore Prime Minister Lee Hsien Loong addresses the Australian Parliament.

Oct. 28, 2016: Australia and Indonesia hold their annual foreign and defense ministers meeting in Jakarta, focusing on counterterrorism and the potential return of foreign terrorist fighters.

Nov. 7, 2016: PM Turnbull announces a review of Australia's intelligence agencies.

Nov. 13, 2016: Australia announces a refugee swap deal with the US. The US agrees to accept some of the boat people refused entry by Australia, being detained on the Pacific island of Nauru and Papua New Guinea’s Manus Island. In return, Australia is to accept South American refugees from a Costa Rica processing center.

Nov. 23, 2016: PM Turnbull gives Parliament a counterterrorism statement.


Dec. 20, 2016: Australia and France sign a A$56 billion agreement to build the world’s largest diesel–electric submarines in Adelaide.

Jan. 4, 2017: Head of Indonesia’s Armed Forces, Gen. Gatot Nurmantyo, announces military activities with Australia are suspended because of offensive material on Indonesia in educational material used at a Perth military base where Indonesian Special Forces train. The announcement is rolled back within a week.

Jan. 9, 2017: Timor Leste scraps a seabed oil and gas treaty with Australia, as part of Dili’s campaign to redraw the maritime boundary with Australia.

Jan. 14, 2017: Japan’s Prime Minister Abe Shinzo visits Sydney and meets Turnbull on approaches to the new Trump administration.

Jan. 28, 2017: In a phone conversation with President Donald Trump, Turnbull pushes the new administration to implement President Obama’s agreement that the US accept asylum seekers Australia is keeping on Nauru and Manus Island. Trump calls it a “dumb deal” and cuts short the phone conversation with Turnbull.


Feb. 21, 2017: Following the telephone clash between Trump and Turnbull, Foreign Minister Julie Bishop heads for Washington for talks with Vice President Pence to reaffirm the alliance.

Feb. 22, 2017: Turnbull announces that next March he will host the first Australia-ASEAN summit.

Feb. 25, 2017: Indonesia’s President Joko Widodo arrives in Sydney for talks with PM Turnbull.

Feb. 27, 2017: RAAF’s first two F-35A fighter jets touch down on Australian soil.

March 7, 2017: PM Turnbull in Jakarta to attend the first leaders’ summit of the Indian Ocean Rim Association.

April 2, 2017: Mohammad Ashraf Ghani becomes the first president of Afghanistan to visit Australia.

April 8, 2017: Turnbull in Papua New Guinea.
April 10, 2017: Turnbull in New Delhi for talks with Indian counterpart, Narendra Modi.

April 18, 2017: In Darwin, the start of the sixth annual training rotation, involving 1,250 US Marines.

April 22, 2017: Vice President Mike Pence in Sydney for talks with the Australian government.

April 23, 2017: Turnbull visits Iraq.

April 24, 2017: Turnbull visits Afghanistan.

April 24, 2017: China and Australia agree to enhanced cooperation on cyber security.

May 4, 2017: In New York, Trump and Turnbull speak aboard the USS Intrepid, in a ceremony to mark the 75th anniversary of the Battle of the Coral Sea.

May 9, 2017: Australia’s annual budget presented to Parliament.


June 5, 2017: In Sydney, Defence Minister Marise Payne and Foreign Minister Julie Bishop host Secretary of State Rex Tillerson and Secretary of Defense James Mattis for the annual Australia–United States Ministerial consultations.

June 14, 2017: To prevent a class action going to court, Australia’s government agrees to pay $70 million in compensation to 1,905 asylum seekers detained on Papua New Guinea’s Manus Island between 2012 and 2016, plus legal costs estimated at $20 million.

June 20, 2017: Australia’s military halts air operations over Syria as a precaution after the US shoots down a Syrian fighter jet.

June 29–July 25, 2017: Biennial US–Australia joint military exercise Talisman Sabre is held. More than 30,000 US and Australian personnel conduct their biggest ever joint exercises off the coast of Queensland and the Northern Territory.

June 30, 2017: After 14 years, the Regional Assistance Mission to Solomon Islands ends. The RAMSI effort to stabilize Solomon Islands, involving Australia, New Zealand and 13 other Pacific countries, cost Australia $2.8 billion.

July 5, 2017: Turnbull leaves for the G20 Summit in Hamburg, then to Paris to meet French President Emmanuel Macron, and London to meet British officials and the queen.

July 17, 2017: Turnbull announces new laws to allow the Australian Defence Force to deploy forces and even take charge during terrorist attacks on Australian soil.

July 18, 2017: Turnbull announces the creation of a new security ministry, the Department of Home Affairs, to control the Australian Federal Police, the Australian Security Intelligence Organisation and the Department of Immigration and Border Protection. The review of Australia’s intelligence services is released.

July 28, 2017: PM Turnbull appoints his chief of staff, Greg Moriarty, as the new secretary of the Defence Department.

July 29, 2017: Australian Federal Police conduct anti-terrorist raids across Sydney over an “advanced” plot to crash a commercial aircraft using a bomb/poison gas device.

Aug. 5, 2017: Three US Marines are killed in an aircraft crash, off the Queensland coast near Rockhampton, during a military exercise.

Aug. 7, 2017: In Manila, the seventh ministerial meeting of the Trilateral Security Dialogue, involving Australia’s FM Bishop, US Secretary Tillerson, and Japan’s Foreign Minister Taro Kono is held.

Aug. 14, 2017: Australia and Solomon Islands sign a security treaty for rapid Australian assistance to deal with future natural disasters or civil unrest.

Aug. 29, 2017: FM Bishop says Australia is prepared to expand its supporting role in the fight against Islamic State by sending troops to train and advise counterparts in the Philippines.
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