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.

An international Board of Governors guides the Pacific Forum’s work. The Forum is funded by grants from foundations, corporations, individuals, and governments, the latter providing a small percentage of the forum’s annual budget. The Forum’s studies are objective and nonpartisan and it does not engage in classified or proprietary work.
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](https://cc.csis.org).
President Donald Trump’s inaugural visit to Asia in November was either “the best presidential trip, anywhere, ever” or “an absolute disaster and embarrassment,” depending on whose comments you read. The truth lies somewhere in-between. Objectively speaking, the trip turned out to be much better than many predicted or feared. The president reaffirmed the US commitment to its two key East Asia allies, Japan and South Korea, rallied international support at every stop for his “maximum pressure” campaign against North Korea, stayed on message in China, and reaffirmed support for friends and allies in Southeast Asia. For better or for worse, Trump clearly and unambiguously signaled his administration’s preference for “fair and reciprocal” bilateral trade agreements while dismissing the multilateral approach favored by most of his predecessors, thus opening the door for new trade champions – enter Chinese President Xi Jinping and Japanese Prime Minister Abe Shinzo, who will be vying for leadership. The administration’s National Security Strategy (NSS) report reinforced the “free and open Indo-Pacific” themes heard during Trump’s trip. The president’s unprecedented personal rollout of the report also underscored the mixed messages coming from Washington when official policy statements and Trump’s personal preferences and viewpoints fail to coincide.

In the fall of 2017, the growing threat from North Korea garnered a lot of attention in the US and Japan. In Japan, Prime Minister Abe Shinzō used that threat to win yet one more election. North Korea also dominated discussions during President Donald Trump’s visit in November, although a reckoning on trade hovered in the background. Japan also worried about other stops on Trump’s extended Asian itinerary, especially his stay in Beijing. The Trump administration’s focus on its America First agenda was a significant factor in shaping Japan’s foreign policy. Abe seemed up to the challenge as Japan actively pursued its interests globally to ensure support for North Korea sanctions and to build trade agreements that will further Japan’s economic and trade interests. The US-Japan alliance remains in good shape, although there are difficulties to manage.
STATE VISIT–PLUS SUMMIT BUYS TIME, BUT FRICITION MOUNTS

BY BONNIE GLASER, CSIS/PACIFIC FORUM & COLLIN NORKIEWICZ, CSIS

Donald Trump was hosted in Beijing for a “state visit–plus” summit in early November, the third stop on his almost two week-long Asia tour. In response to North Korea’s September nuclear test and December ICBM test, the US and China worked together at the United Nations to tighten sanctions. Cracks in their cooperation widened, however, as Trump pressed Beijing to cut crude oil supplies to North Korea and Xi called for negotiations. US investigations into alleged Chinese unfair trading practices continued and remarks by Trump administration officials suggest that there is a growing possibility of the US imposing harsh trade penalties on China in 2018. Major bilateral dialogues convened in the last four months of the year included the social and people-to-people dialogue, the cyber security and law enforcement dialogue, the inaugural US-China Consultation on Foreign Nongovernmental Organization Management, and the first talks between the joint staff departments of the US and Chinese militaries. The Trump administration issued its first National Security Strategy, which depicted China as a rival and a revisionist power that, along with Russia, is seeking to erode US security and prosperity.

TENSIONS, TESTS, AND DRIFT

BY STEPHEN NOERPER, KOREA SOCIETY AND COLUMBIA UNIVERSITY

North Korea’s sixth nuclear test on Sept. 3 and its Nov. 29 ICBM test launch were unfortunate bookends to increased tension between North Korea and the US in the closing months of 2017. The missile test, which Kim Jong Un hailed as “completing the state nuclear force,” potentially placed the entire US within range, leading Chairman of the Joint Chiefs of Staff Gen. Joseph Dunford to warn of the likelihood of conflict. Two new UN Security Council resolutions tightened economic sanctions against North Korea. There seemed little prospect for a resumption of negotiations, despite senior US officials urging diplomacy and a visit to Pyongyang by UN Under Secretary General for Policy Jeffrey Feltman. President Trump’s September UN address and subsequent tweets challenged the DPRK leader personally and directly, renewing a war of words. Trump’s November visit to the ROK struck a more restrained tone and saw a positive ROK response. The US conducted several military exercises with its allies. Meanwhile, Seoul–Washington fissures grew over Trump’s criticism of the KORUS free trade agreement and President Moon’s eagerness to engage the DPRK – a drift that may grow after Kim Jong Un’s New Year’s call for talks and possible DPRK participation in the Pyeongchang Winter Olympics.
Concerned about what Southeast Asian leaders see as US neo-isolationism under President Donald Trump, the heads of government from Vietnam, Malaysia, Thailand, and Singapore all visited Washington in the last four months of 2017. Trump’s trip to Asia in November led to additional talks with Vietnam’s leaders and Philippine President Rodrigo Duterte. These activities could be termed “shopping diplomacy” in that each leader has sought to curry favor with the United States and all announced plans to purchase more US goods and invest in US companies to help Washington reduce its balance of payments deficit. They also emphasized that their economic infusions in the US would generate thousands of new US jobs. Politically, their combined message was that the US should not leave Southeast Asia to China’s tender mercies but that Washington should remain a major actor in the region’s security, economic activities, and political organizations.

President Xi Jinping’s marathon report at the 19th Chinese Communist Party Congress in October emphasized an ever more powerful and rejuvenated China strongly advancing territorial and other interests in regional and global affairs. China’s success in constructing artificial islands in the South China Sea was cited as one of Xi’s many notable accomplishments. Xi and Premier Li Keqiang adopted a more moderate and accommodating tone in November in their first foreign visits after the Congress. Xi made official visits Vietnam and Laos concurrent with his participation at the APEC Economic Leaders Meeting in Vietnam. Li made an official visit to the Philippines in conjunction with his participation in the East Asia Summit (EAS), the ASEAN+3 Summit, the China-ASEAN Summit, and a meeting of the leaders of 16 nations involved in the Regional Comprehensive Economic Partnership (RCEP). Some commentators depicted the moderation as part of a broader trend in China’s foreign affairs; however, Beijing has traditionally adopted a softer approach during the annual Asia-Pacific leaders meetings, presumably to avoid unwanted controversy.
CONTINUITY AFTER 19th PARTY CONGRESS ........................ 62

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

Defying some predictions, the outcome of the 19th National Congress of the Chinese Communist Party indicates there will be no significant change in Beijing’s policy toward Taiwan. Beijing will continue to demand that President Tsai Ing-wen accept the 1992 consensus or pressure on her administration will be sustained. In Taiwan, Tsai has supported domestic actions that Beijing fears are weakening cross-strait ties and her pro-independence supporters continue to press for steps that risk increasing tensions. Tsai has also urged Beijing to join in finding a new model for their relations. Beijing’s pressure on Taiwan is stimulating calls in Washington for policies that are more supportive of Taiwan. These developments in Taiwan and Washington have in turn triggered warnings from Beijing.

A SPORTING CHANCE FOR DETENTE .............................. 71

BY AIDAN FOSTER-CARTER, LEEDS UNIVERSITY, UK

The last four months in inter-Korean relations were a game of two halves, except the “halves” were vastly unequal in length. Despite hopes that the election of a left-leaning president in South Korea would be welcomed in Pyongyang, inter-Korean relations sustained their downward spiral until late December as North Korea continued to cold-shoulder South Korea. In the space of just a few days, Kim Jong Un’s New Year’s speech and his Olympic olive branch transformed at least the immediate atmosphere on the peninsula. Following a swift positive response from Seoul, the first high-level inter-Korean talks since Dec. 2015 agreed that North Korea will send a large contingent to the Winter Olympic Games. Working-level meetings and military talks are expected imminently to fine-tune the details.
BUSINESS AS USUAL .......................................................... 82

BY SCOTT SNYDER, COUNCIL ON FOREIGN RELATIONS & SEE-WON BYUN, BATES COLLEGE

North Korea showcased its sprint toward the capability to launch a nuclear strike on the US with a sixth nuclear test and more missile launches. Beijing supported sanctions adopted under UN Security Council Resolution 2375 and Resolution 2397, but continued to rejected calls for further pressure on the North. China continues to call for the North’s suspension of nuclear and missile activities in exchange for the suspension of US–ROK military drills, along with dual–track denuclearization and peace talks. Seoul and Beijing’s Oct. 31 agreement to “normalize” ties was a step toward returning the relationship to normalcy following a year-long dispute over THAAD, and paved the way to two summits between Presidents Xi and Moon. While defense ministers’ talks resumed on Oct. 24, these efforts at reconciliation relied on setting aside core security differences to avoid the economic costs of conflict. But these differences persist despite Beijing and Seoul’s shared desire to promote dialogue with Pyongyang and find ways to address rising peninsular tensions and the prospect of US–DPRK military conflict.

MANAGING A FRAGILE RELATIONSHIP ....................... 92

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

As China’s President Xi Jinping entertained national leaders in Beijing, Japan’s Prime Minister Abe Shinzō made appearances at the opening of the United Nations General Assembly and the New York Stock Exchange, and authored an op–ed in The New York Times. Abe’s common theme was denunciation of North Korea’s provocative behavior, adding that China must play a greater role in curbing its activities. Abe also indicated Japan would consider supporting companies that participated in the Belt and Road Initiative and partner with China in underwriting aid to African countries, while hinting strongly that he would like an invitation for a state visit. China is holding fast to its conditions for a formal meeting: Japan must agree there is a dispute over Diaoyu/Senkaku Islands ownership and show that it has come to terms with its misconduct during World War II. At yearend, Beijing’s Global Times asserted that bilateral ties had broken out of their slump while Japanese papers reported a senior LDP official as stating the two sides had pushed their relations to a new state, enabling them to discuss the future.
CONTINUATION OF DUAL TRACK APPROACH ............. 102

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

In the final four months of 2017, South Korea-Japan relations continued on the same trajectories as they had over the summer – both countries adopted a dual-track approach to bilateral relations. While controversy over the comfort women issue and Dokdo/Takeshima continued with numbing predictability, Seoul and Tokyo moved forward in developing what they called a “future-oriented relationship” centered on economics and North Korea. While officials on both sides regularly expressed hopes for reviving high-level shuttle diplomacy, the most significant element of the past few months has been how directly Washington was influenced by, but also influenced, Seoul-Tokyo relations. Although it has been an important element in Korea-Japan relations since the end of the Pacific War, recent events have demonstrated the importance of the triangular relationship.

BETWEEN THE PAST AND THE FUTURE ..................... 111

BY YU BIN, WITTENBERG UNIVERSITY

In the final months of 2017, the China-Russia strategic partnership continued to deepen and broaden. President Xi Jinping and President Vladimir Putin met at the September BRICS summit in Xiamen and at the annual APEC forum in Vietnam in late November. In between, the prime ministers exchanged visits. The potential to strengthen economic relations ran against a deteriorating situation on the Korean Peninsula. Security ties and coordination between the two militaries gained considerable traction as the two countries prepared for the worst. In the midst of unfolding danger, both Xi and Putin were readying themselves to lead their respective countries for the next five to six years. It remains to be seen how Xi and Putin will shape their countries in challenging times.

WELCOMED BY WASHINGTON, CONTESTED BY CHINA, ENGAGED WITH EAST ASIA ........................................ 125

BY SATU LIMAYE, EAST-WEST CENTER

Progress was not dramatic, but the combination of a US-India relationship strengthened and networked in the context of the Indo-Pacific, ongoing China-India tensions, and India's continued incremental advances in regional ties is consolidating India-East Asia relations. The Trump administration, in its first year in office, welcomed Prime Minister Modi and articulated India's importance to both its South Asia and Indo-Pacific policies, including trilateral and quadrilateral arrangements among the US, Japan, India, and Australia. Mid-year, India and China engaged in a tense two-month standoff on the Doklam Plateau, highlighting yet another element of longstanding territorial and border disputes and adding to the list of accumulated grievances. India's relations with other East Asian countries, however, advanced on the diplomatic and defense fronts. India's own emphases in its East Asia outreach included maritime cooperation, seeking to engage East Asian partners in India’s states, building new bilateral mechanisms to harness relations, and participating in regional multilateral groupings to institutionalize regional relationships and engagements.

ABOUT THE CONTRIBUTORS ..................................134
President Donald Trump’s inaugural visit to Asia in November was either “the best presidential trip, anywhere, ever” or “an absolute disaster and embarrassment,” depending on whose comments you read. The truth lies somewhere in-between. Objectively speaking, the trip turned out to be much better than many predicted or feared. The president reaffirmed the US commitment to its two key East Asia allies, Japan and South Korea, rallied international support at every stop for his “maximum pressure” campaign against North Korea, stayed on message in China, and reaffirmed support for friends and allies in Southeast Asia. For better or for worse, Trump clearly and unambiguously signaled his administration’s preference for “fair and reciprocal” bilateral trade agreements while dismissing the multilateral approach favored by most of his predecessors, thus opening the door for new trade champions – enter Chinese President Xi Jinping and Japanese Prime Minister Abe Shinzo, who will be vying for leadership. The administration’s National Security Strategy (NSS) report reinforced the “free and open Indo-Pacific” themes heard during Trump’s trip. The president’s unprecedented personal rollout of the report also underscored the mixed messages coming from Washington when official policy statements and Trump’s personal preferences and viewpoints fail to coincide.
Defining the threat

Subsequent chapters will go into greater detail on President Trump’s visits to Japan, South Korea, China, Vietnam, and the Philippines. We will deal here with the broader themes. Trump’s top three priorities during the trip seemed to be North Korea, North Korea, and North Korea. In Tokyo and Seoul, he reassured America’s two vital Northeast Asia allies of Washington’s commitment to their defense in the face of a growing threat from Pyongyang. His speech to the Korean National Assembly was particularly well-received. He contrasted the remarkable progress made by the democratic ROK to the human rights abuses and terrible conditions experienced in the North, an approach that no doubt made some progressives squirm, but which drew repeated applause.

Trump also conditionally reached out to the North: “Yet despite every crime you have committed against God and man ... we will offer a path to a much better future. It begins with an end to the aggression of your regime, a stop to your development of ballistic missiles, and complete, verifiable, and total denuclearization.... We seek a future of light, prosperity, and peace. But we are only prepared to discuss this brighter path for North Korea if its leaders cease their threats and dismantle their nuclear program.” While this was consistent with earlier pronouncements, those fearful that Trump would repeat his “Rocket Man” insults – he didn’t; in fact he largely refrained from tweeting during the trip – saw this as a new opening for US-DPRK dialogue. It wasn’t.

In Beijing, Trump pressed the Chinese to do more to persuade (read: compel) Pyongyang to give up its nuclear ambitions and return to denuclearization talks, even while applauding Xi’s increased efforts. In post-trip remarks, Trump asserted that he and Xi “agreed that we would not accept a so-called ‘freeze for freeze’ agreement like those that have consistently failed in the past.” This seems to have come as a surprise to Beijing which continues (with Moscow) to promote this option, although many now call it “suspension for suspension.”

In Southeast Asia, Trump sought and generally received individual and multilateral condemnation of North Korea’s illegal nuclear and missile programs (both outlawed by UN Security Council Resolutions) and increased adherence to tighter UN sanctions. As Trump himself explained, “throughout the trip, we asked all nations to support our campaign of maximum pressure for North Korean denuclearization. And they are responding by cutting trade with North Korea, restricting financial ties to the regime, and expelling North Korean diplomats and workers.”

If one of the “core goals” of the trip was “to unite the world against the nuclear menace posed by the North Korean regime” (which it was; see below), the effort appears to be succeeding. North Korean leader Kim Jong-Un seems to be changing tactics. With his missile and nuclear testing cycles apparently complete (at least for now), he used his New Year’s message to wave an olive branch toward Seoul, even while continuing to warn Washington about the nuclear button that is sitting on his desk – a boastful comment that drew an even more undignified boastful reply.

Readers of this journal should not have been surprised by Kim’s recent overture. In our last issue we wrote: “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.” While acknowledging that even a broken clock is correct twice a day, it is still nice to be able to say we got one right.

We caution our readers not to be too optimistic about the impending North-South talks. While we will hopefully experience a peaceful Olympics (perhaps even with the North and South marching together in the opening ceremony), a breakthrough remains unlikely.
While President Moon Jae-in would love to talk denuclearization with the North, Pyongyang has made it very clear that it will only talk about nuclear issues with the US (and then only in terms of strategic arms talks like the US once had with the Soviets). Meanwhile, the North at some point will insist that Moon deliver on all the outlandish promises made by his progressive predecessors, which Moon couldn’t do, even if he wanted to. At the end of the day, Pyongyang really wants sanctions relief and President Moon can’t give them that.

Asia trip core goals

In his post-trip news conference President Trump summed up the trip’s three core goals:

First: to unite the world against the nuclear menace posed by the North Korean regime, a threat that has increased steadily through many administrations and now requires urgent action.

Second: to strengthen America’s alliances and economic partnerships in a free and open Indo-Pacific, made up of thriving, independent nations, respectful of other countries and their own citizens, and safe from foreign domination and economic servitude.

And third: to finally – after many years – insist on fair and reciprocal trade. Fair and reciprocal trade – so important. These two words – fairness and reciprocity – are an open invitation to every country that seeks to do business with the United States, and they are a firm warning to every country that cheats, breaks the rules, and engages in economic aggression – like they’ve been doing in the past, especially in the recent past.

While rejecting a multilateral approach to trade (more on this shortly), Trump embraced multilateral security cooperation during his summit with ASEAN leaders and at the East Asia Summit (which he sort of attended; he went to the leaders’ lunch but sent Secretary of State Rex Tillerson to the meeting once he learned that it was running an hour or so behind schedule).

During the US-ASEAN Summit, Trump said, “we made it clear that no one owns the ocean. Freedom of navigation and overflight are critical to the security and prosperity of all nations.” At the East Asia Summit (EAS), the United States “negotiated and signed four important leaders’ statements on the use of chemical weapons, money laundering, poverty alleviation, and countering terrorist propaganda and financing.”

Japan’s Prime Minister Abe Shinzo meets Philippine President Rodrigo Duterte in Manila on the sidelines of the 31st ASEAN Summit in Manila. Photo: Philippine President’s office

With 18 heads of state assembled for the EAS, there were the usual bilateral and mini-lateral summits, the most interesting of which (at least to us) involved President Trump and the prime ministers of Australia, India, and Japan, “to discuss our shared commitment to a free and open Indo-Pacific.” This so-called “Quad” meeting reminded some of Prime Minister Abe’s decade-old dream of a “Concert of Democracies” (now sometimes described as “a democratic security diamond”), but at this point it remains a more informal cooperative effort. This did not stop the Chinese Foreign Ministry spokesperson from warning that “regional cooperation should neither be politicized nor exclusionary.”

All in all, it was a successful trip, even if it did not quite live up to the president’s own description: “Over the last two weeks, we have made historic strides in reasserting American leadership, restoring American security, and reawakening American confidence.”

(Re-)defining the threat

If the president’s trip focused on North Korea, the administration’s first National Security Strategy put this challenge in broader
perspective. The NSS identified three main threat categories:

- regional dictators that spread terror, threaten their neighbors, and pursue weapons of mass destruction (North Korea shares pride of place in this category with Iran, among others);

- jihadist terrorists that foment hatred to incite violence against innocents in the name of a wicked ideology, and transnational criminal organizations that spill drugs and violence into our communities; and

- revisionist powers, such as China and Russia, that use technology, propaganda, and coercion to shape a world antithetical to our interests and values.

The last category clearly reflects the thinking of the US strategic and intelligence communities, but flies in the face of many of the president’s own pronouncements, before, after, and even during the release of the NSS. For example, during his rollout of the document, President Trump described China and Russia as “rival powers ... that seek to challenge American influence, values, and wealth.” In the very next sentence, however, he went onto express his desire “to build a great partnership” with both, albeit “in a manner that always protects our national interest.” He then talked fondly of a phone call he had received from President Putin.

In many respects, the NSS is consistent with those produced by Trump’s predecessors. It stresses four pillars or vital interests: protect the American homeland, promote American prosperity, preserve peace through strength, and advance American influence. It underscores the importance of alliances and security cooperation and notes the importance of the rule of law. It’s a strategy “based on a principled realism, guided by our vital national interests, and rooted in our timeless values.” It also “recognizes [it claims for the first time] that economic security is national security.”

Both proponents and critics would agree, however, that it is more inward looking than previous strategies. Themes like democracy promotion, climate change, and other environmental issues are downplayed, if not avoided completely. (On a more positive note, the word “preemption” which caused a stir when used by George W. Bush in his NSS, was not to be found, although it does note that “fear of escalation will not prevent the United States from defending our vital interests and those of our allies and partners.”) All told, it is, and is touted as being an “America first” document aimed at “making America great again.”

‘America First’ takes concrete form

If the Trump administration’s security policies have largely hewed to established lines, its trade and economic policies have honored the president’s campaign promise to shake things up. President Trump gave full throat to his “America First” approach in speeches and comments throughout this reporting period.

His outlook rests on four themes articulated in his Sept. 19 speech to the United Nations General Assembly. First, the raw expression of national interest comes first. As Trump explained, “As president of the United States, I will always put America first. Just like you, as the leaders of your countries, will always and should always put your countries first.” Second, multilateralism has been bad for the US: “the American people were told that mammoth, multinational trade deals, unaccountable international tribunals, and powerful global bureaucracies were the best way to promote their success. But as those promises flowed, millions of jobs vanished and thousands of factories disappeared. Others gamed the system and broke the rules...” Third, the era of exploitation is over: “We can no longer be taken advantage of or enter into a one-sided deal where the United States gets nothing in return.” Finally, the guiding principle is reciprocity. “We seek stronger ties of business and trade with all nations of goodwill, but this trade must be fair and it must be reciprocal.”

Trump reiterated that message at the Asia Pacific Economic Cooperation (APEC) Economic Leaders Meeting, held in Da Nang, Vietnam in November. At the CEO summit that preceded the leaders meeting, the president hit all four themes. There was America First: “I am always going to put America first the same way I expect all of you in this room to put your countries first.” There was hostility to multilateralism. “The US will no longer enter into large agreements that tie our hands, surrender our sovereignty and make meaningful enforcement practically impossible.” Third, there was the
warning that the era of exploitation was over. “We are not going to let the United States be taken advantage of anymore,” and the US “will no longer turn a blind eye to violations, cheating, or economic aggression. Those days are over.” Finally, fairness and reciprocity are central to US engagement: “we seek robust trade relationships rooted in the principles of fairness and reciprocity. ... we will, from now on, expect that our partners will faithfully follow the rules just like we do. We expect that markets will be open to an equal degree on both sides....”

The new National Security Strategy institutionalized those themes. As Trump explained in remarks announcing the NSS, “It calls for trade based on the principles of fairness and reciprocity. It calls for firm action against unfair trade practices and intellectual property theft. And it calls for new steps to protect our national security industrial and innovation base.” Kevin Nealer, a senior nonresident fellow on economic issues at CSIS, noted that the NSS mentioned the word “trade” 45 times and “competition /competitors 58 times, “making both themes among the top five issues raised in this declaration of U.S. foreign policy intentions.”

In theory, the cornerstone of the Trump economic strategy – that all nations must genuinely embrace free and fair trade and not use multilateral deals to gain unfair advantage over partners – is hard to challenge. Implementation is problematic, however. The US position appears to be one in which Washington measures all relationships in terms of the trade balance and who is exporting more to whom. No reputable economist considers that an accurate assessment of bilateral economic relations.

Equally disturbing is the transactional nature of the US approach. While candidate Trump bashed China’s economic and trade policies on the campaign trail, President Trump has held his fire to win Beijing’s support for a tougher line against North Korea. Failure to deliver will change Trump’s calculus. More ominously, the president seems to believe that a trade war is the answer, as he explained in an eyebrow-raising yearend interview in The New York Times: “China on trade has ripped off this country more than any other element of the world in history has ripped off anything. ... If they don’t help us with North Korea, then I do what I’ve always said I want to do.”

Xi to the rescue?

In pointed contrast to Trump’s nationalist rhetoric was Chinese President Xi Jinping’s defense of globalization. Speaking after Trump in Da Nang, Xi called globalization an “irreversible historical trend” while conceding that trade should be “more open, more balanced, more equitable.” He told APEC leaders that, “We should support the multilateral trading regime and practice open regionalism to allow developing members to benefit more from international trade and investment.” He called for “determined steps toward” an inclusive Free Trade Area of the Asia Pacific (FTAAP).

The battle of “multilateralism versus bilateralism” (as China Global TV characterized it) was evident in the final statement issued at the APEC meeting. Media reports highlighted tough negotiations over a declaration that pitted the Trump administration against the 20 other APEC governments. The final document repeated the usual calls for free trade and fighting protectionism, reaffirmed the commitment to FTAAP, and sought a successful World Trade Organizational ministerial. (The final item proved too much a few weeks later when the 11th ministerial closed without progress.) Reflecting the Trump administration’s priorities, the declaration also stated that members “will work together to make trade more inclusive, support improved market access opportunities, and address unfair trade practices” and they “urgently call for the removal of market-distorting subsidies and other types of support by governments and related entities.”

Abe Shinzo, guardian of the international order!

The faceoff between Trump and Xi has dominated analysis of the future of the international order; that is unfair to Japanese Prime Minister Abe Shinzo who has done invaluable work shoring up the timbers of regional architecture. Abe has been instrumental in saving the Trans-Pacific Partnership (TPP) trade deal after Trump pulled the US out on day one of his administration. In the last quarter of 2017 Japan did yeoman’s work to push forward a revised TPP, now christened the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). At the end of the APEC meeting, the remaining 11 members agreed on “core elements” of the deal,
overcoming last-minute resistance from Canada. Nearly two dozen provisions of the original agreement have been dropped: among them were provisions that protected labor rights and the environment, intellectual property, express delivery, biologics, investment, telecommunications and medical devices. As the quarter closed, there were reports that the UK was considering joining the CPTPP in a bid to boost trade relations after the country leaves the European Union. (The significance of the Tokyo–London relationship was evident in a December “2+2” meeting of Japanese and British defense and foreign affairs officials which confirmed that the UK and Japan are each other’s closest security partners in Europe and Asia, respectively.)

In another important development, Japan and the European Union concluded the legal text for a trade deal between two economies that provide about 30 percent of global output. The outline of the agreement was reached last summer and the negotiators had been writing language ever since. Abe called the agreement “a free, fair and rule-based economic zone, which will be a model of an economic order in the international community in the 21st century.” EU Trade Minister Cecilia Malmstrom applauded the deal, saying, “It sends a powerful message in defense of open trade based on global rules.” Intended or not, the deal sure looks like a rebuke to the US.

Abe has also been pushing the concept of “the Indo-Pacific,” adopted by the Trump administration as the framework for its regional engagement, as well as “the Quad” initiative, discussed above, that looks to be the preferred grouping to address regional security concerns.

Abe is walking a fine line, having built a strong relationship with Trump while, at the same time, working to fortify key elements of the regional order that Trump seeks to tear down. He deserves credit for managing both, but that task will get harder in the year ahead if Trump, as anticipated, gets serious about redressing US trade balances and takes a harder line with countries that enjoy persistent trade surpluses with the US. It is not year clear how the US will address the tensions in its security and economic policies.

More words to the wise: “they are what they are!”

In our January 2017 issue, we warned that President Trump’s tweets “should be taken serious, but not literally.” In May, we wondered about the serious part. We may have been on to something. When White House Chief of Staff John Kelly was asked if tweets drove US policy, he said they did not. “Believe it or not, I do not follow the tweets,” he stated: “Someone, I read the other day, said we all just react to the tweets. We don’t. I don’t. I don’t allow the staff to. We know what we’re doing.” The tweets “are what they are,” Kelly asserted, “We develop policy in the normal traditional staff way. . . . The tweets don’t run my life – good staff work runs it.” Now if only the rest of the world could as easily ignore them.
REGIONAL CHRONOLOGY

SEPTEMBER – DECEMBER 2017

Sept. 1, 2017: US President Donald Trump and ROK counterpart Moon Jae-in talk by phone and agree to enhance Seoul’s deterrence against North Korea by increasing its missile capabilities, but also reaffirm the need to resume talks with the DPRK.

Sept. 3, 2017: North Korea conducts its sixth nuclear weapon test at its Punggye-ri test site. US Geological Survey reports a 6.3 magnitude earthquake in conjunction with the test. North Korea describes the event as a successful test of a hydrogen bomb.

Sept. 4-5, 2017: Leaders of the BRICS nations – Brazil, Russia, India, China, and South Africa – meet in Xiamen, China. As host, President Xi Jinping calls on them to stand together against a growing tide of protectionism across the world.

Sept. 11, 2017: UN Security Council adopts Resolution 2375 in response to North Korea’s nuclear test on Sept. 3.

Sept. 12, 2017: US Ambassador to Cambodia William Heidt denies allegations by Prime Minister Hun Sen that Washington is seeking to oust his government.

Sept. 12, 2017: Malaysia’s Prime Minister Najib Razak visits Washington and meets President Trump at the White House.


Sept. 18, 2017: Presidents Xi and Trump talk by telephone. The White House statement says, “The two leaders committed to maximizing pressure on North Korea through vigorous enforcement of United Nations Security Council resolutions.” The Chinese version says, “The two leaders also exchanged views on the current situation on the Korean Peninsula.”

Sept. 18-24, 2017: US and Malaysia conduct a “Maritime Training Activity” (MTA) which appears to be a replacement for the annual Cooperation Afloat Readiness and Training (CARAT) exercise series, which has been held for past 22 years.

Sept. 18-26, 2017: Chinese People’s Liberation Army-Navy (PLAN) and Russian Navy conduct Joint Sea 2017 military exercises in the Sea of Japan and, for the first time, the Okhotsk Sea. The exercises focus primarily on joint submarine rescue and anti-submarine warfare.

Sept. 20, 2017: In a speech at the UN General Assembly President Trump refers to Kim Jong Un as “rocket man” and as being “on a suicide mission.” He also says that, “The United States has great strength and patience, but if it is forced to defend itself or its allies, we will have no choice but to totally destroy North Korea.”

Sept. 21, 2017: President Trump, South Korea’s President Moon and Japan’s Prime Minister Abe Shinzo meet on the sidelines of UN General Assembly in New York.

Sept. 22, 2017: Kim Jong Un responds to Trump’s remarks at the UN, saying he “will surely and definitely tame the mentally deranged U.S. dotard with fire.”


Sept. 25, 2017: North Korea’s Foreign Minister Ri Yong Ho accuses Trump of declaring war against his country, saying Pyongyang is ready to defend itself by shooting down US bombers.

Sept. 26, 2017: Japan provides $4 million to various organizations to assist people in the northern part of Rakhine State, Myanmar.

Sept. 28-Oct. 1, 2017: Secretary of State Rex Tillerson visits China and meets President Xi and other senior leaders.


Oct. 5, 2017: President Trump and Prime Minister Abe agree in a telephone conversation that pressure should be maintained on North Korea.

Oct. 8, 2017: North Korean leader Kim Jong Un pledges to continue the country’s policy of simultaneously developing the economy and nuclear weapons.

Oct. 9, 2017: UN North Korea Sanctions Committee bans four ships with ties to North Korea from entering all ports outside North Korea.

Oct. 10, 2017: US flies two B-1B Lancer bombers escorted by fighters from Japan and South Korea, while in the airspace of the two countries, over the Korean Peninsula.

Oct. 10, 2017: Eighth China–Russia consultation on Northeast Asia security is held in Moscow.


Oct. 11, 2017: North Korea’s Foreign Minister Ri threatens to “shower fire” on the United States with “unprecedented strategic force.”

Oct. 12, 2017: Malaysia’s Minister of Foreign Affairs Anifah Aman announces that Malaysia has no plans to appoint an ambassador to North Korea.


Oct. 16, 2017: Deputy Prime Minister Aso Taro and Vice President Mike Pence co-chair second round of the Japan–US Economic Dialogue in Washington DC.

Oct. 18, 2017: Secretary Tillerson delivers remarks on US–India relations at the Center for Strategic and International Studies in Washington DC and outlines a strategy for US engagement in Asia characterized as the “free and open Indo-Pacific framework.”


Oct. 19, 2017: Chinese Foreign Ministry spokesman says the US should take an objective view of China, after Secretary Tillerson said Washington wanted to “dramatically deepen” ties with New Delhi to counter China’s influence in Asia.


Oct. 23, 2017: Philippine government declares the end to the five-month siege of Marawi.

Oct. 23, 2017: Philippine government declares the end to the five–month siege of Marawi.

Oct. 23–24, 2017: The 11th ASEAN Defense Ministers’ Meeting (ADMM) and ADMM–Plus is held in the Philippines.

Oct. 25, 2017: Defense Secretary James Mattis reaffirms Pentagon’s support for local counterterrorism operations with Philippine President Rodrigo Duterte and Secretary of National Defense Delfin Lorenzana in Manila.

Oct. 25, 2017: Secretary Tillerson visits India and meets Foreign Minister Sushma Swaraj to discuss India’s role in Afghanistan.
**Oct. 27, 2017**: North Korea repatriates a South Korean boat and its crew as a “humanitarian” gesture after the vessel had entered the North’s waters.

**Oct. 31, 2017**: Philippine President Duterte visits Japan and meets senior government leaders and Emperor Akihito in Tokyo.

**Oct. 31, 2017**: China and South Korea agree to move beyond a yearlong standoff over the deployment of a US anti-missile system in South Korea.

**Nov. 2–3, 2017**: China’s Foreign Minister Wang Yi visits Vietnam and meets counterpart Pham Binh Minh.

**Nov. 3–14, 2017**: President Trump visits Asia with stops in Hawaii, Japan, South Korea, China, Vietnam, and the Philippines.

**Nov. 3, 2017**: ROK President Moon Jae-in says military cooperation with the US and Japan is needed to rein in the rising threat from North Korea but is skeptical about a trilateral defense alliance.

**Nov. 3, 2017**: Myanmar’s State Counselor Aung San Suu Kyi visits Rakhine State for the first time since hundreds of thousands of Rohingya Muslims began fleeing the region.

**Nov. 10–11, 2017**: The 25th Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting is held in Da Nang, Vietnam.

**Nov. 10–11, 2017**: South Korea’s President Moon meets Chinese President Xi on the sidelines of the APEC meeting in Da Nang.

**Nov. 10–14, 2017**: The 31st ASEAN Summit and related meetings including the ASEAN+1 summits and the East Asia Summit are held in the Philippines.

**Nov. 11, 2017**: The 11 remaining members of the Trans-Pacific Partnership agree to its “core elements” and to move ahead despite US withdrawal from the group. The proposed agreement is renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

**Nov. 11–14, 2017**: Three US Navy carrier strike groups including USS Ronald Reagan, USS Nimitz, and USS Theodore Roosevelt conduct a joint exercise in the Sea of Japan (East Sea) near the Korean coast.

**Nov. 12, 2017**: ASEAN and China agree to start negotiations on “a substantive and effective Code of Conduct in the South China Sea after concluding the Framework Agreement on Code of Conduct.”

**Nov. 12, 2017**: Senior officials from US Department of State, Australia’s Department of Foreign Affairs and Trade, India’s Ministry of External Affairs, and Japan’s Ministry of Foreign Affairs meet in Manila to discuss a shared vision for increased prosperity and security in a “free and open Indo-Pacific region.”

**Nov. 12–14, 2017**: President Xi Jinping makes a state visit to Vietnam and Laos.

**Nov. 14, 2017**: President Trump skips East Asia Summit plenary meeting in the Philippines after being told the meeting would be delayed by about two hours.

**Nov. 15, 2017**: Secretary Tillerson travels to Nay Pyi Daw to discuss the humanitarian crisis in Rakhine State and US support for Myanmar’s (Burma’s) democratic transition.

**Nov. 15, 2017**: Cambodia’s Supreme Court orders the country’s main opposition party to be dissolved.

**Nov. 15, 2017**: Cambodian opposition politician Sam Rainsy says the international community should cut ties with Prime Minister Hun Sen’s government after the court-ordered dissolution of the only challenging party.

**Nov. 15, 2017**: Lim Jock Hoi of Brunei Darussalam is named the new ASEAN Secretary General. He will assume the position on Jan. 1.

**Nov. 20, 2017**: President Trump announces that the US has re-designated North Korea as a state sponsor of terrorism.

**Nov. 21, 2017**: US unveils new sanctions targeting North Korean shipping and Chinese traders doing business with Pyongyang.
Nov. 22, 2017: Secretary Tillerson says Myanmar’s Rohingya population was subjected to “ethnic cleansing,” accusing the security forces of perpetrating “horrendous atrocities” against the Muslim minority.

Nov. 22, 2017: Air China announces that it suspended flights between Beijing and Pyongyang because “business was not good.”

Nov. 29, 2017: North Korea tests an intercontinental ballistic missile that flies for 54 minutes giving it an estimated range at normal trajectory of over 8,000 nm. The US, Japan, and South Korea call for an emergency meeting of the UN Security Council.

Dec. 1, 2017: Myanmar State Counselor Aung San Suu Kyi visits China and meets President Xi. They hail close ties between the two countries and avoid any mention of the Rohingya.

Dec. 1, 2017: President Xi addresses the annual party-to-party talks in Beijing and says China’s Communist Party wants to boost its international image but “will not import other countries’ models, and will not export the China model.”

Dec. 4–8, 2017: US and South Korea conduct Vigilant Ace joint military exercise involving about 230 aircraft, characterized as the largest-ever such exercise. North Korea calls the exercise an “all-out provocation.”

Dec. 5–6, 2017: Senior officials from China and Japan meet in Shanghai and reach a tentative agreement on implementation of a crisis management hotline to avoid sea and air clashes in disputed areas of the East China Sea.

Dec. 5–8, 2017: UN Under-Secretary General for Political Affairs Jeffrey Feltman visits North Korea and meets Vice Foreign Minister Pak Myong Guk.

Dec. 11, 2017: The 15th Foreign Ministers Meeting of China, Russia, and India held in New Delhi.


Dec. 14, 2017: Myanmar’s President Htin Kyaw visits Japan and meets Prime Minister Abe.


Dec. 18–19, 2017: The inaugural US–India Counterterrorism Designations Dialogue convenes in New Delhi, India to discuss increasing bilateral cooperation on terrorism-related designations.

Dec. 19, 2017: South Korean Coast Guard patrol vessel fires 249 warning shots at 44 Chinese fishing boats suspected of illegally fishing in South Korean waters.


Dec. 24, 2017: DPRK condemns the new UNSC sanctions resolution as an act of war.

Dec. 27, 2017: US Treasury announces sanctions against two DPRK officials behind ballistic missile program. China is reported to have broken sanctions on the sale of petroleum products to the DPRK with ship transfers.

Dec. 28, 2017: Trump tweets that China was “caught RED HANDED” allowing oil into the DPRK and preventing “a friendly solution” to the conflict with the DPRK. China blocks US effort to blacklist six foreign–flagged ships believed involved in illicit trade. ROK claims ship seizure over illicit petroleum trade with the DPRK.

Dec. 30, 2017: Reuters reports that Russian tankers have illicitly supplied fuel to the DPRK via transfers at sea.

Dec. 31, 2017: South Korea reports the seizure of a second ship suspected of oil transfers.
In the fall of 2017, the growing threat from North Korea garnered a lot of attention in the US and Japan. In Japan, Prime Minister Abe Shinzō used that threat to win yet one more election. North Korea also dominated discussions during President Donald Trump’s visit in November, although a reckoning on trade hovered in the background. Japan also worried about other stops on Trump’s extended Asian itinerary, especially his stay in Beijing. The Trump administration’s focus on its America First agenda was a significant factor in shaping Japan’s foreign policy. Abe seemed up to the challenge as Japan actively pursued its interests globally to ensure support for North Korea sanctions and to build trade agreements that will further Japan’s economic and trade interests. The US-Japan alliance remains in good shape, although there are difficulties to manage.
Abe’s Lower House election sweep

Surprising all with his call for an election, Prime Minister Abe campaigned on the need to provide for Japan’s security – both from the external threat of North Korea and from the challenges of an aging society. On Sept. 25, Abe announced that he would dissolve the Lower House on Sept. 28 and call a snap election on Oct. 22. In his speech in the Diet, he suggested that North Korea and its accelerated program of missile testing drove his decision. He asked the Japanese people to endorse his approach of greater pressure on Pyongyang to bring it back to the negotiating table.

The Liberal Democratic Party (LDP) went into the election believing they would lose seats but still maintain their majority in the Lower House. Abe did not need to call an election until the end of December 2018, but decided that waiting was not going to improve his party’s chances at the polls. Moreover, while the snap election appeared risky, it also highlighted the weaknesses of Japan’s main opposition party, the Democratic Party (DP). And sure enough, within days of Abe dissolving the Diet for the election, the DP began to fall apart.

New political ambitions were also in the mix. Coming off her electoral success in the Tokyo Metropolitan Assembly elections, Gov. Koike Yuriko announced she would build a new national party, the Kibō no Tō or Party of Hope. Koike attracted the support of some of the most experienced foreign and security policy experts among the DP’s legislators. She argued that those who wanted to join this new party should be willing to accept the new security legislation passed by Abe in 2015, as well as be open to the revision of Japan’s constitution. In short, Koike wanted to build an alternative conservative party to the LDP.

Those who were not so inclined within the DP decided during the campaign to form another new party, the Constitutional Democratic Party of Japan (CDPJ). Led by Edano Yukio, the well-liked chief Cabinet secretary during the difficult days and months following the 2011 Great East Japan Earthquake, this new party organized its identity around protecting Japan’s existing constitution. In stump speech after stump speech, Edano drew large crowds, and the party quickly built a large Twitter following. Whereas Koike drew most of the media attention in the first weeks of the campaign – she was described by some as the great “disrupter” of Japan’s male-dominant politics – Edano and his party drew more attention as the Party of Hope’s popularity waned.

In the end, it was Abe, his LDP, and its coalition partner, the Kōmeitō, that won the day. Far exceeding even their own expectations, the LDP garnered a resounding victory and went back to the Diet with their supermajority intact with 313 of the 465 seats in the Lower House. Abe saved his leadership within the party, and now faces the September 2018 party leader election with far greater confidence than before the election. Moreover, he has won popular endorsement of his approach to North Korea – greater spending on defense preparedness and a hard diplomatic line in support of international sanctions. He also managed to campaign on going through with the second hike on Japan’s consumption tax, but spending it on things that Japanese voters might find more palatable, such as education subsidies. Japan’s slow and steady economic recovery undoubtedly made this easier.

Another result of the 2017 election is the firming of support for constitutional revision. Legislators who support constitutional revision now make up more than three-fourths of the Lower House. Abe did not campaign on the premise of revising Japan’s constitution, but in the Yomiuri Shimbun’s election polling, around half the respondents supported Abe’s idea of adding a sentence to Article 9 to clearly recognize the constitutionality of Japan’s Self-Defense Forces.

Abe will likely be able to retain his hold on the prime minister’s office until 2020, the year of the Tokyo Olympics. This would make him the longest serving prime minister of Japan’s postwar era, and more importantly, provide him with an opportunity to move Japan beyond its hesitancy over organizing for national defense and perhaps to preside over the first amendment of the 1947 Constitution. All this depends, of course, on avoiding more scandal and improving Japan’s economic performance.

The Trump Factor (cont’d)

The US and Japan continued to cooperate closely on increasing diplomatic pressure on North Korea. Pyongyang’s sixth nuclear test on Sept. 3, followed by a ballistic missile test on Sept. 15, set the stage for another round of UN Security
Council sanctions. Japanese Foreign Minister Kono Taro and Prime Minister Abe attended the UN General Assembly in New York at the end of September, and their focus was on the international threat posed by Kim Jong Un’s growing arsenal. Abe published an op-ed in The New York Times calling for international solidarity in confronting the DPRK. In his address at the UN, Abe argued that past attempts at dialogue have been used by Pyongyang as a “means of deceiving [the international community] and buying time.” What is needed now is “not dialogue, but pressure” on North Korea to force it to make fundamental changes.

Equally important were the sideline meetings. Foreign Minister Kono held a trilateral meeting with Secretary of State Rex Tillerson and Indian Minister for External Affairs Sushma Swaraj, demonstrating Japan’s enthusiasm for Indo-Pacific cooperation. Prime Minister Abe met President Trump privately, and then participated in a trilateral meeting with Trump and President Moon Jae-in of South Korea to reiterate their common approach to strengthening defense and deterrence against a more belligerent North Korea.

In November, President Trump made his first trip to Asia. As his first stop on a five-nation tour, Tokyo was an easy entry into Asia’s geopolitics, and Abe made sure it was a comfortable visit. There was lots of golf, of course, and the president’s favorite hamburgers. North Korea dominated the narrative, but a reckoning on trade hovered over the visit as the two leaders renewed their friendly ties. President Trump congratulated Japan’s prime minister on winning the October election “very big and very easily,” but then seemed to chastise him for Japan’s trade surplus with the United States.

One factor that could derail Abe’s ambitions is the Trump administration’s focus on reducing the US trade deficit with Japan. While Trump’s visit to Japan was widely seen as a success, there are signs that even the much heralded Abe-Trump partnership may be subjected to policy pressures as the administration’s effort to translate its America First agenda into redressing grievances with allies and competitors alike moves forward.

In Tokyo, Trump awkwardly schooled Japanese businesses on their need to invest in the US economy, even though Japanese companies have a considerable manufacturing base in the US. Japan ranks second only to the UK in the aggregate amount of foreign direct investment in the US. Further, Japanese companies continued to announce new investments in 2017, demonstrating that they are a critical contributor to the Trump administration’s ambitions to create more US jobs. High-level Keidanren delegations visited the US throughout the year to highlight the importance of Japanese participation in the US economy.

Trump’s approach to the economic relationship with Japan seems to emphasize trade over investment. In Tokyo, he reiterated his goal of removing the causes of the trade deficit with Japan: “As President of the United States, I am committed to achieving a fair, free, and reciprocal trading relationship. We seek equal and reliable access for American exports to Japan’s markets in order to eliminate our chronic trade imbalances and deficits with Japan. We’re working on that — something we’ve all been working on very hard from the very beginning of our meetings.” However, on Nov. 7, the day of Trump’s departure from Japan, Deputy Prime Minister Aso Taro told reporters that Japan would not be willing to use...
a free trade agreement (FTA) to address the two countries’ trade imbalance.

Trump even linked US arms sales to Japan as a way to reduce the deficit. He said that Abe “is going to be purchasing massive amounts of military equipment... from the United States, as he should ... it’s a lot of jobs for [the US] and a lot of safety for Japan.” Others in the Trump administration have echoed this deficit reduction aim. At the annual Mt. Fuji Dialogue in Japan in October, US Ambassador William Haggerty also sought to impress upon his audience of Japanese and US experts the importance of getting the deficit numbers down. Secretary of Commerce Wilbur Ross reiterated the message that the deficit must be erased at a US–Japan conference in Washington, DC organized by the US–Japan Council, a group of leading Japanese–Americans and Japan policy experts.

Tokyo also rethinks its priorities on trade

On Oct. 16, Deputy Prime Minister Aso and Vice President Mike Pence met in Washington for the second round of the US–Japan Economic Dialogue. Abe and Trump first agreed to create the set of dialogues in February 2017 to advance three broad policy pillars: a common strategy on trade and investment rules, cooperation in economic and structural policies, and sectoral cooperation. While Aso and Pence held the first round of the dialogue in Tokyo in April, the US delegation notably lacked a key trade official; the Senate did not confirm US Trade Representative Robert Lighthizer until May. For the second round of talks in Washington, the US delegation included both Pence and Lighthizer, as well as Secretary of the Treasury Steven Mnuchin and Secretary of Commerce Ross.

With Trump’s full trade team in attendance, the two countries made some initial progress on trade issues, but left larger questions about the future of a bilateral US–Japan trade deal unanswered. In their joint statement, the US and Japan agreed to lift trade restrictions on US potatoes and Japanese persimmons, and Japan agreed to streamline noise and emissions testing procedures for US automobiles. The joint statement also identified a number of areas for bilateral cooperation including transportation infrastructure, energy ties, the digital economy, and women’s economic participation. However, the statement lacked concrete details on the state of negotiations for a bilateral trade deal.

Shortly after entering office in January 2017, Trump officially withdrew the US from the multilateral Trans-Pacific Partnership (TPP) trade deal, which includes Japan. At the time he identified a bilateral agreement with Japan as a priority for his administration. Without US participation in TPP, many businesses are especially eager for progress on a bilateral deal, as they are worried that the lack of a free trade agreement will put them at a comparative disadvantage to other countries such as Australia, where a deal with Japan is already in place. On the Japan side, officials may have been hesitant to discuss thorny trade issues or agricultural protections at the meeting, given that the talks came less than a week before Japan’s Lower House election on Oct. 22.

While progress on a US–Japan free trade agreement remains slow, Japan otherwise has had a busy and successful end of the year in terms of trade negotiations. In the absence of any interest from the current US administration in multilateral trade deals, Japan has emerged as a driving force of the free trade agenda on the global stage. First, Japan and the 10 other remaining countries of the TPP announced on Nov. 11 that they were committed to moving forward without US participation. Apart from Japan, the TPP includes other major US trade partners such as Canada and Mexico, and if enacted will cover one-sixth of world trade. The timing of the agreement sent a strong signal of the Asia–Pacific region’s support for free trade, as it came the same week that President Trump delivered a speech at the Asia–Pacific Economic Cooperation (APEC) forum in Vietnam in which he denounced multilateral agreements and pledged to “always put America first.” While the new “TPP 11” agreement, renamed the Comprehensive and Progressive Agreement for Trans–Pacific Partnership (CPTPP), still has some details to iron out, a new deal could be announced in early 2018.

Second, Japan and the European Union finalized their Economic Partnership Agreement on Dec. 8. The deal marks the world’s largest free-trade agreement between economies that together make up 30 percent of global output. Japan and the EU traded approximately $140 billion worth of goods in the last year, and more than 500,000 EU workers are employed by Japanese companies. The core of the new agreement aims to remove tariffs on European food exports (especially cheese and wine) to Japan, while Japanese automakers and electronics firms will
face fewer barriers competing in Europe, where they have a smaller market share compared to major markets like the US. In a joint statement, Prime Minister Abe and President of the European Commission Jean–Claude Juncker said the agreement “demonstrates the powerful political will of Japan and the EU to continue to keep the flag of free trade waving high, and sends a strong message to the world.”

Looking to 2018, the attention of US and Japanese trade officials will clearly be on the outcome of US negotiations on the North America Free Trade Agreement (NAFTA). Throughout Trump’s first year in office, progress on a US–Japan trade deal has seemed to take a back seat to the more openly contentious NAFTA negotiations. The Trump administration continues to demand big changes to “modernize” NAFTA, yet partners Canada and Mexico strongly oppose many of the US initiatives, such as a “sunset clause” to limit the lifespan of any new agreement to five years.

Criticism of the Trump administration’s approach to NAFTA has also come from senior Republican members in the Senate, many of whom are supportive of free trade agreements. In December, a group of Republican senators from the Senate Finance Committee, including Sen. Orrin Hatch (Utah) and Sen. John Cornyn (Texas), expressed strong support for NAFTA in a meeting with US Trade Representative Lighthizer. The senators also vented frustration to Lighthizer at the lack of progress in negotiating bilateral trade agreements with Asia Pacific countries such as Japan. The fifth of seven rounds of NAFTA negotiations concluded Nov. 20 in Mexico City, and the sixth round is set for Jan. 23–28 in Montreal. The current hope is to reach an agreement by March 2018, before the campaign heats up for Mexico’s presidential election in July.

Continued difficulties for US forces in Japan

The US–Japan alliance remains in good shape, although there are some difficulties to manage. The US Navy continues to recover from the Seventh Fleet’s setbacks. Difficulties for the US military in Okinawa have also called for diplomatic attention. Ambassador to Japan William Haggerty visited the island twice – once for a holiday in October and once to meet with Gov. Onaga Takeshi on Nov. 13.

The US Navy investigation of the Seventh Fleet in the wake of a series of collisions and mishaps concluded and a report issued on Nov. 2. In announcing the findings, Chief of Naval Operations Adm. John Richardson stated, "Both of these accidents were preventable and the respective investigations found multiple failures by watch standers that contributed to the incidents... We must do better."

The fallout continued to be severe for the leadership of the US Navy in the Pacific. On Sept. 26, Adm. Scott Swift, commander of Pacific Fleet and anticipated successor of PACOM’s Adm. Harry Harris, announced his retirement from the Navy after it was made clear he would not be nominated for the position. Instead, rumor has it that an Air Force general might be Harris’ replacement. If true, this would be the first time in the history of the Pacific Command that the US Navy would not lead US military forces in region.


At year’s end, the US military remained under scrutiny in Okinawa after a series of mishaps involving its aircraft. A window from a Marine helicopter fell into a schoolyard, raising concerns about public safety on the island and
drawing global media attention. In addition, several other aircraft performed emergency landings after suffering technical difficulties. Although no one was hurt in these landings, they exacerbated longstanding Okinawan sensitivities to the safety of US military operations on the island.
CHRONOLOGY OF US-JAPAN RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 3, 2017: North Korea conducts sixth nuclear test, a powerful device that it claims is a hydrogen bomb.

Sept. 10–12, 2017: Five US governors—Eric Holcomb (Indiana), Bruce Rauner (Illinois), Pete Ricketts (Nebraska), Rick Snyder (Michigan), and Scott Walker (Wisconsin)—visit Tokyo for 49th Annual Joint Meeting of the Japan-Midwest US Association and meet Prime Minister Abe Shinzo.

Sept. 15, 2017: North Korea launches a ballistic missile, which travels approximately 2,300 miles before landing in the sea off Hokkaido.


Sept. 18–21, 2017: PM Abe visits New York to attend 72nd Session of the UNGA.

Sept. 19, 2017: FM Kono, Secretary of State Rex Tillerson, and Indian Minister for External Affairs Sushma Swaraj hold trilateral Japan-US-India foreign ministers’ meeting on the sidelines of the UNGA.

Sept. 19, 2017: PM Abe meets group of US chief executive officers on sidelines of the UNGA.

Sept. 20, 2017: PM Abe gives a speech at the New York Stock Exchange.

Sept. 20, 2017: PM Abe delivers an address to the UNGA.

Sept. 21, 2017: Trump and PM Abe hold a bilateral summit meeting on the sidelines of UNGA.

Sept. 21, 2017: President Trump, PM Abe, and President Moon hold a trilateral US-Japan-Korea summit meeting on the sidelines of the UNGA.


Sept. 26, 2017: Adm. Scott Swift, commander of US Pacific Fleet, requests to retire from the service after learning that he is not the Navy’s choice to replace Adm. Harry Harris as the next commander of US Pacific Command.


Nov. 5–7, 2017: President Trump visits Japan.

Nov. 5, 2017: FM Kono meets Senior Advisor to the President Jared Kushner during his visit to Japan.

Nov. 5, 2017: FM Kono meets with US Trade Representative Ambassador Robert Lighthizer during his visit to Japan.
Nov. 5, 2017: FM Kono meets Secretary of State Tillerson during his visit to Japan.

Nov. 6, 2017: PM Abe and President Trump hold a bilateral summit in Tokyo.

Nov. 7, 2017: Deputy PM Aso tells reporters that Japan is not willing to use an FTA to address the trade imbalance with the US.

Nov. 11, 2017: The remaining 11 countries of the Trans-Pacific Partnership trade deal announce that they are committed to moving forward with the trade agreement without the United States.

Nov. 12, 2017: Senior officials from Japan, US, Australia, and India meet in Manila to discuss free and open trade in the Indo-Pacific on the sidelines of the East Asia Summit (EAS).

Nov. 13, 2017: President Trump, PM Abe, and Prime Minister Malcolm Turnbull hold a trilateral US-Japan-Australia summit on the sidelines of the EAS in Manila.


Nov. 19, 2017: US Marine member in Okinawa, driving under the influence of alcohol, gets involved in a traffic incident in which a Japanese man is killed.

Nov. 20, 2017: President Trump puts North Korea back on the list of state sponsors of terrorism, a designation that allows the US to impose more sanctions on North Korea.


Dec. 8, 2017: Japan and the European Union finalize the EU-Japan Economic Partnership Agreement.

Dec. 11, 2017: Special Representative for North Korea Policy Joseph Yun travels to Japan to meet officials following North Korea’s latest ballistic missile test.

Dec. 11–12, 2017: US, Japan, and South Korea conduct a two-day exercise to practice tracking missile launches from North Korea.

Dec. 13, 2017: Chief Cabinet Secretary Yoshihide Suga Yoshihide says that Tokyo and Washington remain in “100 percent agreement” on pressuring North Korea to abandon its nuclear program.

Dec. 13, 2017: A window drops from a US helicopter and crashes on a school in Okinawa. One boy reported to have minor injuries from the incident.


Dec. 19, 2017: Japan’s Cabinet approves installation of two Aegis Ashore ballistic missile defense batteries.
Donald Trump was hosted in Beijing for a “state visit-plus” summit in early November, the third stop on his almost two week-long Asia tour. In response to North Korea’s September nuclear test and December ICBM test, the US and China worked together at the United Nations to tighten sanctions. Cracks in their cooperation widened, however, as Trump pressed Beijing to cut crude oil supplies to North Korea and Xi called for negotiations. US investigations into alleged Chinese unfair trading practices continued and remarks by Trump administration officials suggest that there is a growing possibility of the US imposing harsh trade penalties on China in 2018. Major bilateral dialogues convened in the last four months of the year included the social and people-to-people dialogue, the cyber security and law enforcement dialogue, the inaugural US-China Consultation on Foreign Nongovernmental Organization Management, and the first talks between the joint staff departments of the US and Chinese militaries. The Trump administration issued its first National Security Strategy, which depicted China as a rival and a revisionist power that, along with Russia, is seeking to erode US security and prosperity.
“State visit-plus” summit in Beijing

One week prior to Donald Trump’s arrival in Beijing, China’s ambassador to the US told the press that he would be greeted with a “state visit-plus,” featuring a military honor guard, official talks, a formal banquet and “special arrangements.” Indeed, China’s reception for President Trump and his wife Melania was unprecedented. The Trumps were greeted with a grand red-carpet welcome on Nov. 8, complete with military marching bands and Chinese schoolchildren waving Chinese and US flags.

The first event was a tea ceremony and a guided tour by Xi Jinping of the Forbidden City, which was closed to the public for the occasion. Xi and his wife Peng Liyuan joined the Trumps for a Peking Opera performance at the Palace Museum’s Pavilion of Cheerful Melodies followed by dinner inside the former imperial site of the Ming and Qing dynasties. It was the first time a foreign leader has dined there since the founding of the People’s Republic of China in 1949. Trump showed Xi and Peng a video of his granddaughter, Arabella, reciting Sanzijing (Three Character Classic) and ancient Chinese poetry. The video presentation was arranged after Ivanka Trump decided that she and her daughter would not join the visit, dashing Chinese hopes for the opportunity to bring their two families together.

The next day, Trump was welcomed at the Great Hall of the People and then retreated for private talks with Xi. Hours later, the two presidents witnessed a signing ceremony for trade and investment deals potentially worth $253 billion, many of which were reportedly nonbinding memorandums of understanding or agreements reached previously. One such potential $43 billion investment deal includes a “joint development agreement” between the state of Alaska, state-owned China Petrochemical Corp (Sinopec), China’s sovereign wealth fund, and Bank of China for a liquid natural gas (LNG) pipeline. A statement released by Sinopec noted that there was a “possibility” that it would purchase Alaskan LNG.

According to CSIS Freeman Chair deputy director Scott Kennedy, some deals that would have provided enhanced market access for US companies were vetoed for inclusion in the signing ceremony because the Trump administration did not want to give China credit for taking what it sees as applying a bandaid instead of fundamentally changing its predatory trade policies. In the run-up to the visit, the Chinese apparently offered to loosen investment restrictions in its financial sector as a summit deliverable, but were rebuffed. In the end, China unilaterally announced the opening of the financial sector, but only after Trump’s delegation had departed. The action received no comment from Trump administration officials.

President Trump told US and Chinese officials and business executives that the huge bilateral trade imbalance wasn’t China’s fault, saying “After all, who can blame a country for being able to take advantage of another country for the benefit of its citizens.” Instead, he assigned culpability to past US administrations.

Trump and Xi made a joint appearance where they read prepared statements to the press, but declined to take any questions, at the request of the Chinese side. Trump gushed with appreciation for the special treatment he received, calling it “truly memorable and impressive, and something I will never forget.” He congratulated Xi – who he referred to as “a very special man” – on a very successful 19th Party Congress and expressed admiration for China’s “ancient history, dynamic people, and thriving culture.” The visit was capped with an official state dinner.

A White House statement released after the visit enumerated several topics that were discussed, with North Korea and economic ties topping the list. In addition, it noted plans to enhance cooperation in the following areas: combatting drugs, including synthetic opioids; cybercrime cases, network protection, and other areas of law enforcement; supporting stability and prosperity in Afghanistan; nuclear security, countering nuclear smuggling, and supporting...
the global nuclear security architecture; HIV/AIDS and infectious diseases; bilateral military exchanges; and nonproliferation.

The statement also indicated that Trump raised concerns about maritime security, including the militarization of outposts in the South China Sea, and underscored the “critical importance” of unimpeded lawful commerce and respect for international law in the East and South China Sea, including freedom of navigation and overflight and other lawful uses of the sea. In addition, according to the White House statement, the two leaders discussed human rights and the role of civil society organizations in advancing social and economic development.

China’s official account of the talks between Xi and Trump said that both leaders “recognized that substantial progress has been achieved in the development of China-US relations since this year.” Xi described the bilateral relationship as at “a new starting point in history.” “Cooperation is the only right choice for both China and the US,” the statement noted, “and only win–win results can make the two countries usher in a better future.”

North Korea: cooperation outweighs friction

On Sept. 3, North Korea conducted its sixth nuclear explosion, which it described as a “perfect success in the test of a hydrogen bomb for an ICBM.” As Washington began to deliberate its response, President Trump tweeted that the US was considering “stopping all trade with any country doing business with North Korea.” China’s Foreign Ministry spokesman noted the following day that such a move would be “neither objective nor fair.” Three days later, Trump telephoned President Xi to discuss potential actions. The White House readout of the call portrayed a united front, noting that the two leaders “condemned North Korea’s latest provocative and destabilizing action” and agreed “to strengthen coordination and take further action with the goal of achieving the denuclearization of the Korean Peninsula.” China’s readout of the call did not mention North Korea’s nuclear test. It highlighted Xi’s emphasis on relying on “dialogue and talks and comprehensive policies,” and the importance of upholding peace and stability on the Peninsula.

Despite their differences, the US and China agreed on new sanctions on North Korea just eight days later. On Sept. 11, the UN Security Council unanimously adopted Resolution 2375, which banned countries from purchasing North Korean textiles and set a cap on oil exports to North Korea, among other measures. The sanctions represented a compromise: the US had favored a cutoff of oil, but both China and Russia had resisted taking such a drastic measure. Trump administration officials warned Beijing of consequences if the sanctions weren’t enforced. “If China doesn’t follow these sanctions, we will put additional sanctions on them and prevent [Chinese banks] from accessing the US and international dollar system,” Treasury Secretary Steven Mnuchin said at an event in New York after the passage of the new UNSC resolution. Leaks to the media also indicated that the Trump administration was considering imposing sanctions on Chinese companies trading crude oil with North Korea.

On Sept. 15, North Korea fired a Hwasong-12 missile over Hokkaido, Japan. Almost reflexively, US and Chinese officials urged each other to do more. Secretary of State Rex Tillerson demanded that China further reduce oil exports to North Korea to force Kim to abandon his nuclear ambitions. China’s Ambassador to the United States Cui Tiankai said the US “should refrain from issuing more threats” and “find an effective way to resume dialogue and negotiation.” On the sidelines on the UN General Assembly, Chinese Foreign Minister Wang Yi and US Vice President Mike Pence tried to iron out differences over their approaches to addressing the growing North Korea threat.

In a sign of increased Chinese commitment to strictly implement UN sanctions, China’s Central Bank issued a circular warning of
economy losses and reputation risks if they failed to comply with their obligations. A few days later President Trump issued an executive order granting additional authorities to the Treasury Department to enforce sanctions on North Korea and countries that do business with it. The US lost no time taking advantage of the new authorities; the following week the Treasury Department announced new sanctions on eight North Korea banks, 26 individuals in China, and three other countries that the US claimed have links to North Korean financial networks.

Speaking to world leaders at the 72nd UN General Assembly in New York on Sept. 19, Trump papered over differences with China. He applauded China for cutting its banking relationships with North Korea and thanked Xi Jinping for his help. Acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton also positively appraised Chinese cooperation in pressuring North Korea, which she described as “growing, if uneven,” at a Senate hearing. At the end of the month, North Korea featured prominently in Secretary of State Tillerson’s discussions with President Xi, State Councilor Yang Jiechi, and Foreign Minister Wang Yi during his visit to Beijing.

In an interview with Fox News on the eve of his trip to Asia, where he would spend two full days in Beijing, Trump linked taking tough measures against China on trade with Chinese cooperation on North Korea. Asked if he was going to take a tough stance against China’s intellectual property theft, subsidies, and dumping, Trump replied, “You have to understand something – very important. We have a problem called North Korea. . . . China can fix this [North Korea] problem easily and quickly.” A White House press release said that Trump and Xi “reaffirmed their commitment to achieving the goal of full, verifiable, and irreversible denuclearization of the Korean Peninsula and stated they will not accept the DPRK as a nuclear weapons state.”

Belying the statements of convergence, however, the US Treasury levied new sanctions on Chinese as well as North Korean entities two weeks later. Among the four designated Chinese trading companies based in Dandong, one was accused of working with front companies for North Korean organizations related to weapons of mass destruction. Reacting to the secondary sanctions, China’s Foreign Ministry spokesperson declared its opposition to “unilateral sanctions and long-arm jurisdiction.”

On Nov. 29, Pyongyang test-fired a new ICBM, the Hwasong-15, which Pyongyang said put the entire US mainland within range of its nuclear weapons. President Trump called President Xi and, according to US Ambassador to the UN Nikki Haley, asked him to further cut the supply of oil to North Korea. After the call, Trump tweeted that “Additional major sanctions will be imposed on North Korea today. This situation will be handled.” Once again, China’s official readout of the call underscored the need to “push the nuclear issue towards the direction of peaceful settlement via dialogues and negotiations.”

On Dec. 12, National Security Adviser Lt. Gen. H.R. McMaster warned that time was running out to stop North Korea and called on China to do more. That same day, in a speech with Q&A at the Atlantic Council, Secretary Tillerson lifted the curtain a bit to reveal some of the ways the
US and China are cooperating on North Korea. In response to a question, he said the US has had conversations with the Chinese about how North Korea’s nuclear weapons might be secured in the event of instability. He also divulged that the US offered assurances to China that if US military forces needed to cross the demilitarized zone, they would retreat south of the 38th parallel when conditions allowed. These disclosures surprised many observers, who wondered what there was to be gained by making such sensitive discussions public. Although the Chinese did not comment on Tillerson’s remarks, Global Times denied a Japanese newspaper story claiming that a military hotline had been set up between the PLA’s Northern Theater Command in Shenyang and US forces in Seoul. Calling the story “fake,” Global Times said it “sends the wrong signal to the world as it implies China believes war on the Peninsula is inevitable and by cooperating with the US it is, therefore, preparing to engage in military conflict.”

On Dec. 22, just over three weeks after North Korea’s latest ICBM test, the UN Security Council unanimously voted to tighten sanctions, this time further limiting North Korea’s access to refined petroleum products and crude oil, and mandating all countries employing North Korean guest workers to send them home within 24 months. The resolution, UNSCR 2397, also banned new categories of North Korean exports, as well as North Korean imports of heavy machinery, industrial equipment, and transportation vehicles.

As the year ended, Rex Tillerson penned an op-ed in The New York Times on Dec. 27 in which he stated: “A central component of our North Korea strategy is persuading China to exert its decisive economic leverage on Pyongyang. China has applied certain import bans and sanctions, but it could and should do more.”

US-China trade tensions grow

The Trump administration’s growing frustration with China was on display in late November when one of the administration’s top economic diplomats indicated that plans to bolster economic relations with China were “on ice” as the countries’ trade imbalance remains bloated and Beijing’s economic liberalization efforts seemed to have reversed. David Malpass, under secretary for international affairs at the US Treasury Department, stated that the Comprehensive Economic Dialogue (CED) with Beijing (the first iteration of which occurred in July) is “stalled” and “there is not a dialogue on restarting the CED.” Malpass added that the critical step to restart the dialogue lies in China bringing its economic practices in line with “global rules and global market liberalization techniques.”

After the first round of the CED, US co-chairs Treasury Secretary Mnuchin and Commerce Secretary Wilbur Ross expressed optimism that China understood it needed to reduce the trade deficit between the two countries and revise its unfair trade practices. Over time, however, US officials have become increasingly doubtful that China will take steps to even the playing field for US companies and are pessimistic that the problems can be resolved through negotiations. Growing concerns in the White House over the widening bilateral trade deficit, the lack of systemic progress in price liberalization, and the increased role of state-owned enterprises (SOEs) in the Chinese economy have emboldened hawks such as US Trade Representative Robert Lighthizer and senior trade adviser Peter Navarro to request more punitive, unilateral actions against China in the near future.

On various occasions, Lighthizer and Trump have used combative rhetoric to describe both the bilateral trade relationship and Chinese trade practices. Speaking at the Center for Strategic and International Studies (CSIS) in mid-September, Lighthizer warned that China’s trade practices represent an unparalleled threat to the international system. “The sheer scale of their coordinated efforts to develop their economy, to subsidize, to create national champions, to force technology transfer and to distort markets, in China and throughout the world, is a threat to the world trading system that is unprecedented,” Lighthizer said. In advance of his early November trip to Asia, Trump called the US trade deficit with China “embarrassing” and “horrible.”

Speaking to a group of business leaders at the Asia-Pacific Economic Cooperation (APEC) conference in Da Nang, Vietnam, President Trump derided rampant “violations, cheating,” and “economic aggression.” Without naming China, he charged that other countries had kept their markets closed and engaged in “product dumping, subsidized goods, currency manipulation, and predatory industrial
policies,” while the US had systematically opened its economy. He pledged to not let the US be taken advantage of anymore.

Numerous reports surfaced toward the end of the year suggesting that the Trump administration is preparing to impose harsh trade penalties on China in 2018. An investigation of China’s intellectual property practices and compulsory technology transfer that was launched in August could result in new trade sanctions in the first half of next year. While given a year to complete this investigation, US Trade Representative (USTR) sources indicated that a draft report had been completed by early December.

A concurrent investigation undertaken earlier this year is the Section 232 action regarding potential national security threats posed by Chinese dumping of steel and aluminum. The conclusions from the investigation are expected to be released in mid-January with a high likelihood that trade actions, including tariffs, will follow. All of this comes as imports of cheaper Chinese steel have grown 19 percent over the year. Both investigations and the reported preference for tariffs indicate the administration’s preference for unilateral trade action over multilateral fora.

Concerns over Chinese dumping practices were highlighted in mid-December when China’s Ministry of Finance announced that beginning Jan. 1 it would cut export taxes on some steel products and fertilizers while eliminating taxes entirely for exports of steel wire, rods and bars. The move, described as a way to boost shipments and relieve overcapacity, came just after the US hit Vietnam with a heavy import tax of more than 250 percent on steel products that used Chinese-origin materials.

Action taken to curb perceived Chinese economic abuses was not exclusive to the executive branch. Senators John Cornyn (R-TX) and Diane Feinstein (D-CA) introduced a bipartisan bill that, if enacted, would expand the foreign investment review procedures overseen by the Committee on Foreign Investment in the United States (CFIUS). This expansion of authority would subject many Chinese acquisitions to mandatory review and grant CFIUS the power to impose new conditions retroactively on completed transactions.

Sensing the growing appetite in Washington for trade remedies and other punitive actions against China, Ambassador Cui Tiankai urged the US at the end of October to handle economic disputes in a “constructive and pragmatic manner” to avoid undermining the overall economic relationship. Chen Zhou of the China Chamber of International Commerce, a trade body akin to the USTR in the US, warned at a hearing related to USTR’s investigation into Chinese forced technology transfer practices that unilateral action taken by the Trump administration “may trigger a trade war.” Privately, Chinese officials and experts are hinting that US actions against Chinese telecommunications and steel sectors will lead China to reduce purchases of Boeing aircraft and US agricultural goods.

**Airing grievances at the World Trade Organization**

US Trade Representative Lighthizer criticized the World Trade Organization (WTO) in December, citing its lack of focus on negotiation and “becoming a litigation-centered organization.” He complained that the disparity in how the WTO’s rules apply to developed vs. developing countries has enabled five of the world’s six richest countries to claim developing country status and be “given a pass” on new trade rules. While Lighthizer did not mention China by name, China has the world’s second largest economy, but is still classified as a developing country according to WTO rules. This attack on the WTO followed Trump’s declaration at the APEC conference in November that the US “has not been treated fairly by the World Trade Organization.”

At the end of November, the US formally submitted a statement of opposition as a third-party in support of an ongoing complaint by the European Union against China. The US and the EU, as well as Japan, are seeking to prevent China’s formal recognition by the WTO as a market economy, a move that would lead to dramatically lower anti-dumping duties on Chinese goods by prohibiting the use of third-country price comparisons. Representative Lighthizer told Congress in June that the case was “the most serious litigation [the United States has] at the WTO right now” since a victory for China would weaken many countries’ trade defenses against an influx of cheap Chinese goods.
China’s Ministry of Commerce reacted to the US support for the EU’s action with “strong dissatisfaction,” restating its view that according to WTO rules, market economy status should automatically be granted to China on the 15th anniversary of China’s WTO accession. The 15-year mark was reached at the end of 2016, but the WTO has yet to accede to China’s request for market economy status. The argument against granting China this status is that myriad regulations hamper access for foreign companies to China’s markets.

In early December, hearings began in China’s suit against the EU at the WTO that will take years to decide. The suit argues that there is no agreed definition of a market economy, and the strict interpretation of the accession agreement granting China market status after 15 years should hold. Beijing is also disputing the US and European Union’s methods of calculating punitive duties when accusing Chinese companies of dumping cheap goods on their markets. Wei Jianguo, an expert at the China Center for International Economic Exchanges, tied the litigation to the credibility of the WTO, stating that “if China loses, the WTO will lose its fairness.”

Bilateral dialogues

During the last four months of 2017, the US and China convened meetings of several important bilateral mechanisms. Presidents Trump and Xi agreed at their first summit in Mar-a-Lago in April to convene meetings of the four newly-established high-level mechanisms before the end of the year. The diplomatic and security dialogue and the comprehensive economic dialogue met in June and July, respectively. The social and people-to-people dialogue convened at the end of September in Washington DC. Secretary of State Tillerson and Chinese Vice Premier Liu Yandong co-chaired the discussions, which concluded with a joint statement that contained more than 130 outcomes. Among the notable achievements was an agreement to permit China to send 100,000 government-sponsored individuals to study in the US and allow 100,000 US students to study in China over the next four years. Liu Yandong, along with US Transportation Secretary Elaine Chao and Education Security Betsy DeVos, attended a dialogue between youth delegates from the two countries. Liu also met President Trump, who endorsed the efforts to strengthen bilateral people-to-people exchanges.

The fourth high-level dialogue mechanism, which focuses on law enforcement and cyber security, met in early October. Discussions were co-chaired by US Attorney General Jeff Sessions, Acting Secretary of Homeland Security Elaine Duke, and Chinese State Councilor and Minister of Public Security Guo Shengkun. Topics addressed included repatriation of illegal immigrants, counter-narcotics, cyber crimes and cyber security, and tracking down fugitives. The two sides issued a summary of outcomes, which noted that “While differences remain, both sides intend to make actual progress on all of the above matters, to make possible another Dialogue in 2018 to measure that progress.”

The following week, the 11th round of US-China consular consultations was held in Washington DC. Director General of the Department of Consular Affairs of the Chinese Foreign Ministry Guo Shaochun and US Assistant Secretary of State for Consular Affairs Carl Risch co-chaired the talks, which concentrated on safeguarding the safety, rights, and interests of citizens on both sides and facilitating personnel exchanges.

In mid-December, the US and China held the inaugural US-China Consultation on Foreign Nongovernmental Organization Management in Beijing. A brief statement issued by the US said the two sides “discussed the critical role that NGOs play in facilitating people-to-people exchanges.” It also noted that both sides “believe that the strength and success of all countries depends on protecting and supporting civil society.” The US side expressed concerns about China’s Foreign NGO Management Law that went into effect on Jan. 1, 2017, and indicated that it hopes the Chinese side will guarantee the continuous operations of US NGOs in China. The US readout reported that China’s Ministry of Public Security and related public security organizations planned to meet with representatives of NGOs and Professional Supervisory Units in early 2018 to resolve their questions and concerns about registration.

Two important dialogues between the US and Chinese militaries were convened as well. At the end of November, the US and China launched talks between their joint staff departments which focused on improving crisis management and communication. The talks were led by Maj. Gen. Shao Yuanming, deputy chief of the PLA’s Joint Staff Department of the Central Military Commission, and Lt. Gen. Richard Clarke, director for strategic plans and policy of the US
Defense Department’s Joint Chiefs of Staff. The two sides also discussed the joint humanitarian relief and disaster exercises that were held in Portland, Oregon Nov. 13–21. On Dec. 13, the second Asia–Pacific Security Dialogue was held in Beijing co–chaired by Maj. Gen. Hu Changming, director of the International Military Cooperation Office, and David Helvey, acting assistant secretary of defense. The two sides exchanged views on the security situation in the Asia–Pacific region and military-to-military cooperation between the two countries.

The Trump National Security Strategy

On Dec. 18, President Trump unveiled his “National Security Strategy” that he described as “a strategic vision for protecting the American people and preserving our way of life, promoting our prosperity, preserving peace through strength, and advancing American influence in the world.” The document outlines many different challenges facing the United States and “formalizes” the link between economic strength and national security.

The new strategy labels China and Russia as revisionist powers and rivals of the US that are portrayed as seeking to erode US security and prosperity. It calls for China to halt a number of malicious practices and commits the US to combat China on various playing fields. Competition with China is portrayed as part of a larger struggle between models of domestic governance. China is charged with expanding its power at the expense of the sovereignty of others and spreading its authoritarian system around the world. In the Indo–Pacific region, the document posits that China aims to displace the US as the dominant power. In the developing world, the NSS says that China and Russia are both targeting their investments to expand influence and gain competitive advantages against the US. In a preview of this particular charge, Secretary Tillerson, in a speech at CSIS in mid–October, slammed China’s burdensome financing mechanisms and failure to create jobs in developing countries.

Senior White House officials who held a background briefing on the NSS adopted a less confrontational tone, however, when responding to questions about China. One official, for example, maintained that “with China . . . there’s always a balance among powers between cooperation and competition.” Talking about the imbalanced bilateral trade relationship, the same official emphasized an approach of “cooperation with reciprocity.”

China’s initial response, delivered by the Chinese Embassy in Washington, blasted the strategy as “self-serving,” charging that “selfish” efforts to put US national interest above other countries’ interests would “lead the United States to isolationism.” A formal statement released by the Chinese Embassy further criticized the strategy for preaching rivalry and confrontation, and called on the US to abandon outdated zero–sum thinking. The spokeswoman for the Chinese Foreign Ministry described the strategy’s characterization of China as a “futile effort to distort reality.” As the world’s two largest economies, she said, China and the United States have a responsibility to work together.

Closing out 2017 and looking ahead to 2018

As 2017 ended and the Trump presidency approached the final weeks of its first year in office, the US–China relationship appeared headed toward greater friction. Chinese cooperation with the US to tighten sanctions on North Korea may be reaching its limits. Additional nuclear and missile tests by Pyongyang will undoubtedly lead to even greater US pressure on China to cut off crude oil supply, but Beijing is unlikely to comply due to fears that shutting the spigot will result in a hostile China-North Korea relationship and possibly in North Korean instability and regime collapse.

President Trump’s frustration may lead him to finally take trade actions against China that he has been threatening since the presidential campaign. As Trump told The New York Times in a year–end interview, “So, China on trade has ripped off this country more than any other element of the world in history has ripped off anything. But I can be different if they’re helping us with North Korea. If they don’t help us with North Korea, then I do what I’ve always said I want to do.”

Another potential source of tension could be the South China Sea, especially if China begins to deploy and operate military assets from its newly–built artificial islands in the Spratlys, uses its new super–dredger Tianjing to build new islands, or establishes baselines around land features in disputed Spratly waters. A more determined US pushback against China’s Belt and Road Initiative could also further strain the
bilateral relationship. As the US fleshes out its Indo-Pacific strategy and China pursues the BRI, competition in the relationship will inevitably grow.

Although it is likely that the four high-level dialogues will be convened in 2018, no dates have been set for any of those meetings. There is always a possibility that differences between the US and China can be worked out amicably through negotiations, but the prospects for such an outcome seem dim.
CHRONOLOGY OF US-CHINA RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 3, 2017: North Korea conducts a hydrogen bomb test. President Trump tweets “The United States is considering, in addition to other options, stopping all trade with any country doing business with North Korea.”

Sept. 6, 2017: President Xi Jinping holds a phone call with President Trump, in which they discuss North Korea.


Sept. 12, 2017: Acting Assistant Secretary of State for East Asia Susan Thornton and Assistant Secretary of the Treasury Marshall Billingslea testify before the House Foreign Affairs Committee on the threat posed by North Korea.

Sept. 13, 2017: Trump issues an executive order to block the sale of Lattice Semiconductor Corp. to Canyon Bridge, a Chinese government-financed firm.

Sept. 13, 2017: Trump tweets “China has a business tax rate of 15%. We should do everything possible to match them in order to win with our economy. Jobs and wages!”

Sept. 15, 2017: Trump tweets “CHINA MIGRATION cannot be allowed to be part of any legislation on immigration!”

Sept. 18, 2017: Xi holds a phone call with Trump, in which they discuss Trump’s visit to China and the Korean Peninsula situation.

Sept. 19, 2017: Chinese Vice Premier Wang Yang meets a delegation from the US–China Working Group in Beijing, led by Co–Chairs Congressmen Rick Larsen and Darin Lahood, to discuss bilateral trade and economic relations.

Sept. 20, 2017: On the sidelines of the UN General Assembly in New York, Foreign Minister Wang Yi meets Vice President Mike Pence to discuss solutions to the Korean Peninsula issue.

Sept. 25, 2017: Premier Li Keqiang meets Secretary of Commerce Wilbur Ross in Beijing to discuss bilateral economic and trade relations.

Sept. 25, 2017: In a document submitted for debate at the WTO Services Council, the United States asks China not to implement its new cyber security law.

Sept. 26, 2017: US Treasury sanctions North Korean banks and individuals operating in China, Russia, Libya, and the United Arab Emirates for assisting development of North Korea’s WMDs.

Sept. 26, 2017: Trump thanks Xi for “breaking off all banking relationships with North Korea.”

Sept. 26, 2017: Chairman of the Joint Chiefs of Staff General Joseph Dunford tells the Senate Armed Services Committee during a hearing on his re-appointment that “China probably poses the greatest threat to our nation by about 2025.”

Sept. 28, 2017: Secretary of State Tillerson and Vice Premier Liu Yandong co-chair the first round of the US–China Social and Cultural Dialogue in Washington DC.

Sept. 28, 2017: President Trump’s daughter Ivanka and her husband Jared Kushner attend China’s National Day reception at the Chinese Embassy in Washington DC.

Sept. 28, 2017: Acting Assistant Secretary of State Thornton testifies at a hearing on evaluating sanctions enforcement on North Korea held by the Senate Committee on Banking, Housing and Urban Affairs.

Sept. 30, 2017: In Beijing, Secretary Tillerson meets President Xi, State Councilor Yang Jiechi, and Foreign Minister Wang Yi to discuss US–China relations and Trump’s upcoming visit to China.
Oct. 2, 2017: The USS Ronald Reagan docks in Hong Kong before conducting a joint naval drill with South Korea.

Oct. 2, 2017: Xi sends a condolence message to Trump over the mass shooting in Las Vegas.


Oct. 11, 2017: Assistant Secretary of State for Consular Affairs Carl Risch and Director General of the Department of Consular Affairs of the Foreign Ministry Guo Shaochu co-chair the 11th round of US-China Consular Consultations in Washington D.C.

Oct. 12, 2017: In a phone call, State Councillor Yang Jiechi and Secretary Tillerson discuss Trump’s upcoming visit to China.


Oct. 13, 2017: Office of Foreign Assets Control of the US Treasury designates China-based Wuhan Sanjian Import and Export Co. for supporting Iran’s Shiraz Electronic Industries, a key supporter of Iran’s military.


Oct. 17, 2017: Treasury Department’s Report to Congress on International Economic and Exchange Rate Policies does not name China a currency manipulator, but keeps it on a currency monitoring list.

Oct. 18, 2017: In a speech at CSIS, Secretary Tillerson criticizes China’s activities in the South China Sea, claims China is undermining the rules-based international order, and says that the US plans to counter China’s Belt and Road Initiative.


Oct. 19, 2017: At a conference at the Foundation for Defense of Democracies in Washington, Central Intelligence Agency Director Mike Pompeo says “we think that President Xi will come out of this in a dominant position with incredible capacity to do good around the world.”

Oct. 23, 2017: Chinese Assistant Foreign Minister and Special Representative of the Chinese Government for Korean Peninsula Affairs Kong Xuanyou meets US Special Representative for North Korea Policy Joseph Yun in Beijing to discuss the situation on the Korean Peninsula.

Oct. 25, 2017: President Trump tweets “Spoke to President Xi of China to congratulate him on his extraordinary elevation. Also discussed NoKo & trade, two very important subjects!”

Oct. 25, 2017: President Trump tweets “Melania and I look forward to being with President Xi & Madame Peng Liyuan in China in two weeks for what will hopefully be a historic trip!”

Oct. 27, 2017: Secretary of Commerce Ross announces the affirmative preliminary determination in the countervailing duty investigation of aluminum foil from China.

Oct. 27, 2017: Vice Premier Wang Yang holds a phone call with Secretary Ross to discuss bilateral economic relations.

Oct. 27, 2017: China urges the US not to allow Taiwan President Tsai Ing-wen to travel through US territory enroute to Taiwan’s Pacific allies.
Oct. 28, 2017: Civil Aviation Administration of China (CAAC) and the Federal Aviation Administration (FAA) announce signing of a deal under the China-US Bilateral Aviation Safety Agreement recognizing each other’s regulatory systems with respect to the airworthiness of aviation products.


Oct. 30, 2017: Chinese Ministry of Commerce announces that it has started an anti-dumping investigation into ethanolamine imported from the US, Saudi Arabia, Malaysia, and Thailand.

Oct. 30, 2017: President Xi says China is willing to cooperate with the US to achieve mutual benefits during a meeting with members of the advisory board of Tsinghua University’s School of Economics and Management in Beijing.


Oct. 31, 2017: During a press conference in Beijing, China’s Special Representative on Climate Change Xie Zhenhua says that China hopes the US will rejoin Paris Climate deal.

Nov. 2, 2017: In a phone call, State Councilor Yang and Secretary Tillerson discuss Trump’s upcoming visit to China.

Nov. 2, 2017: US Department of the Treasury’s Financial Crimes Enforcement Network issues a final rule under Section 311 of the USA PATRIOT Act, severing the Bank of Dandong from the US financial system.

Nov. 3, 2017: At a briefing on Trump’s upcoming state visit, Vice Foreign Minister Zheng Zeguang says China hopes the US can “help and not cause problems” in the South China Sea.

Nov. 3, 2017: China’s Drug Control Agency disputes Trump’s claim that most of the fentanyl brought into the US was manufactured in China.

Nov. 7, 2017: Trump tweets “Getting ready to make a major speech to the National Assembly here in South Korea, then will be headed to China where I very much look forward to meeting with President Xi who is just off his great political victory.”

Nov. 8–9, 2017: President Trump visits Beijing, China for a series of bilateral, commercial, and cultural events, including meetings with President Xi.

Nov. 8, 2017: Commerce Secretary Ross and Vice Premier Wang Yang oversee the signing ceremony of 19 US-China trade deals in Beijing totaling $253 billion.

Nov. 8, 2017: President Trump tweets “On behalf of @FLOTUS Melania and I, THANK YOU for an unforgettable afternoon and evening at the Forbidden City in Beijing, President Xi and Madame Peng Liyuan. We are looking forward to rejoining you tomorrow morning!”

Nov. 8, 2017: President Trump tweets “Looking forward to a full day of meetings with President Xi and our delegations tomorrow. THANK YOU for the beautiful welcome China! @FLOTUS Melania and I will never forget it!”

Nov. 8, 2017: President Trump tweets “President Xi, thank you for such an incredible welcome ceremony. It was a truly memorable and impressive display!”


Nov. 9, 2017: President Trump tweets “In the coming months and years ahead I look forward to building an even STRONGER relationship between the United States and China.”

Nov. 9, 2017: President Trump tweets “I don’t blame China, I blame the incompetence of past Admins for allowing China to take advantage of the US on trade leading up to a point where the US is losing $100s of billions. How can you blame China for taking advantage of people that had no clue? I would’ve done same!”
Nov. 9, 2017: President Trump tweets “My meetings with President Xi Jinping were very productive on both trade and the subject of North Korea. He is a highly respected and powerful representative of his people. It was great being with him and Madame Peng Liyuan!”

Nov. 9, 2017: President Trump tweets “I am leaving China for #APEC2017 in Vietnam. @FLOTUS Melania is staying behind to see the zoo, and of course, the Great WALL of China before going to Alaska to greet our AMAZING troops.”

Nov. 11, 2017: President Trump tweets “President Xi of China has stated that he is upping the sanctions against #NoKo. Said he wants them to denuclearize. Progress is being made.”

Nov. 11, 2017: President Trump tweets “Met with President Putin of Russia who was at #APEC meetings. Good discussions on Syria. Hope for his help to solve, along with China the dangerous North Korea crisis. Progress being made.”

Nov. 12, 2017: President Trump says “if I can help mediate or arbitrate [South China Sea disputes], please let me know” at a meeting in Hanoi with Vietnam’s president Tran Dai Quang.

Nov. 13, 2017: President Trump tweets “After my tour of Asia, all Countries dealing with us on TRADE know that the rules have changed. The United States has to be treated fairly and in a reciprocal fashion. The massive TRADE deficits must go down quickly!”


Nov. 15, 2017: US–China Economic and Security Review Commission of the US Congress issues its annual report. Recommendations include a call to strengthen the Foreign Agents Registration Act to tighten rules on Chinese state-run media outlets in the US.

Nov. 15, 2017: President Trump tweets “The failing @nytimes hates the fact that I have developed a great relationship with World leaders like Xi Jinping, President of China…"

Nov. 15, 2017: President Trump tweets “…They should realize that these relationships are a good thing, not a bad thing. The U.S. is being respected again. Watch Trade!”

Nov. 16, 2017: President Trump tweets “To the three UCLA basketball players I say: You're welcome, go out and give a big Thank You to President Xi Jinping of China who made your release possible…”

Nov. 16, 2017: President Trump tweets “China is sending an Envoy and Delegation to North Korea - A big move, we'll see what happens!”

Nov. 19, 2017: President Trump tweets “Now that the three basketball players are out of China and saved from years in jail, LaVar Ball, the father of LiAngelo, is unaccepting of what I did for his son and that shoplifting is no big deal. I should have left them in jail!”

Nov. 19, 2017: President Trump tweets “Shoplifting is a very big deal in China, as it should be (5-10 years in jail), but not to father LaVar. Should have gotten his son out during my next trip to China instead. China told them why they were released. Very ungrateful!”

Nov. 21, 2017: US Treasury sanctions three Chinese companies and a Chinese individual for engaging in trade with Pyongyang.

Nov. 21, 2017: US submits a Statement of Opposition to the WTO to oppose granting China market economy status, in support of the European Union in a dispute with China.

Nov. 27, 2017: US Department of Justice charges three hackers who work at China–based internet security firm for hacking corporations operating in the US for commercial advantage.

Nov. 28, 2017: Secretary of Commerce Ross announces self-initiation of antidumping duty and countervailing duty investigations of imports of common alloy aluminum sheet from China.
Nov. 29, 2017: Trump holds a phone call with Xi after North Korea conducts another ICBM test. Trump reportedly asks Xi to halt oil supply to North Korea.

Nov. 29, 2017: President Trump tweets “Just spoke to President XI JINPING of China concerning the provocative actions of North Korea. Additional major sanctions will be imposed on North Korea today. This situation will be handled!”


Nov. 30, 2017: President Trump tweets “The Chinese Envoy, who just returned from North Korea, seems to have had no impact on Little Rocket Man. Hard to believe his people, and the military, put up with living in such horrible conditions. Russia and China condemned the launch.”

Dec. 2, 2017: US Trade Representative submits a legal document to the WTO to defend its right to oppose granting China a market economy status.


Dec. 6, 2017: At the Fortune Global Forum in Guangzhou, US Ambassador to China Terry Branstad says that getting the US–China Investment Treaty approved would be “very difficult.”


Dec. 11, 2017: China launches a complaint at the WTO against the US and EU after they fail to treat China as a market economy and ease calculations of anti-dumping duties on Chinese goods.


Dec. 18, 2017: White House issues National Security Strategy, which refers to China as a strategic competitor and rival of the US.


Dec. 20, 2017: Trump signs executive order to devise “a strategy to reduce the Nation’s reliance on critical minerals” that are largely imported from China.


Dec. 28, 2018: President Trump tweets: “Caught RED HANDED - very disappointed that China is allowing oil to go into North Korea. There will never be a friendly solution to the North Korea problem if this continues to happen!”

Chronology by CSIS Research Intern Kaya Kuo
North Korea’s sixth nuclear test on Sept. 3 and its Nov. 29 ICBM test launch were unfortunate bookends to increased tension between North Korea and the US in the closing months of 2017. The missile test, which Kim Jong Un hailed as “completing the state nuclear force,” potentially placed the entire US within range, leading Chairman of the Joint Chiefs of Staff Gen. Joseph Dunford to warn of the likelihood of conflict. Two new UN Security Council resolutions tightened economic sanctions against North Korea. There seemed little prospect for a resumption of negotiations, despite senior US officials urging diplomacy and a visit to Pyongyang by UN Under Secretary General for Policy Jeffrey Feltman. President Trump’s September UN address and subsequent tweets challenged the DPRK leader personally and directly, renewing a war of words. Trump’s November visit to the ROK struck a more restrained tone and saw a positive ROK response. The US conducted several military exercises with its allies. Meanwhile, Seoul–Washington fissures grew over Trump’s criticism of the KORUS free trade agreement and President Moon’s eagerness to engage the DPRK – a drift that may grow after Kim Jong Un’s New Year’s call for talks and possible DPRK participation in the Pyeongchang Winter Olympics.
Sixth nuclear test and third ICBM launch

September began with North Korea’s sixth nuclear test. With a yield estimated by some to be 250 kilotons, or 17 times the size of the bomb dropped on Hiroshima, the test revealed rapid advancement in the DPRK nuclear program and employment of a two-stage, fission–fusion device. Tremors from the explosion were felt 60 km inside China, and several aftershocks were detected by the US Geological Survey, suggesting the possibility of longer-term geological and environmental impact.

The test met international condemnation, with the US and ROK announcing a new round of joint military exercises to strengthen deterrence. Both countries also announced new unilateral sanctions against entities engaged in illicit transfers to North Korea. The UN Security Council passed resolution 2375 on Sept. 11, stepping up sanctions. Measures against fuel imports and North Korean labor abroad were tightened further in the Dec. 22 UNSC Resolution 2397, stemming imports of refined petroleum and crude oil and the repatriation of DPRK laborers abroad within 24 months.

This second round of enhanced sanctions came after the Nov. 29 launch of North Korea’s third Intercontinental Ballistic Missile (ICBM) of the year. The Hwasong-15 capabilities appeared to go far beyond those of the Hwasong-14, which was tested in July. The Hwasong-15’s engine was twice as powerful, lifting the device more than 4,000 km and flying for over 50 minutes. The missile appeared to break into three parts before landing in Japanese exclusive economic zone waters, suggesting a problem with DPRK reentry technology.

North Korean leader Kim Jong Un heralded the launch as “completing the state nuclear force,” a capstone that some analysts suggest might signal renewed North Korean interest in “arms control” negotiations with the US. The DPRK may perceive itself as having achieved its stated goal of “strategic equilibrium.” An ROK National Unification Ministry New Year projection released in late December suggested that the DPRK would engage the US in negotiations in 2018.

Meanwhile, Washington displayed either policy confusion or strategic ambiguity. Secretary of State Rex Tillerson and Special Representative for North Korea Policy Joseph Yun urged talks. Tillerson promised to push for negotiations “until the first bombs fall,” and later suggested the US was prepared for talks without preconditions. President Trump tweeted that “only one thing works!” with North Korea, citing the failure of past US administrations’ negotiations with the DPRK. Subsequently, Tillerson added that North Korea would have to stop its tests to demonstrate serious intent before coming to the table. Senior US military leaders, including Defense Secretary James Mattis and Chairman of the Joint Chiefs of Staff Gen. Dunford, emphasized readiness, but also urged diplomacy.

The UN sought to provide support to avoid conflict by offering the good offices of the secretary general, who cautioned against “sleepwalking into conflict” and called for statesmanship at the September opening of the UN General Assembly. In early December, Under Secretary General for Political Affairs Jeffrey Feltman visited Pyongyang to underscore the need for de-escalation and urge resumption of talks.

At the opening of the UN General Assembly, President Trump delivered an address condemning “rocket man” Kim Jong Un for “suicidal” behavior and warning that if the US and its allies were threatened by a use of nuclear weapons, the US would “totally destroy” the DPRK regime. Trump’s message, which raised eyebrows among many UN diplomats, met DPRK vitriol. US Ambassador to the UN Nikki Haley continued the hardline approach by condemning Pyongyang actions and urging sanctions compliance, which also drew a strong rebuke from Pyongyang.
Wars of words to stately state visit

President Trump exchanged barbs with DPRK leader Kim and offered criticism of others. He called Kim “Little Rocket Man,” complained about Chinese acquiescence and ROK President Moon Jae-in’s interest in “appeasement.” Mutual disdain between Trump and Kim is obvious, most personally directed in an exchange where Kim refers to Trump as “old” and a “dotard” and Trump calls Kim “short and fat.”

As worrying as the heated rhetoric was, Trump’s undercutting of Moon may have greater long-term impact. Trump’s dismissiveness of Seoul as appeasement-minded and the KORUS Free Trade Agreement (FTA) as a failure led many South Koreans to question Trump’s commitment to the alliance. Some also worried that the increased lethality and range associated with the rapid DPRK nuclear and missile developments might mean less US resolve, as Washington would choose Seattle over Seoul.

To the relief of many in South Korea, President Trump’s November trip to Korea appeared to have a moderating influence on him. Trump tweeted that Moon was a “fine gentleman” and that the US and ROK would find solutions as he departed Tokyo for Seoul. The National Assembly address in Seoul, carefully crafted by Trump advisors, was reassuring to most and hailed ROK political and economic advancements. By refraining from further criticism of the KORUS FTA while delivering sharp criticism of North Korea in the address, Trump was seen as more serious and able to work with Seoul. Trump had also been conciliatory the day prior following a meeting with Moon. Though he failed in his attempted surprise helicopter visit to the DMZ due to poor weather conditions, Trump’s visit to Camp Humphreys, where South Korean burden-sharing was on full display, also reassured many South Koreans. Nevertheless, by the end of December, fissures again widened.

Military response and drama in DMZ

There was an increase in military activity by the Combined Forces Command in response to North Korea’s nuclear and missile advances. The US and ROK conducted a steady stream of exercises to demonstrate strength and readiness including joint air and naval exercises. For the first time since 2011, three US aircraft carriers assembled in the Western Pacific and engaged in three days of maneuvers off the Korean coast. In recognition of the recent improvements in DPRK ballistic missile capabilities, a trilateral exercise in the waters between Korea and Japan involving four Aegis combat system-equipped ships from the US, ROK, and Japan collaborated to jointly track a computer-simulated missile launch and share information. In the largest exercise event, 230 aircraft, including F-22 fighters and B-1B bombers, participated in joint maneuvers. There were also several separate B-1B bomber flyovers to hammer home a message to North Korea, which condemned the activity as an act of war, describing the exercises as simulated bombings. China and Russia joined in criticism of the increased military activity, condemning US and South Korean efforts as needlessly exacerbating tensions.

Tensions along the DMZ were underscored by the high-profile dash of a North Korean soldier by jeep and on foot across the border. Shot in the process, he was rescued by US and ROK forces and transported in critical condition for emergency medical care; he was later moved to a military hospital. He has recovered and received positive attention from South Korean media. A UN Command video revealed the high drama of his escape. The ROK delivered a strong warning to the DPRK on violations of the Armistice Agreement that occurred during his escape. In December, another North Korean soldier escaped across the DMZ. Trump noted the desertions in a tweet.

State sponsor of terrorism

The Trump administration re-designated North Korea as a state sponsor of terrorism in late November. Rationale for the designation, which was lifted during the George W. Bush administration in 2008, was based on the DPRK’s recent cyber attacks, the prospects of proliferation of materials related to weapons of mass destruction, and the assassination earlier in the year of Kim Jong Nam, the DPRK’s leader’s half-brother, by VX chemical attack. The call for the re-designation gained traction following the death of US student Otto Warmbier, though human rights violations are not a basis for imposition of the designation, which states that a country must have “repeatedly provided support for acts of international terrorism.”
Trump heralded the move as something that “should have happened years ago,” calling the Pyongyang government a “murderous regime.” He also noted Warmbier’s passing, which struck a strong personal note with the president and public. Secretary of State Tillerson suggested the move sent a strong message to third parties that might otherwise interact with the DPRK regime. The re-designation was not without detractors though, as some analysts pointed to the difficulty it would create for efforts to bring North Korea to dialogue.

Wedges and drift

North Korea appears to be keenly aware of the growing split between a progressive-minded administration in Seoul and the more hardline inclination of the Trump administration. Despite the general goodwill during his November visit to South Korea, some South Koreans complained of Trump’s proclivity to engage Japanese Prime Minister Abe Shinzo or Chinese President Xi Jinping before Moon, the so-called “Korea Passing” (or passing over Korea for Japan or China counsel on North Korea) that has entered the South Korean vernacular.

Although South Koreans understand that Japan feels especially vulnerable to DPRK missile attack – all the recent missile tests have flown over Japanese airspace and several have landed in Japan’s exclusive economic zone waters – the Trump-Abe alignment, shoulder-to-shoulder and hardline in its stance, irritates some in South Korea. Trump’s urging “samurai” Japan to shoot down DPRK missiles led to quiet consternation just prior to Trump’s arrival. Trump’s lean toward Abe may prove more of an irritant over time. As the Moon administration has decided to revisit the 2015 “comfort women” agreement, Korea-Japan relations appear less steady even though North Korea’s increased threat augurs for tighter cooperation.

Although he quelled South Korean concerns during his visit, Trump appeared less in sync after leaving Seoul, heaping praise on Xi in China, which had beat up on South Korea’s economy, and standing alone against free trade in Southeast Asia. Trump’s heated rhetoric by tweet toward North Korea’s Kim also left some South Koreans uncomfortable, given its perceived crudeness. South Koreans may have become numb to the rhetoric of the DPRK regime, but seeing it from a US president is still disconcerting.

Over time, fissures in US-ROK relations may grow, despite mutual proclamations that they are “ironclad” or “watertight.” China and Russia have encouraged a de-escalation of tensions on the Korean Peninsula and called for negotiations. With Beijing and Seoul agreeing to revisit and repair relations late autumn, President Moon may find Xi Jinping’s more moderate tone and emphasis on negotiation especially appealing. Russia too has been positioning itself for a greater role, offering to moderate US-DPRK talks, with Secretary Tillerson and Foreign Minister Sergey Lavrov in seeming agreement in their interest to push diplomacy.

As the Moon administration has settled in, it now appears to be pursuing a more independent course, a reality that Kim Jong Un appears to recognize. In his New Year address, the North Korean leader warned Washington and the West of its nuclear capability, while adding that it is a responsible actor and would only launch a nuclear device if threatened. To South Korea, the appeal of renewed inter-Korean relations and participation at the Pyeongchang Winter Olympics is a tempting proposition. The Moon administration had been seeking a response to its overtures since summer, and the opening of a military hotline and talks scheduled for Jan. 9 could lead to DPRK participation in the ROK’s “peace games.”

The uptick in communications at the New Year received a cool reaction from the White House, a sign of its distance from the Blue House on engagement. Senior US officials papered over any perceived split. President Trump weighed in to support the Olympic Games and to take credit for any talks, attributing it to his firm North Korea policy. Earlier, Ambassador Nikki Haley at
the UN and the White House spokesperson raised questions about US participation at Pyeongchang, which elicited concern in South Korea and struck some analysts as not befitting support for a critical ally.

The agreement by Trump and Moon to halt all major joint US-ROK exercises until after the Olympics in February and Paralympics in March shows resilience in the alliance and demonstrates the need for flexibility as Korea and the US revisit and upgrade the bilateral relationship. Affording South Korea space to work to improve inter-Korean relations may prove a challenge for some in the US administration, but tact and an ability to work with Seoul are critical to avoiding drift.
CHRONOLOGY OF US-KOREA RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 1, 2017: President Donald Trump speaks with ROK President Moon Jae-in by phone.

Sept. 2, 2017: US and ROK agree to revise a missile treaty that will allow the ROK to develop missiles with longer ranges.

Sept. 3, 2017: DPRK conducts its sixth nuclear test, which is of exponentially higher yield than the September 2016 test.


Sept. 5, 2017: North Korea warns of “gift packages” for the US.

Sept. 6, 2017: Trump suggests military force against the DPRK is not his “first choice,” although the US is “not putting up” with DPRK actions.

Sept. 8, 2017: Trump says he won’t rule out military action against the DPRK. North Korea dismisses US Ambassador to the UN Nikki Haley’s “hysteric fit.”

Sept. 10, 2017: DPRK leader Kim Jong Un praises nuclear scientists with celebration. DPRK warns that the US will pay a price for spearheading sanctions resolution in the UN.

Sept. 11, 2017: North Korea warns US of “greatest pain” in the event of new sanctions. UN Security Council passes UNSCR 2375, tightening existing sanctions.

Sept. 13, 2017: DPRK vows to accelerate nuclear program.

Sept. 14, 2017: DPRK threatens to “sink” Japan and reduce US to “ashes and darkness.” DPRK fires missile over Japan, the second in one month.


Sept. 16, 2017: DPRK states it is seeking military “equilibrium” with US.

Sept. 17, 2017: Secretary of State Rex Tillerson vows “peaceful pressure campaign” and suggests that “if our diplomatic efforts fail through, our military option will be the only one left.” US Ambassador Haley states that the UN has exhausted options on the DPRK.

Sept. 18, 2017: Two B-1B bombers and four F-35 fighters join ROK and Japanese jets in air maneuvers. Defense Secretary Mattis hints at military options against the DPRK.

Sept. 19, 2017: UN Secretary General Guterres appeals for statesmanship to avoid war in Korea. Trump warns UN General Assembly that US may have to “totally destroy” the DPRK if threatened, and that “Rocket Man” Kim Jong Un is on a “suicide mission.”

Sept. 20, 2017: DPRK Foreign Minister Ri Yong Ho dismisses Trump’s UN address as the “sound of a dog barking.”


Sept. 23, 2017: DPRK envoy warns attack on US is becoming “inevitable.”


Sept. 25, 2017: North Korea says US “declared war” and threatens to shoot down US bombers.

Sept. 26, 2017: Trump states US is prepared to use “devastating” force on DPRK.

Sept. 30, 2017: Secretary Tillerson visits Beijing to press China on DPRK sanctions. He says US is “probing” to see if DPRK interested in dialogue. Trump tweets that North Korea talks are a “waste of time.”

Oct. 4, 2017: DPRK’s Rodong Sinmun reports Trump’s “intention is to completely destroy the DPRK and exterminate the whole Korean nation.”

Oct. 4, 2017: ROK and US announce agreement to amend the KORUS FTA.

Oct. 7, 2017: Trump tweets criticism of past US approaches and that “only one thing will work!” in dealing with North Korea.


Oct. 11, 2017: US flies bombers over Korea as Trump discusses options with military leaders.


Oct. 17, 2017: US Pacific Command’s Adm. Harry Harris warns that the DPRK situation is a “recipe for disaster,” urging China to do more.


Oct. 19, 2017: North Korea warns that US threats are a “big miscalculation.” CIA Director Mike Pompeo says DPRK “months away” from ability to strike the US.

Oct. 20, 2017: DPRK cautions international community and says “you’re safe” if you don’t join the US in its efforts against the DPRK. North Korean diplomat says nuclear weapons are a “matter of life and death” for the DPRK.


Oct. 27, 2017: Secretary Mattis warns that Kim Jong Un is threatening “catastrophe.”

Oct. 31, 2017: President Moon says the ROK cannot recognize the DPRK as a nuclear state.

Nov. 3, 2017: DPRK calls for halt to “brutal” sanctions.

Nov. 5, 2017: Trump suggests “samurai” Japan should shoot DPRK missiles “out of the sky.” ROK imposes sanctions on 18 North Koreans.

Nov. 6, 2017: On departure for Seoul, Trump tweets that President Moon is “a fine gentleman” and that “we will figure it all out!”

Nov. 7, 2017: Following talks with Moon, Trump pledges cooperation and suggests “we cannot allow North Korea to threaten all that we have built.”

Nov. 8, 2017: Trump addresses ROK National Assembly.

Nov. 11, 2017: DPRK says Trump begged for war during his Asia trip. Trump tweets “why would Kim Jong Un insult me by calling me “old,” when I would never call him “short and fat?”

Nov. 11–14, 2017: US conducts military exercises in the Sea of Japan (East Sea) involving three US carrier strike groups.

Nov. 14, 2017: DPRK soldier is shot while attempting to cross the military demarcation line in the Joint Security Area in Panmunjom.

Nov. 17, 2017: US Special Representative for North Korea Policy Joseph Yun says there has been “no signal” from DPRK for negotiations. DPRK UN Geneva Ambassador Han Tae Song rules out negotiations with the US as long as US–ROK military exercises continue.

Nov. 20, 2017: US re-designates the DPRK as a state sponsor of terrorism.

Nov. 21, 2017: US Treasury imposes sanctions on 13 PRC and DPRK organizations accused of helping Pyongyang evade nuclear restrictions and supporting trade in commodities.
Nov. 29, 2017: DPRK tests Hwasong-15 ICBM. ROK stages “precision strike” drill within minutes of the DPRK launch. Trump tells reporters “we will take care of that situation.” Ambassador Haley warns that in the event of war, the DPRK regime will be “utterly destroyed.” Kim Jong Un declares the DPRK has “finally realized the great historic cause of completing the state nuclear force.”

Nov. 30, 2017: Trump tweets that North Korean leader Kim, whom he refers to as Little Rocket Man, is a “sick puppy.”


Dec. 5–8, 2017: UN Under Secretary General for Political Affairs Jeffrey Feltman visits North Korea in highest-level UN effort to encourage negotiation since 2011.

Dec. 6, 2017: Ambassador Haley suggests US participation in Pyeongchang Winter Olympics is an “open question.”


Dec. 8, 2017: DPRK labels joint ROK-US drills as “confrontational warmongering” and poses the question “when will war break out?”

Dec. 11, 2017: ROK announces sanctions against 20 DPRK groups and 12 individuals. Seoul asks US to delay spring military exercises until after Pyeongchang Olympics.

Dec. 11–12, 2017: US, ROK, and Japan conduct computer-simulated training to track DPRK missile launches.

Dec. 12, 2017: Secretary Tillerson says US is ready for negotiations with the DPRK without preconditions.

Dec. 13, 2017: White House says time is not right for talks with the DPRK.

Dec. 14, 2017: UN Secretary General Guterres warns against “sleepwalking” into conflict with the DPRK A group of 58 retired US military leaders urge Trump to take a diplomatic approach with North Korea over military action.

Dec. 15, 2017: Secretary Mattis says DPRK ICBM is not yet a “capable threat” against the US. UN Secretary General Guterres urges communication with the DPRK to avoid escalation.

Dec. 16, 2017: Secretary Tillerson says DPRK must halt missile and nuclear tests prior to any resumption of dialogue.

Dec. 19, 2017: US states DPRK is responsible for WannaCry cyber attack. ROK President Moon proposes curtailing military exercises to ease pressure around the Olympic Games.

Dec. 20, 2017: A DPRK soldier escapes across the DMZ.

Dec. 22, 2017: UN Security Council unanimously passes UNSCR 2397 imposing more sanctions on the DPRK.

Dec. 24, 2017: DPRK condemns the new UNSC sanctions resolution as an act of war.

Dec. 26, 2017: ROK Unification Ministry predicts DPRK will look to open talks with the US in 2018 in optimistic New Year forecast.

Dec. 27, 2017: US Treasury announces sanctions against two DPRK officials behind ballistic missile program. China is reported to have broken sanctions on the sale of petroleum products to the DPRK with ship transfers.

Dec. 28, 2017: Trump tweets that China was “caught RED HANDED” allowing oil into the DPRK and preventing “a friendly solution” to the conflict with the DPRK. China blocks US effort to blacklist six foreign-flagged ships believed involved in illicit trade. ROK claims ship seizure over illicit petroleum trade with the DPRK.

Dec. 30, 2017: Reuters reports that Russian tankers have illicitly supplied fuel to the DPRK via transfers at sea.

Dec. 31, 2017: ROK reports the seizure of a second ship suspected of oil transfers.
Concerned about what Southeast Asian leaders see as US neo-isolationism under President Donald Trump, the heads of government from Vietnam, Malaysia, Thailand, and Singapore all visited Washington in the last four months of 2017. Trump’s trip to Asia in November led to additional talks with Vietnam’s leaders and Philippine President Rodrigo Duterte. These activities could be termed “shopping diplomacy” in that each leader has sought to curry favor with the United States and all announced plans to purchase more US goods and invest in US companies to help Washington reduce its balance of payments deficit. They also emphasized that their economic infusions in the US would generate thousands of new US jobs. Politically, their combined message was that the US should not leave Southeast Asia to China’s tender mercies but that Washington should remain a major actor in the region’s security, economic activities, and political organizations.
“America first”

From the end of World War II to the beginning of Donald Trump’s presidency in 2017, regardless of the party in power, the US in large part created and led a “rules-based” international order. Over the past year, that system has been deconstructed by Washington with little idea of what might replace it, which states and international organizations will dominate, and how long any new system will take to emerge. US global leadership is condemned as the main cause of the country’s diminished weight in the world. President Trump has rejected past synergies between US vital interests and the responsibilities of global leadership.

Rather than seeing international relations as a cooperative enterprise, particularly in the realm of economics, Trump sees it as a zero-sum game with clear winners and losers. Deficits are bad, surpluses are good. This absolutist perspective flies in the face of production networks involving many countries and industries. Trump’s mercantilist view of trade ignores mutual benefits. Indicative of this mindset is the Trump administration’s targeting of the World Trade Organization (WTO) by blocking the appointment of judges and his failure to nominate a permanent US representative to that body. Meanwhile, the US president has ordered a comprehensive review of US trade relations, country-by-country and product-by-product.

As Robert Zoellick, President George W. Bush’s deputy secretary of state, has argued: “President Trump has created a populist foreign policy that denies mutual interests in a world of expanding capitalism, governed by adaptive rules and practices, and nurtured by America’s competitive markets.” The US president also disdains the security institutions and arrangements created by his predecessors because they required US financial expenditures and supposedly yielded few benefits. Instead, in his November trip to Asia, he enunciated a succession of US demands but promised no leadership. In Da Nang, Vietnam, at the Asia Pacific Economic Cooperation (APEC) Economic Leaders Meeting Trump denounced its utility and the unfair treatment meted out by all international trade organizations to the US. Nor did Trump in his many Asian stops call for cooperation among alliances and strategic partners.

Ironically, while excoriating APEC and the WTO, the US president introduced a new regional concept – “the Indo-Pacific” – designed to replace his predecessor’s rebalance to Asia. Yet, Trump seems to deny the components of open regionalism: that it must be inclusive and incorporate regional organizations such as APEC, the East Asia Summit (EAS), and the ASEAN Regional Forum (ARF), all of which require collaboration between the US and other members. If, as Trump insisted on his Asia trip, the US will henceforth seek only bilateral trade deals and will no longer tolerate “chronic trade abuses” and massive trade deficits, then open regionalism is not on the agenda, nor is trade and investment liberalization. Indeed, the president plans to change the terms of existing trade agreements, weaken dispute settlement mechanisms in regional and global arrangements, and heighten reliance on domestic US trade laws, which provide the executive branch with the power to restrict imports.

Abandoning the Trans-Pacific Partnership (TPP)

The US was a prime mover behind the TPP, an agreement among 12 developed and developing countries, the greatest benefit of which would be relatively open access to the US and Japanese markets. The US particularly sought high standards in intellectual property rights, services, the environment, and labor rights. However, one of President Trump’s first official acts was to withdraw from the TPP. Nevertheless, the remaining 11 states have agreed to proceed without Washington, rewriting the original agreement and adjusting the terms of trade. Japan and Australia initiated the follow-on Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to facilitate US entry at some point in the future.

Collectively, the remaining 11 countries account for about 15 percent of global trade. Under the CPTPP trade arrangement currently being negotiated, members would have tariff-free trade with one another, and each country’s businesses would have better access to members’ markets than would their US counterparts. Even without the US, this arrangement would be the largest regional trade agreement in history, while opening more markets to free trade in agricultural products and digital services among its
members. Although the original TPP also paved the way for trade union autonomy and guaranteed labor rights, working conditions are again being debated in the new draft document. The 11 countries working toward this new agreement are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The Philippines and Indonesia have expressed interest, depending on the CPTPP’s final version.

President Trump’s call for individual bilateral trade deals during his Asian visits received no takers. On Nov. 14, Steven Okun, chair of the Singapore American Chamber of Commerce said, “Regional trade deals such as the TPP are the most effective way to facilitate exports to multiple markets by establishing uniform rules of the game and therefore to increase jobs back home.” Indeed, Trump’s emphasis on bilateral trade deals goes against the raison d’etre of APEC, ASEAN, and its key forums, such as the East Asia Summit. These entities were established because Southeast Asian countries wanted to deal multilaterally with important economic and security issues in the region.

While the CPTPP retains commitments to liberalize trade in textiles, sanitary measures, state-owned enterprises, and dispute settlement mechanisms, there are significant differences from the original TPP, most of them related to US demands on intellectual property protection. Twenty TPP provisions sought by the US have been suspended with the understanding that they could be reinstated at some future date. Malaysia and Vietnam are seeking delays in implementing provisions on competition rules for state-owned enterprises and the creation of autonomous trade unions, respectively.

Finally, under President Trump there appears to be no US strategy toward ASEAN, seen by most Asian actors as the key regional politico-economic association. Nor is there any evidence that Washington will exert leadership toward economic integration. In fact, the term “leadership” was notably absent from Trump’s remarks during his trip to Asia. This means that the only other large-scale multilateral trade pacts in play are the Regional Comprehensive Economic Partnership (RCEP), comprising the 10 ASEAN states plus Australia, China, India, Japan, New Zealand, and South Korea; the Japan–European Union Economic Partnership; and the still-pending CPTTP. None of these include the US.

**Southeast Asia and US security**

The one domain in which the US remains engaged in Southeast Asia is defense cooperation. Yet, even here, US actions are unilateral or bilateral, not multilateral with a couple of exceptions such as the annual Cobra Gold military exercise and the biannual Rim of the Pacific (RIMPAC) naval exercise. Prior to his November visit to the region, President Trump received the prime ministers of Vietnam, Malaysia, Thailand, and Singapore in Washington. He met President Duterte in Manila at the ASEAN gathering at the end of his Asia trip. ASEAN defense budgets are growing. In the 2017–2018 fiscal year, Singapore is the highest defense spender with a $10 billion budget, followed by Indonesia ($8.3 billion), Thailand ($6 billion), Vietnam ($3.6 billion), the Philippines ($2.76 billion), and Myanmar ($2.14 billion). In contrast, China’s projected defense budget for the same period is $147 billion.

External allies and partners play a key role in assisting ASEAN states develop their security capabilities. After the US, Japan is the next most important source of military aid. For Indonesia, Japan is providing patrol boats and radar facilities to protect fisheries in the Natuna Sea. In early October, Tokyo established a “Mobile Cooperation Team” to assist various Southeast Asian countries in improving their coast guard capabilities. Implementation occurred in early November when Tokyo announced the donation of five turboprop
trainer aircraft to the Philippines for maritime border patrols. South Korea and India are also providing military equipment to ASEAN members. In late November, Hong Kong’s Asia Times announced that Seoul was selling three attack submarines to Indonesia, while the Hanoi Dai Viet, Vietnam’s military publication, on Sept. 21 revealed that New Delhi is building 12 patrol craft for Vietnam funded by an Indian credit line worth $100 million.

During the past several months, the US conducted several bilateral Cooperation Afloat Readiness and Training (CARAT) and Southeast Asia Cooperation Against Terrorism (SEACAT) exercises with Southeast Asian partners. These are training maneuvers based on a pre-agreed list of activities and designed to work with smaller littoral Southeast Asian navies. Most recently, these exercises incorporate US littoral combat ships deployed from Singapore.

In September, the Pentagon announced that the US Navy planned to conduct two or three freedom of navigation (FON) patrols per month in the South China Sea. In its November Foreign Policy White Paper, Canberra stated that the Australian Navy will conduct its own FON and over-flight rights patrols in the region and may even conduct “cooperative activities with other countries consistent with international law.”

ASEAN in US foreign policy

ASEAN commemorated its 50th anniversary in 2017, with the Philippines serving as the chair. Singapore was designated to be chair for 2018 at the November ASEAN Summit in Manila. US Secretary of Defense James Mattis spoke at the October meeting of the ASEAN Defense Ministers Meeting Plus (ADMM+), pledging “...increased operational cooperation on maritime security challenges” and “continued cooperation in maritime domain awareness and information-sharing to address common threats to regional security.”

Attending the ASEAN–related meetings in November, President Trump reassured ASEAN members that the United States “remains committed to ASEAN’s central role as a regional forum for total cooperation.” While Trump’s interaction with the ASEAN states during the visit to Manila was relatively uneventful, at least some credibility was sacrificed when Trump, at the last minute, decided to skip the EAS Plenary when he learned the meeting would be delayed for a few hours. This, after he had initially signaled he would not attend, then, while on the way to Manila said he would.

Singapore’s Prime Minister Lee, focusing on the terrorist threat to Southeast Asia now that ISIS was marginalized in the Arab world, said that he hoped the US would continue to support Southeast Asian counterterrorism efforts, particularly in the Philippines, Indonesia, and Malaysia. Earlier, Singapore’s Defense Ministry issued a statement saying that there was a “need for ASEAN to respond collectively given that terrorism is a problem no country can manage singlehandedly.” The statement went on to highlight the importance of new combined air and maritime patrols of terrorist-plagued waters off the Sulu Archipelago in Mindanao, Philippines, and Sabah, Malaysia initiated by Indonesia, Malaysia, and the Philippines. The patrols began in 2017, emulating the Malacca Straits Sea Patrols (MSSP), which were established by Malaysia, Singapore, and Indonesia in 2004 to counter maritime piracy and terrorism. Thailand joined the initiative in 2008. Like the MSSP, the Sulu/Celebes Sea patrols permit military personnel of the contracting parties to enter each other’s waters when chasing intruders with the permission of the countries whose sea spaces are being entered.

The central theme in all US engagements with Southeast Asian states in the final months of 2017 was an aggressive campaign for implementing UN Security Council sanctions against North Korea. The topic was raised in each of the meetings between Trump and Southeast Asian leaders he met in Washington and in his visits to Vietnam and the Philippines. In mid–December, Deputy Assistant Secretary of State Patrick Murphy visited Cambodia and Joseph Yun, the US special representative for North Korea policy, visited Thailand in an effort to garner support for sanctions that call for stopping all trade with North Korea, repatriating North Korean workers, and reducing the size of North Korea’s diplomatic presence in the countries. Yun made similar visits to Singapore and Myanmar in July.
Country analyses: Philippines

President Duterte clashed with President Obama over the human rights violations that have been a central feature of the Philippine president’s anti-drug campaign. Some 8,000 extrajudicial killings of alleged drug traffickers have occurred since Duterte took office in 2016. Yet, bilateral relations have improved under Trump, who has ignored Duterte’s egregious human rights practices, while praising his anti-drug policy. Beyond the shift in the US attitude toward Duterte’s drug eradication efforts, better bilateral relations can also be attributed to Manila’s willingness to comply with a US request to suspend trade with North Korea and its acceptance of US military assistance in counterterrorism operations in Marawi, Mindanao.

During the Obama years, US Special Forces were training Philippine military personnel in counterinsurgency in Mindanao and providing intelligence through drone surveillance and electronic monitoring of insurgent communications. In 2016, Duterte demanded US forces leave Mindanao following an anti-Obama tirade over accused human rights violations. He reversed himself in October 2017 after radical Islamists occupied Marawi, proclaiming that he was now “friendly” with the United States and reauthorized joint military exercises, including joint counterterrorism training. Duterte said his anti-Obama rages were “water under the bridge” and thanked the US for helping in the fight against Islamic militants in Marawi.

Philippine Armed Forces Chief of Staff Gen. Edurado Ono visited Adm. Harry Harris, commander of the US Pacific Command, in early October; the two agreed to an increase in joint exercises for 2018. US Ambassador to the Philippines Sung Kim averred in late October, after the siege of Marawi had been defeated, that US military assistance made a “huge difference” in the Philippine victory, particularly the intelligence support and deployment of US drones and P-3 Orion aircraft. Australia also provided assistance to counter the Marawi siege.

Human rights organizations in both countries urged Trump to raise concerns over the extrajudicial killings during his meetings with the Philippine president. Instead, Trump hailed his “great relationship” with Duterte. Before the visit, Duterte warned that the US has no standing to preach about human rights given its historical record in sabotaging governments such as Salvador Allende’s in Chile, Saddam Hussein in Iraq, and Muammar Qaddafi in Libya. Once it was clear that Trump had no intent to criticize Duterte’s drug war, these complaints disappeared and the bilateral relationship was restored.

During his November visit, Trump met Duterte and they reaffirmed their commitment to the Mutual Defense Treaty. During the last year of the Obama presidency, Duterte had threatened to scrap the Enhanced Defense Cooperation Agreement (EDCA), which allowed the US to rotate forces through the Philippines and preposition equipment on Philippine bases. Now, the Philippine president has recommitted to implementing the EDCA.

Ethnic cleansing in Burma (Myanmar)

Unlike the Philippines, Washington has less at stake in Myanmar, no US troops or bases, and limited business involvement. As a result, Myanmar’s ethnic troubles can register as an US
human rights concern even under President Trump. During Obama’s two terms, the US worked with Aung San Suu Kyi and her National League for Democracy (NLD) to nurture free elections and the creation of democratic institutions, though it was clear to all that Myanmar’s military, the Tatmadaw, would maintain ultimate political power.

Myanmar is a patchwork of 135 officially recognized ethnicities dominated by the Bamar from the nation’s heartland who make up almost 70 percent of the population and most of the ruling elite. While Aung San Suu Kyi placed resolving the ethnic struggles at the top of her agenda when the NLD entered a power-sharing arrangement with the military, the Muslim Rohingya from Rakhine State in the northwest of the country were not among the officially recognized ethnic groups. Almost 90 percent of Myanmar is Buddhist, and although the Rohingya have lived in Rakhine State for generations, most Burmese regard them as illegal immigrants from neighboring Bangladesh. Aung San Suu Kyi has done nothing to combat this prejudice. In fact, she has described the Rohingya as “terrorists.” Her defenders point out that her power is sharply limited by the military over which she has no authority.

Islamophobia is deep-seated in Myanmar and fanned by extremist monks. In recent years, the government has confined around 100,000 Rohingya to internment camps with little access to food and medicine. In 2013, Buddhist men carried out coordinated attacks on Muslim villages, prompting hundreds of thousands of Rohingyas to seek refuge in Bangladesh. In October 2017, responding to an attack led by the Arakan Rohingya Salvation Army (ARSA) on three government border posts, the Tatmadaw and police conducted systematic attacks on Rohingya villages that included gang rape of women and girls, torture, and murder as well as the expulsion of a large portion of the Rohingya to Bangladesh. By the end of the year, it was estimated that 650,000 Rohingya had fled to Bangladesh, making them one of the largest stateless refugee communities in the world.

US Vice President Mike Pence addressed the Rohingya issue before the UN Security Council on Sept. 20, describing Myanmar’s security forces actions as “terrible savagery.” Pence said that he and President Trump wanted the UN Security Council “to take strong and swift action to bring this crisis to an end and give hope and help to the Rohingya people in their hour of need.” US Ambassador to the UN Nikki Haley called for a halt to arms shipments to the Tatmadaw and presaged the imposition of new US sanctions. The Myanmar crisis also elicited dissent within ASEAN as Malaysia took exception to the statement by the Philippines in late September as the ASEAN chair. The ASEAN statement, according to Kuala Lumpur, did not reflect the reality of ethnic cleansing in Myanmar.

On Oct. 23, the State Department ended travel waivers for current and former Burmese military officers to visit the US. A few days earlier, in a speech at Washington's Center for Strategic and International Studies, a State Department official held Myanmar’s military leadership responsible for the humanitarian disaster. In an Oct. 24 briefing, Deputy Assistant Secretary of State Patrick Murphy declared that, “all units and officers involved in northern Rakhine State are ineligible for US assistance programs,” and that they are excluded from participating in US-sponsored programs in the United States. Washington also dropped plans to train the Tatmadaw in maritime security and human trafficking at a time when ISIS is believed to be smuggling arms into Myanmar.

Visiting Myanmar in mid-November, Secretary of State Rex Tillerson met both Aung San Suu Kyi and Senior Gen. Min Aung Hliang, the nation’s military commander. Tillerson called the Rohingya situation “horrible” and said the violence had the characteristics of “crimes against humanity.” A special representative of the UN secretary general accused the Myanmar military of systematic sexual violence against the Rohingya, describing rape as a weapon of genocide.

Washington has provided over $150 million in refugee assistance for the Rohingya in fiscal 2017. Secretary Tillerson averred in his Nov. 15 Nay Pyi Taw meetings that “The key test of any democracy is how it treats its most vulnerable and marginalized population.” After returning to Washington Tillerson claimed that what is occurring in Burma “constitutes ethnic cleansing against the Rohingya.” The US plans to pursue “targeted sanctions” against military leaders but will not levy broader sanctions because that could jeopardize the country’s
transition to democracy after decades of repression.

In the Trump administration, according to the Nov. 23 New York Times, there is a debate within the State Department and National Security Council between democracy and human rights officials who desire more punitive measures vs. Asia experts who argue that broad sanctions against the Myanmar government would obstruct its transition to democracy. On Dec. 21, however, Treasury Secretary Steven Mnuchin imposed financial sanctions against Maj. Gen. Huang Maung Soe, the leader of the Army’s Western Command, responsible for the Rohingya atrocities in Rakhine State. Mnuchin stated that the sanctions contain “a message that there is a steep price to pay for their misdeeds.”

Malaysia: scandal and a strategic partner

Malaysia’s Prime Minister Najib Razak’s Sept. 12–14 visit to Washington, occurring under a cloud of scandal in his country, had more to do with Malaysian domestic politics than foreign policy. The Malaysian leader desired a seal of approval from the Trump administration to burnish a tarnished reputation because of a general election expected in the first half of 2018. Najib hoped that the US visit would be seen by Malaysians as a sign that he was not involved in a probe by the US Department of Justice into a $4.5 billion theft from the 1Malaysia Development Berhad (1MDB) state financial firm that involved the purchase of US properties. During Najib’s Washington visit, the Trump administration refused to comment on the investigation, but did agree to strengthen the Comprehensive Partnership.

President Trump was gratified by the signing of several agreements involving Malaysian purchases of US products, including 25 Boeing jetliners worth more than $10 billion over five years, investments in the US worth $3–4 billion by Malaysia’s Employment Provident Fund for infrastructure, and another $400 million for technology enterprises. The trip elicited strong criticism from Malaysia’s alliance of opposition parties, the Pakatan Harapan, which asked why Najib was supporting US infrastructure when his own people were suffering from slashed subsidies, the introduction of a new goods and services tax, and the weakening of the Malaysian ringgit. Moreover, Najib’s visit did not seem to result in any tangible economic commitment by the US to Malaysia. Najib’s discussions with Trump on North Korea, the Rohingya crisis in Burma, and counterterrorism brought him little political credit at home. The major takeaway for the Malaysian prime minister seemed to be the further enhancement of US ties begun under the Obama administration and now upgraded to a Comprehensive Partnership.” Trump particularly “welcomed” Malaysia’s intent to make an additional $60 million purchase of defense equipment. Washington also promised to assist Malaysia in developing maritime surveillance capabilities.

Malaysia’s most important strategic gift to Trump is its decision to cut all ties to North Korea: banning Malaysians from visiting the DPRK, ending the import of North Korean workers for Malaysian enterprises, and stopping any financial operations between the two countries.

Singapore: cementing a solid relationship

Singapore has been one of the most steadfast US allies in Asia for decades. The US Seventh Fleet permanently positions several littoral combat ships in the city–state on a rotational basis; years ago, the Singapore government upgraded Changi port to accommodate US Nimitz-class aircraft carriers. The US Navy also maintains a logistics facility in Singapore. More than 4,000 US firms have a presence there and unlike much of the rest of Asia, the US enjoys a trade surplus of $18 billion. Singapore purchases sophisticated military equipment from the US and Singapore military personnel regularly attend military education courses and train in the US. The Singapore Air Force maintains a squadron of combat aircraft at Luke Air Force Base in Arizona.

Prime Minister Lee Hsien Loong visited Washington from Oct. 23–26 and met President Trump. In economic matters, the US–Singapore Free Trade Agreement was emphasized and the fact that Singapore is the second largest Asian investor in the US. In a Joint Statement, the two leaders singled out Singapore’s purchase of 39 Boeing wide-body civilian aircraft valued at $13.8 billion. Defense contracts were also signed for $5.8 billion over three years. The US reaffirmed its commitment to ASEAN centrality in regional matters, though how this squares with Trump’s “America first” principle was not addressed. The US president enthused that
Singapore’s purchase from Boeing will create 70,000 jobs in the United States, though how he reached that figure is a mystery. In sum, Trump concluded that the US–Singapore relationship was “now at its highest point” and that the US was “fortunate to have such a wonderful and loyal partner.”

Prime Minister Lee is concerned that the Trump administration might disengage from the region and said that after his talks that he is reassured that many senior US officials know that America’s fate depends on its continued engagement with the world. Lee acknowledged that the US market is the “most open ... in the world” and that “the others should be as open as us but that this will take time and patience.” In a speech at the US Council on Foreign Relations, he noted that the US provided peace and security in Asia over the past 75 years. Washington must not turn inward and should remain committed to its role and responsibilities.

**Thailand: fewer political strains under Trump**

When Thailand experienced a military coup in May 2014 and the National Council for Peace and Order was created to rule the country, the Obama administration expressed its displeasure by stopping all arms shipments and significantly reducing the scope and content of Asia’s largest annual multinational military exercise, **Cobra Gold**. Usually, **Cobra Gold** is a live-fire set of maneuvers with land, sea, and air components, lasting a month and involving thousands of forces from a number of Asian militaries. After the Thai coup, however, although **Cobra Gold** continued, its duration was shortened, the number of participants reduced, and the content limited to humanitarian aid and disaster relief (HADR). The Obama administration said the only way to restore normal diplomatic and military relations was for the military to yield to a civilian government via free elections.

Thailand’s Prime Minister Gen. Prayut Chan-o-cha’s Oct. 2–4 visit to Washington yielded only modest economic benefit for the US. Thai Airways ordered three additional planes from Boeing and Thailand agreed to slightly increase the amount of coal it would import from the US. However, Thai businesses did pledge $6 billion investment in US companies ostensibly to create more than 8,000 jobs. Thailand and the US restored military relations with the Trump administration abandoning Obama’s pressure to restore democratic processes. An initial arms order covered helicopters, a **Cobra** gunship, five **Harpoon Block II** missiles, and upgrades to Thailand’s fleet of F-16s. The joint statement ending Gen. Prayut’s visit indicated that both sides desire to restore the military alliance for strategic reasons. For Washington, Thai bases could provide facilities for US surveillance in the South China Sea and Indian Ocean.

From August to September, there were high-level visits from both sides to lay the groundwork for Gen. Prayut’s October visit. The US secretaries of State and Commerce visited Bangkok, and the Thai commerce minister and National Security Council chief came to Washington. A net assessment of the visit suggests that other than restoring security ties, little was accomplished. Because it had a $19 billion trade surplus with the US in 2016, Thailand was included in a list of 16 countries for investigation. Although Thai companies promise to invest more in the US, the joint statement concluding the visit does not commit Thailand to reduce the trade deficit. Despite Washington’s request, Bangkok also refused to downgrade diplomatic relations with North Korea (unlike Malaysia). The Trump administration did not complain about the Thai military junta’s suppression of free speech, banned political activities, or imprisoned dissidents.

**Vietnam: courting Trump**

As Carlyle Thayer, an Australian Vietnam specialist, put it in an Oct. 29 Background Briefing, “Vietnamese leaders are well aware of the importance of relations with the United States as part of their ‘diversification’ and ‘multilateralization’ of foreign relations. Vietnam vitally needs continued US engagement in Southeast Asia to counterbalance China and to maintain stability in the South China Sea.” In his May 31, 2017 visit to Washington, Prime Minister Nguyen Xuan Phuc knew what Trump wanted from Hanoi in order to place Vietnam as a “strategic partner,” – business deals worth several billion dollars, the improvement of US investment opportunities in Vietnam, and at least lip service to improved US intellectual property protection by Hanoi authorities. In other words, Vietnamese assistance for President Trump’s “America First” agenda. Still, Hanoi continues its policy on no military alliances nor foreign bases in the
country, though it has agreed to a visit by a US aircraft carrier to Cam Ranh Bay some time in 2018, a first since the end of the Vietnam War. Moreover, the US agreed during Trump’s November 2017 visit to Vietnam to cooperate on dioxin cleanup from the Vietnam War era.

President Trump is more popular in Vietnam than he is in the United States. A 2017 Pew survey found that 58 percent of Vietnamese were confident in his ability to guide US foreign policy, and 84 percent had general confidence in the United States.

Washington has given Vietnam a refurbished Hamilton-class coast guard cutter and six new patrol boats. In his Nov. 10–12 visit to the country, the US president agreed to increase security cooperation through intelligence sharing as well as joint training. While no arms deal came out of the visit, Trump praised the quality of US military equipment and urged his hosts to buy US gear with the claim: “We make the greatest missiles in the world, greatest planes in the world, greatest commercial aircraft in the world. So, we would like Vietnam to buy from us, and we have to get rid of the trade imbalance. We can’t have the trade imbalance.”

Finally, the human rights issue was notably absent from Vietnam-US discussions during Trump’s visit except for one short sentence in the joint statement: “The two leaders recognized the importance of protecting and promoting human rights.” The US House of Representatives, however, had urged the president to raise “Vietnam’s dismal human rights record” during his talks. There is no evidence that he did so.

Cambodia: America bashing

Prime Minister Hun Sen, the longest serving Southeast Asian leader, has governed a regime initially installed by Vietnamese armed forces to remove the brutal Khmer Rouge from power. A former Khmer Rouge cadre himself, Hun Sen has been suspicious of democracy and opposition parties as deviously employed by Western powers to gain control of Cambodia. During the 1980s, US-backed forces tried to root out his Vietnamese-installed regime. International donors including the US have poured billions of dollars into Cambodia for health care and an international tribunal to try the remnants of the Khmer Rouge. Hun Sen’s government has tried to end the tribunal’s activities. After all, Hun Sen was a Khmer Rouge cadre and probably feared the possibility he could be implicated in testimony before the court.

Although nominally a democracy in the 1990s, Hun Sen’s Cambodian People’s Party (CPP) was hectored by Washington over human rights violations. The Cold War legacy is evident in support for his government by China, Vietnam, and Russia with opposition coming from the US and the European Union. Political parties have seen each other not as legitimate contenders for leadership but as enemies of the nation. The current opposition is The Cambodian National Rescue Party (CNRP) led by Kem Sokha and his exiled predecessor, Sam Rainsy, both resistance participants going back to the 1980s.

Kem Sokha and Sam Rainsy had opposition parties of their own in 2007, but, they joined forces to form CNRP in 2013. By that time, both had cultivated relations with US diplomats and politicians as well as private sector donors and had received funding and training from US democracy-promotion NGOs. Both also touted the importance of democracy and human rights. The CNRP victories in the last national election and more recent local polls probably led Hun Sen to weaken relations with Washington and ultimately destroy the political opposition. These actions began with the January 2017 cancellation of military exercises with the US and progressed to the August expulsion of foreign staff of the National Democratic Institute in Cambodia affiliated with the US Democratic Party. Cambodia’s independent newspaper, Cambodia Daily, was presented with a $6 million tax bill, which forced it to close. Hun Sen’s government also raised questions about the legal and tax status of Radio Free Asia and Voice of America, both funded in part by the US. These actions and the arrest of opposition leader Kem Sokha aimed to neuter the opposition prior to the 2018 national election.

In early September, Kem Sokha was arrested and charged with treason for alleged coup plans backed by the US. The “evidence” provided is a 2013 video clip in which Kem Sokha discusses advice provided under the auspices of the American National Democratic Institute on how to organize and conduct free elections. The US State Department condemned Kem Sokha’s arrest as politically motivated but initially did
not respond to the charge of collusion. US Ambassador to Cambodia William Heidt labeled the charges against Kem Sokha as “inaccurate, misleading, and baseless,” and called for his release. The Cambodian government responded in mid-September by requiring Washington to withdraw the Peace Corps from the country and then suspended cooperation with the US on finding the remains of US soldiers missing in action in Cambodia during the Vietnam War.

As Carlyle Thayer put it in an Oct. 13 review of the situation: “Cambodia today is an illiberal democracy rapidly descending into autocratic rule.” In February 2017, Hun Sen amended the Law on Political Parties so that the CNRP could be dissolved. Cambodia’s top court did so in mid-November. Condemning the Cambodian court decision to outlaw the CNRP and jail many of its leaders, Washington withdrew aid for the 2018 election. In a late November Voice of America interview, Ambassador Heidt remonstrated: “I feel that there's never been an honest desire by the Khmer government to have a good relationship with the US.”

Interestingly, despite the systematic anti-US campaign linking the United States to the Cambodian opposition, Hun Sen has expressed a personal affinity for Donald Trump. At the Manila ASEAN Summit, he praised the US president’s lack of interest in human and rights interventionism, saying further than the US Embassy in Phnom Penh was not implementing Trump’s “policy line.”

Closing thoughts

Barack Obama willed Trump a three-legged policy stool toward Southeast Asia. One leg was the repositioning of US air and naval forces to the region, another was political support for ASEAN centrality in regional organizations, the third was the TPP, designed to be the most comprehensive trade agreement in modern history. What has the Trump administration done with each in its initial year? First, it acknowledged none of these components by name. In fact, however, the military leg of the policy stool has been continued on every dimension, including the shift of more forces to Southeast Asia as well as military aid to regional partners. Political deference to ASEAN has not continued, no doubt influenced by the US president’s jaundiced view of international institutions. The TPP collapsed immediately after Trump was sworn in, foundering on his commitment to “America First” and his insistence that all multilateral economic accords have harmed US interests. On balance, Southeast Asian governments view Trump’s Washington with anxiety and suspicion. At best, they see Washington treading water, while political and economic initiatives have been left to China.

Sept. 5, 2017: United States pledges $14 million to help rehabilitate the southern Philippine city of Marawi ravaged by military operations against ISIS-affiliated militants.

Sept. 6, 2017: Cambodia’s opposition party leader Kem Sokha is arrested and accused of plotting a US-backed coup against Prime Minister Hun Sen. The State Department condemns the arrest as politically motivated in anticipation of the 2018 national elections.

Sept. 7–17, 2017: Indonesia and the United States conduct the 23rd annual Cooperation Afloat Readiness and Training (CARAT) naval exercise, including ground activities in Surabaya and at-sea scenarios in the Java and Bali Seas.


Sept. 12, 2017: US Ambassador to Cambodia William Heidt denies allegations by Prime Minister Hun Sen that Washington is seeking to oust his government.

Sept. 12, 2017: Malaysia’s Prime Minister Najib Razak visits Washington and meets President Donald Trump at the White House. Najib is under investigation by the US Justice Department for his involvement in an investment fund that faces a multibillion dollar corruption allegation.

Sept. 15, 2017: Cambodia’s Prime Minister Hun Sen asks the US to withdraw the Peace Corps from Cambodia one day after he ceased cooperation with US efforts to find and repatriate the remains of US soldiers in Cambodia killed in the Vietnam War.

Sept. 18–24, 2017: US and Malaysia conduct a “Maritime Training Activity” (MTA) which appears to be a replacement for the annual Cooperation Afloat Readiness and Training (CARAT) exercise series, which has been held for past 22 years.

Sept. 27, 2017: Philippine’s Secretary of Foreign Affairs Alan Peter Cayetano visits Washington and meets Secretary of State Rex Tillerson.

Sept. 28, 2017: Philippine’s President Rodrigo Duterte calls for friendly relations with the US after months of anti-US rhetoric.


Oct. 2–4, 2017: Thailand’s Prime Minister Prayut Chan-o-cha visits Washington and meets President Trump at the White House. They discuss Thai investment in the US and Thailand’s strategic role in Asia. Trump refers to Thailand a “key partner and longstanding ally.”

Oct. 2–11, 2017: US and Philippine militaries conduct joint exercise Kaagapay Ng Mga Mandirigma Ng Daqat (KAMANDAG). The exercise, which roughly translate to English as “Alongside the Warriors of the Sea,” which will take the place of the US-Philippine Amphibious Exercise (PHIBLEX) and will focus on enhancing counterterrorism and humanitarian assistance and disaster and relief capabilities, as well as other humanitarian and civic assistance projects.

Oct. 23, 2017: Philippine government declares the end to the five-month siege of Marawi.


Oct. 25, 2017: US Defense Secretary James Mattis visits the Philippines and meets President Duterte in Manila to discuss ways to deepen US-Philippine military ties.
Nov. 9, 2017: Secretary of State Tillerson, during a visit to Beijing, reiterates the US position on freedom of navigation in the South China Sea as well as opposition to “militarization of the outposts” in that body of water.

Nov. 10–11, 2017: Trump attends the Asia Pacific Economic Cooperation (APEC) Economic Leaders Meeting in Da Nang, Vietnam. In a formal speech, he states that multilateral trade agreements disadvantage the US. He also visits Hanoi to meet Vietnam’s leaders.

Nov. 11, 2017: Trump makes a state visit to Vietnam and meets President Tran Dai Quang. They discuss measures to strengthen and expand the Comprehensive Partnership between their two countries.

Nov. 12, 2017: Philippine’s Foreign Affairs Secretary Cayetano thanks Trump for his offer to mediate the South China Sea dispute but says that all ASEAN countries must agree before any such arrangement could be reached.

Nov. 12–14, 2017: President Trump attends the 50th ASEAN anniversary and the 40th anniversary of US-ASEAN relations in the Philippines. He also meets President Duterte.

Nov. 14, 2017: President Trump skips the East Asia Summit in the Philippines after being told the meeting would be delayed by about two hours.

Nov. 15, 2017: Secretary Tillerson visits Burma (Myanmar) and meets Sr. Gen. Min Aung Hlaing, the nation's military commander and State Councilor Aung San Suu Kyi. He urges them to halt violence that has driven more than 600,000 Rohingya from Rakhine State to flee to Bangladesh.

Nov. 22, 2017: Secretary Tillerson says Myanmar’s Rohingya population was subjected to “ethnic cleansing,” accusing security forces of perpetrating “horrendous atrocities” against the Muslim minority.


Dec. 13, 2017: Assistant Deputy Secretary of State for East Asian and Pacific Affairs Patrick Murphy visits Cambodia and asks Phnom Penh to continue supporting UN resolutions countering North Korean missiles and nuclear weapons. Cambodia’s secretary of state of foreign affairs avers that Cambodia supports the idea of Korea being a nuclear-free peninsula.


President Xi Jinping’s marathon report at the 19th Chinese Communist Party Congress in October emphasized an ever more powerful and rejuvenated China strongly advancing territorial and other interests in regional and global affairs. China’s success in constructing artificial islands in the South China Sea was cited as one of Xi’s many notable accomplishments. Xi and Premier Li Keqiang adopted a more moderate and accommodating tone in November in their first foreign visits after the Congress. Xi made official visits to Vietnam and Laos concurrent with his participation at the APEC Economic Leaders Meeting in Vietnam. Li made an official visit to the Philippines in conjunction with his participation in the East Asia Summit (EAS), the ASEAN+ 3 Summit, the China–ASEAN Summit, and a meeting of the leaders of 16 nations involved in the Regional Comprehensive Economic Partnership (RCEP). Some commentators depicted the moderation as part of a broader trend in China’s foreign affairs; however, Beijing has traditionally adopted a softer approach during the annual Asia–Pacific leaders meetings, presumably to avoid unwanted controversy.
Xi at Asia–Pacific Economic Cooperation (APEC) and summits in Vietnam and Laos

President Xi Jinping’s keynote speech to the APEC CEO Summit in Da Nang, Vietnam featured strong support for globalization, free trade, and multilateralism in regional and global economic relations. Commentators said Xi’s message was more attractive than President Trump’s, which asserted determination to end existing trade practices that disadvantage the United States. Reflecting broad Chinese ambitions, Xi and supporting Chinese commentary cited China’s Belt and Road Initiative (BRI) as evidence of its interest in shared development with neighboring countries by establishing China as “the anchor” of peace, stability, and development in the Asia–Pacific region.

Xi strongly endorsed the slowly progressing APEC Free Trade Area of the Asia–Pacific, which includes all APEC members, while also pushing to finalize the 16–nation Regional Comprehensive Economic Partnership (RCEP) trade agreement that excludes the US and other Western countries. Xi strongly supported “the central role of ASEAN” in the RCEP negotiations. Chinese commentaries criticized the now halted US–led 12–nation Trans–Pacific Partnership (TPP) and the 11–nation Comprehensive and Progressive Trans–Pacific Partnership as undermining ASEAN by including only a few countries from the Southeast Asian regional group.

Vietnam Summit

As reported in the previous Comparative Connections, China–Vietnam relations reached a low point over the summer months with China threatening the use of force to compel Vietnam to halt oil drilling in areas of the South China Sea claimed by China. Tensions remained as a meeting of the two foreign ministers on the sidelines of the ASEAN Regional Forum in early August was canceled. Concurrently, Vietnam continued to improve relations with the United States with Defense Minister Ngo Xuan Lich traveling to Washington in August and announcing that a US aircraft carrier would visit Vietnam in 2018. Vietnam’s Secretary General Nguyen Phuc Trong visited Indonesia in late August, calling for regional unity on South China Sea maritime disputes. Official Vietnamese protests of Chinese military exercises in the Gulf of Tonkin and in the Paracel Islands came in late August and early September.

Early signs of easing tensions saw Vice Chairman of China’s Central Military Commission Fan Changlong on Sept. 23–24 take part in the Vietnam–China Border Military Exchange Program. Earlier, in June, amid the dispute over Vietnam’s oil drilling in the South China Sea, Fan had abruptly ended his official visit to Hanoi, resulting in the cancelation of the military exchange program. In the week prior to President Xi’s visit to Vietnam, Foreign Minister Wang Yi met Vietnam’s Deputy Prime Minister Pham Binh Minh in Hanoi and, according to a senior Chinese official, reached agreement on how to manage their territorial disputes.

Vietnam’s attentive treatment of Xi during his visit included prominent publication of the Chinese leader’s article on Sino–Vietnamese friendship in Vietnam’s Communist Party daily Nhan Dan, repeated interaction with his host, General Secretary Nguyen Phuc Trong, and ceremonial functions. Agreements signed during the visit included 12 cooperation pacts on building a border trade cooperation zone and setting up a working group on e-commerce cooperation. The two sides also addressed the relationship between China’s Belt and Road Initiative (BRI) and Vietnam’s Two Corridors and One Economic Circle plan, and pledged to properly manage maritime issues to maintain peace and stability in the South China Sea.

Nguyen added a personal touch in referring to Xi as “a kindly comrade and old friend of the Vietnamese people.”

Laos Summit

President Xi’s two day visit to Laos was the first by China’s top leader in over a decade. Relations have become very close and reflect China’s expanding presence and influence in this poor landlocked neighbor that had depended largely on Vietnam. Xi and his Lao counterpart stressed the two countries’ shared future and development strategies. According to the Lao ambassador to Beijing, China ranks first in foreign investment in Laos, devoting $6.9 billion to 771 projects. The centerpiece is the China–Laos railway project, which foreign commentary has viewed as well beyond the capacity of the Lao government to support. The five-year project began construction in December 2016 with a reported cost of $5.8 billion. The Nov. 14 China Daily reported that
China “will finance and own” (emphasis added) 70 percent of the venture. It described the daunting construction challenges in completing the 414-km connection from Vientiane to the Chinese border rail junction. More than 60 percent of the route will require bridges and tunnels. The plan is for Laos to concurrently establish a rail link to Thailand via Vientiane, allowing China to connect to Thailand, Malaysia, and eventually Singapore by rail. Reflecting Laos’ low starting point in these ambitious ventures, the report noted that only 3 km of railroad exists in Laos.

Li at EAS, ASEAN meetings; Philippines visit

Given the protocol that the annual EAS and other ASEAN–related meetings are held at the head of government level rather than the head of state, Premier Li Keqiang rather than President Xi represents China at the summits. Li used the occasion of this year’s meetings hosted by the Philippines to argue that tensions in the South China Sea have eased and China and ASEAN are making notable progress in a code of conduct to manage maritime disputes. Li argued that China is safeguarding freedom of navigation and overflight in the South China Sea.

Li also called for the integration of BRI with the Master Plan on ASEAN Connectivity 2025 and an upgrade to the ASEAN–China Free Trade Agreement. Against this background, he and supporting Chinese commentary said conditions were right for the region to build a regional economic community. That Li envisaged a regional community that would not include the US was underlined by his emphasis on the importance of concluding the RCEP trade agreement involving ASEAN, China, and five other Asia–Pacific countries but not the US. Li participated in the first ever RECP summit held in conjunction with the various multilateral talks in Manila, urging faster progress in talks that have dragged on for five years. However, the forecast is further delay.

Philippines–China relations

Premier Li combined his participation at the ASEAN–related meetings with an official visit to the Philippines, the first by a Chinese prime minister in 10 years. The visit reinforced the positive trajectory in China–Philippines relations. The joint statement that followed the visit promised further cooperation on infrastructure, production capacity, investment, commerce, and tourism. Fourteen documents on these matters were signed.

Earlier, Chinese reporting highlighted that China had supplied rifles and other military equipment to Philippines armed forces involved in suppressing the insurrection in the southern city of Marawi and acknowledged Chinese political support and intelligence sharing for President Duterte’s controversial suppression of drug trafficking. Meanwhile, Duterte decided to ease a recent source of tension with China by stopping construction of fishermen shelters on Sandy Cay, a recently formed sandbar near Philippine-controlled Pagasa (Thitu) Island in the South China Sea. Duterte had promised to raise South China Sea disputes with China at an appropriate time and, according to the Philippine presidential spokesperson, he engaged in a “frank and very candid” discussion of the disputes when he met President Xi on the sidelines of the APEC forum in Vietnam. The spokesperson stated that the leaders agreed they would not go to war over the maritime disputes.

South China Sea developments

In addition to the Chinese leaders’ visits to Southeast Asia, other South China Sea events and occurrences appeared to be in line with Chinese preferences while others posed potential challenges for China.

Code of Conduct

Chinese officials routinely voiced satisfaction with China–ASEAN interaction over the past year as they pursued the development of a code of conduct regarding disputes in the South China Sea. They appeared sanguine that China’s remarkable success in discouraging ASEAN countries from challenging Chinese claims means that the process of creating the code and the ultimate outcome will support Chinese interests in the disputed sea. Prime Minister Lee Hsien Loong, in Singapore’s role as the official coordinator of ASEAN–China relations, announced at the China–ASEAN summit in the Philippines in November that agreement was reached to start negotiations on the code. A framework for the code of conduct was reached in August. A working group reportedly is set to begin the negotiations early in 2018. The Philippines will oversee the negotiation process as the new ASEAN–China coordinator.
The US was more forthright in challenging Chinese claims and interests. President Trump supported “an effective and binding code of conduct” in a joint statement with the Singapore prime minister in late October. (China is thought to seek a non-binding code that would not limit China’s freedom of action in the South China Sea.) Trump repeated that he remained “concerned about China’s efforts to build and militarize outposts in the South China Sea” when he met Southeast Asian leaders in November. In response to what Beijing views as unwarranted US interference in matters of concern to China and ASEAN, Chinese commentary routinely highlighted the progress in the code of conduct negotiations as evidence that those countries are best qualified to manage differences, without US or other international intervention.

US freedom of navigation exercise and offer of mediation

A US destroyer carried out a freedom of navigation exercise challenging Chinese claims in waters near the Paracel Islands in October, prompting reactions by a Chinese warship and fighter aircraft and criticism by China’s defense and foreign ministries that have become routine. By contrast, President Trump’s widely publicized offer to mediate between China and other South China Sea claimants was unprecedented. The US president made the offer in remarks prior to meeting his Vietnamese counterpart in Hanoi in November. Nevertheless, any challenge for China was reduced as the Vietnamese leader and other claimants demurred or remained silent on the offer.

Indonesia and the South China Sea

Against the background of low-level tensions over Chinese claims to fishing rights and the activities of Chinese fishing boats and coast guard forces in waters claimed by Indonesia, the Jakarta government in July announced it was renaming a part of the area the “North Natuna Sea.” China’s Foreign Ministry sent an official note to the Indonesian Embassy in Beijing demanding that Indonesia reverse this decision. The note was dated Aug. 25 and was disclosed by media in Indonesia on Sept. 2. It remains to be seen how Indonesia will respond and whether Beijing will successfully counter the adverse move.

Australia, the “Quad”

Beijing has yet to counter greater activism by Australia in the South China Sea. In November, the Australian Navy completed Indo-Pacific Endeavor 2017, a naval exercise involving 1,200 personnel – Canberra’s biggest drill in the South China Sea in 30 years. At the same time, sharp criticism of China’s military behavior and island building in the South China Sea was featured in the Australian government’s 2017 Foreign Policy White Paper. Beijing has not yet responded to the developing cooperation in military patrols and other naval activity in waters from the Indian Ocean to the Pacific carried out by the so-called “Quad” countries – the US, Japan, Australia, and India. Senior officials of the four governments met in Manila on the sidelines of the EAS in November and announced agreement to create a coalition to carry out patrols and other military activities in the Indo-Pacific region.

Other developments

- CSIS Asia Maritime Transparency Initiative reported in December that China continued substantial construction activities involving radars, communications, storage facilities, hangers in outposts in the South China Sea islands.
- In November, Beijing made its first publicly confirmed deployment of J-11 fighter jets to Woody Island in the Paracel Islands.
- In December, Asian media reported that China plans to launch up to 10 satellites over the next three years to have full satellite coverage of the South China Sea.
- Chinese and foreign media reported the launching of China’s largest dredging vessel, similar to those involved in China’s South China Sea island building.
- In December China’s AG600, the world’s largest amphibious aircraft of possible use for operations in the South China Sea, reportedly passed technical evaluations and was ready for its first flight.
China mediates Myanmar–Bangladesh dispute over Rohingya Muslim refugees

Amid harsh international criticism of the Myanmar military for gross violations of human rights in forcing over 600,000 Muslim Rohingya refugees to flee to squalid refugee camps in neighboring Bangladesh, China has remained firm in opposing UN involvement and condemnation of the Myanmar authorities. Having good relations with both Myanmar and Bangladesh, Foreign Minister Wang Yi in November visited Bangladesh and then Myanmar, announcing a three-step plan to address the crisis: step 1 – a ceasefire and efforts to restore order and stability; step 2 – Bangladesh–Myanmar consultations leading to an understanding of how the refugees should be repatriated; and step 3 – international support for development in affected areas of Myanmar and Bangladesh.

The leaders of both countries were supportive of the Chinese plan, announcing an agreement on repatriation of refugees soon after Wang Yi’s visits. Offering support, President Xi Jinping met separately in Beijing with Myanmar’s military leader, Senior Gen. Min Aung Hlaing and State Counselor Aung San Suu Kyi. Chinese commentary viewed Wang’s mediation as evidence of China’s new willingness to undertake international responsibilities and leadership. Commentary also noted China’s concern with instability in Myanmar and its interest in promoting economic development in the country.

Some experts were deeply concerned with the fate of the refugees, who had little influence in the negotiations and agreements between the two governments. They depicted China’s activism as designed to protect its large-scale development project at the Kyaukpyu port, and its related gas and oil pipelines and economic zone. The project is a key element of China’s Belt and Road Initiative. The port and zone are located away from the conflict concentrated in northern Rakhine State, but instability could spread. In the recent past, hostilities in northern Kachin State helped to undermine China’s plans for the $3.6 billion Myitsone dam. Meanwhile, veteran observer Bertil Lintner assessed China’s approach to the Rohingya refugee crisis as a means to build more influence with the Myanmar government, adding to the regime’s already heavy dependence on China for support in the face of Chinese-influenced and –armed ethnic groups challenging government authority.

Regional responses to China’s Belt and Road Initiative

China’s Belt and Road Initiative was officially rolled out at an international forum in May 2017 that drew representatives from more than 130 countries and 70 international organizations, including nearly 30 heads of state and government. Proposed in 2013, the BRI includes two core components – the Silk Road Economic Belt and the 21st Century Maritime Silk Road – aimed at building a transcontinental trade route spanning three continents. The initiative proposes massive investments into ports, railways, roads, and economic corridors connecting some 65 countries from China to North Africa through Central Asia and Europe.

Early prognosis of the ambitious project thus far reflects a number of considerable challenges. At a public forum in Singapore, veteran China observer Wang Gungwu cited the exorbitant costs associated with such large-scale infrastructure projects. Moreover, the historical tensions and lingering suspicions of China’s motivations remain key obstacles to implementation. While nearly $1 trillion has been pledged to cover various projects under the initiative, actual progress has been halting. For example, two years after Beijing won the contract to build Indonesia’s first high-speed railway, reports indicate that work has barely started on the route from Jakarta to Bandung. Likewise, a high-speed rail project connecting southern China to Singapore has been stalled by lingering disagreements over financing issues and labor regulations in Thailand. Questions have also arisen regarding the actual benefits some of the infrastructure projects would bring to regional economic development. A 260-mile high-speed rail that runs through Laos is estimated to cost about $6 billion, approximately half of Lao’s gross domestic product for 2015. While China will take a majority stake in financing and operating the railway, the economic gains for Laos from such a project remain uncertain. As these projects evolve and new ones emerge, it remains to be seen the extent to which they will increase regional connectivity, boost regional trade, and contribute to local development and employment opportunities for partner countries.
China and Australia: crisis and acrimony

The final months of 2017 saw Australia reinforce its stronger voice and actions against China’s efforts to achieve regional domination described in Graeme Dobell’s assessment in the previous Comparative Connections. For China, the situation worsened notably. Australia’s first white paper on foreign policy in over a decade took direct aim at negative features of Chinese ambitions in foreign affairs. Carrying out a major exercise in the South China Sea and joining with other members of the “Quad” to project military power and protect challenged interests in the Indo-Pacific showed Australia taking sides with a Trump administration much more directly in confronting security differences with China.

Compounding Beijing’s difficulties were a series of Australian government reports and testimonies, government leaks of classified information, and media reports claiming to show how the Chinese government’s active united front was attempting to win over Australian politicians with campaign contributions and other support, while exerting strong influence among ethnic Chinese citizens and the large cohort of Chinese students in Australian universities. Many in Australia warned of prejudice and racism driving reactions to the disclosures. There also was strong concern that the government may be tilting too far away from China and potentially jeopardizing Australia’s large exports to China. For its part, the Turnbull government proposed and enacted stronger laws against foreign influence in Australian politics.

In late November, China’s Foreign Ministry spokesperson strongly rebuked and expressed “grave concern” over the Australian foreign policy report’s criticism of Chinese behavior in the South China Sea. In December, the overhaul of the Australian counter-espionage laws, including the banning of foreign donations to candidates and political parties, saw Prime Minister Turnbull name China as a country of concern behind the new law. This prompted another rebuke from China’s Foreign Ministry spokesperson and an editorial in the English-language China Daily. The Chinese Embassy in Canberra added tough language against the Australian government, senior bureaucrats, and journalists for unjustifiably criticizing “so-called Chinese influence” in Australian politics. The Embassy added that Australian critics “have unscrupulously vilified Chinese students as well as the Chinese community in Australia with racial prejudice.” It remained to be seen what steps either side might make to ease the crisis and the resulting deterioration in relations.

Outlook

The Trump administration’s national security strategy released in December uses strong language not seen from the US government for decades to warn of China’s ambitions to undermine US economic, security, and political interests and displace US leadership in the Asia-Pacific. What impact the document will have on actual US behavior regarding Chinese actions in the South China Sea and other areas of US concern involving Southeast Asia remains uncertain. US collaboration with the “Quad” countries in securing maritime interests in the Indo-Pacific seems consistent with the stern view of China in the strategy. How far the US will go in countering perceived adverse Chinese actions in Southeast Asia is determined in part by the region’s uncertain priority in the very full international agenda of the Trump government. And while the administration’s thinking about China is clear in the national security strategy, Trump’s rhetoric announcing the strategy and during his recent trip to the region failed to clarify his personal commitment to countering the China challenge.
CHRONOLOGY OF CHINA-SOUTHEAST ASIA RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 14, 2017: China’s President Xi Jinping hosts the Sultan of Brunei Hassanal Bolkiah for a state visit in Beijing. They sign a number of agreements aimed at strengthening bilateral security and economic ties, as well as education and cultural exchanges.

Sept. 20, 2017: President Xi meets Singapore Prime Minister Lee Hsien Loong in Beijing. They reaffirm longstanding ties and high-level interactions and agree to deepen bilateral relations.

Sept. 29, 2017: China and Vietnam convene the 10th meeting of the Bilateral Economic and Trade Cooperation Committee in Hanoi. The focus is on forging closer connection between China’s “Belt and Road Initiative” and Vietnam’s “Two Corridors and One Economic Circle” economic plan.

Oct. 10, 2017: China’s Ministry of Foreign Affairs says Beijing supports talks between Myanmar and Bangladesh to address the Rohingya refugee issue. It also indicates Beijing’s willingness to play a constructive role in the process and to provide humanitarian relief and assistance.

Oct. 31, 2017: China and ASEAN hold a joint maritime rescue drill off the coast of Guangdong Province. The drill focuses on joint non-combat maritime cooperation simulating a shipwreck incident and involves around 1,000 rescuers and 20 ships from Brunei, Cambodia, China, Laos, Myanmar, the Philippines, and Thailand.

Nov. 1, 2017: China and Vietnam carry out a three-day joint coast guard patrol in Gulf of Tonkin. The patrol includes search and rescue exercises, maritime law enforcement, and inspection of fishing boats in the area.

Nov. 4, 2017: China’s Foreign Minister Wang Yi visits Hanoi and meets senior leaders ahead of the APEC forum and President Xi’s visit to Da Nang in mid-November.

Nov. 12, 2017: ASEAN and China agree to start negotiations on “a substantive and effective Code of Conduct in the South China Sea after concluding the Framework Agreement on Code of Conduct.”

Nov. 12-16, 2017: China’s Premier Li Keqiang visits the Philippines to attend the East Asian Summit and other ASEAN-related meetings. During a separate state visit, he meets Philippine President Rodrigo Duterte.

Nov. 12-13, 2017: President Xi visits Da Nang and attends the 25th APEC Economic Leaders Meeting. Xi also meets Vietnamese leaders to sign 12 agreements to increase bilateral diplomatic and economic relations.

Nov. 13-14, 2017: President Xi visits Laos to discuss strengthening bilateral relations through inter-party exchanges and cooperation in diplomacy, defense, law enforcement, and security.

Nov. 20, 2017: China’s FM Wang Yi engages in shuttle diplomacy between Myanmar and Bangladesh and offers a three-point plan to help ease the humanitarian crisis for the Rohingya community. It involves a ceasefire, deepening bilateral consultation between Myanmar and Bangladesh, and more international engagement to help alleviate the crisis.

Nov. 27, 2017: President Xi meets senior-level military delegation from Myanmar. Xi indicates China’s support for more military, security, and defense exchanges, and reiterates China’s willingness to play a constructive role in Myanmar’s national reconciliation and peace process.

Dec. 1, 2017: Myanmar State Counselor Aung San Suu Kyi visits China and meets President Xi. They hail close ties between the two countries and avoid any mention of the Rohingya.

Dec. 6, 2017: Maj. Gen. Zhao Tianxiang, commander of the People’s Liberation Army Air Defense Force, leads a military delegation to Cambodia. The visit aims to increase bilateral security, and defense cooperation, including exchanges and training between military officials.
Defying some predictions, the outcome of the 19th National Congress of the Chinese Communist Party indicates there will be no significant change in Beijing’s policy toward Taiwan. Beijing will continue to demand that President Tsai Ing-wen accept the 1992 consensus and pressure on her administration will be sustained. In Taiwan, Tsai has supported domestic actions that Beijing fears are weakening cross-strait ties and her pro-independence supporters continue to press for steps that risk increasing tensions. Tsai has also urged Beijing to join in finding a new model for their relations. Beijing’s pressure on Taiwan is stimulating calls in Washington for policies that are more supportive of Taiwan. These developments in Taiwan and Washington have in turn triggered warnings from Beijing.


19th Party Congress

Some commentators had speculated that when General Secretary Xi Jinping consolidated his authority at the 19th Chinese Communist Party (CCP) Congress in October, he would adopt a harder line toward Taiwan. Xi did consolidate his power, but his Congress Work Report indicated policy continuity in cross-strait relations. The section on Taiwan was unusually short in an exceptionally long report, implying that Taiwan is not a high priority for Xi, at least as long as President Tsai Ing-wen does not explicitly reject the one China principle.

The report reinforced several elements in recent policy. It reiterated that the 1992 consensus, embodying the idea that Taiwan and the mainland both belong to one China, is the key to resuming cross-strait dialogue. Consequently, there is no reason to expect Beijing to show flexibility on this principle. The report omitted language from the 18th Congress report calling for political talks, a sign that Beijing does not believe such talks are likely in the next few years. The report also indicated that Beijing would continue to pursue outreach to Taiwan under its “peaceful development” policy including efforts to improve conditions for Taiwanese to study, find employment, open businesses and live on the mainland. However, the strongest statements related to separatism. The report included Xi’s Nov. 11, 2016 statement that, “We will absolutely not permit any person, any organization, any political party at any time in any manner to separate any single part of Chinese territory from China.” This statement received the most sustained applause during Xi’s report and demonstrated that Beijing’s most pressing concern with Taiwan is separatism.

Beijing’s actions in the two months since the Congress confirm policy continuity. That the work report was silent on the military, the united front, and other pressure elements in cross-strait policy was in no way an indication that these will not be important elements in Beijing’s policy toward Taiwan.

Events around the Congress previewed personnel changes that indicate who Xi will rely on to implement policy toward Taiwan. A week before the Congress, China’s UN Ambassador Liu Jieyi became the executive vice minister in the Taiwan Affairs Office (TAO). Liu’s subsequent election to the Party Central Committee is a clear indication that he is in line to become the new head of the TAO. The elevation of State Councilor Yang Jiechi to the Politburo indicates that he will continue to play a role in Taiwan policy. Finally, Vice Premier Wang Yang was selected as the fourth member on the new Politburo Standing Committee. If recent practice is followed (though some speculate it may not), Wang will become chairman of the Chinese People’s Political Consultative Committee (CPPCC), the lynchpin organization of the CCP’s united front activities. The chairman plays an active role in articulating policy toward Taiwan.

DPP domestic policies disturb Beijing

President Tsai reiterated in her National Day address that, “Our pledges will not change, and our goodwill will not change. But we will not bow to pressure, and we will of course not revert to the old path of confrontation.” However, the New Power Party (NPP), some Democratic Progressive Party (DPP) members, and independence activists continue to press her. One member of her party proposed removing the reference to reunification from the Act Governing Relations between the People of the Taiwan Area and the Mainland Area. Another proposed that the name of the Mainland Affairs Council (MAC) be changed to China Affairs Council. These symbolic changes were not pursued because they would violate Tsai’s pledge to handle cross-strait ties in accordance with the Republic of China (ROC) Constitution and the Act Governing Relations.

Tsai’s appointment of Lai Ching-te as premier raised concerns in Beijing. In his first appearance in the Legislative Yuan (LY) in September, Lai said that, while advocating goodwill toward China, he would not change his support for independence because the two sides are independent of each other. The TAO promptly responded that Taiwan is not a country and that those who promote independence will suffer the consequences. Tsai was caught by surprise, as was Washington. Lai has not changed his views, but since that incident he has not caused further problems and has publicly recognized this area as Tsai’s responsibility.

President Tsai has managed, but not blocked, domestic steps favored by her pro-independence supporters. The most important was amendment of the Referendum Law, a
matter of grave concern to Beijing. With Tsai’s support, the DPP addressed provisions in the existing law that had frustrated previous referendum votes by substantially easing the ground rules. However, with support of the Koumintang (KMT), the DPP blocked efforts by the NPP to allow referendums on questions concerning the Republic of China’s official name, flag, and other sovereignty issues. Allowing referendums on such issues would have been viewed in Beijing as a step toward de jure independence.

Tsai also supported passage of the Transitional Justice Law, which focused on addressing abuses during the period of authoritarian KMT rule. Beijing views transitional justice as a “desinification” measure designed to undermine prospects for unification. When her education and cultural ministers advocated rapid action to remove all symbols of Chiang Kai-shek, Tsai intervened to say that the process would proceed deliberately, focus on research, and promote reconciliation. Nevertheless, Beijing remains deeply concerned by such actions. In a meeting with New Party (NP) Chairman Yok Mu-ming in December, TAO Minister Zhang Zhijun expressed Beijing’s fear that the Tsai administration’s educational, cultural, and social actions to promote “desinification” were undermining historical ties and weakening Chinese national consciousness in Taiwan. Earlier, the TAO spokesperson was more pointed, saying that Taipei was using education and cultural steps to separate Taiwan from China.

Beijing increasing military pressure

Beijing has intensified overt pressure on the Tsai administration and Taiwan’s voters. Following a lull in reported Chinese military drills near Taiwan, the pace picked up in mid-November. People’s Liberation Army Air Force (PLAAF) exercises near Taiwan took place on Nov. 18 (the first since mid-August), and then up to nine more times by Dec. 20. A PLAAF spokesperson described a Dec. 11 exercise as an “island encircling patrol” (繞島巡航 raodao xunhang). PRC aircraft began to circumnavigate the island at least in October 2016. This first public use of this term emphasized the propaganda role of the exercises: Chinese media released images and footage of aircraft in flight with mountains in the background, identified as Taiwan.

Beijing portrays the drills as normal and routine, but they have raised concern in Taiwan. An MND spokesperson urged Taiwan’s public not to panic, and Minister of National Defense (MND) Feng Shih-kuan told the LY on Dec. 21 that in the future his ministry would report only on “unusual” flights or incidents, to counter China’s “psychological warfare.” A national defense report released by MND on Dec. 26 called the drills an “enormous security threat.” President Tsai gave her yearend address on Dec. 29 and, unusually, began with remarks on national security. She and her spokespersons consistently describe China’s exercises as threats to regional peace and stability, not simply a cross-strait issue.

Beijing’s influence operations targeting Taiwan

Complementing its overt pressure, Beijing has been pursuing a multifaceted effort to influence opinion within Taiwan since cross-strait contacts began in 1987. These programs are led by the CCP’s United Front Department (UFD) and the TAO. Activities have been increasing since the Sunflower student movement in 2014. The past four months provide a sense of the breadth of Beijing’s political, media, economic, social, cultural, and educational efforts to build ties at all levels of Taiwan society. Many of these activities, such as the cross-strait student baseball tournament held in December in
Guangzhou, are welcome examples of goodwill and friendship, but they are all considered by the TAO as elements in their program to influence Taiwan.

In November, former KMT Chairwoman Hung Hsiu-chu attended a Taiwan Week promotion in Wuhan and met TAO Deputy Liu Jieyi. In September, former KMT Vice Chairman Hau Lung-bin led a party delegation to Guangxi. Despite these contacts, Beijing has postponed the annual KMT-CCP Forum until 2018. In December, Yok Mu-ming, chairman of the pro-unification New Party (NP), led a delegation to Beijing and met CPPCC Chairman Yu Zhengsheng and TAO Minister Zhang. Addressing the group, Yu was unusually open in stating that reunification is a necessary element in Xi Jinping’s vision for the great rejuvenation of the Chinese nation. (In December, Taipei’s Investigation Bureau detained four NP staff members in connection with the espionage case against former PRC student Zhou Hongxu, who was sentenced in September to 14 months in jail for attempted espionage.) In November, CPPCC Chairman Yu received a delegation of local elected representatives led by former LY Deputy Speaker Yao Eng-chi.

In November, the third Cross-Strait Media Summit in Beijing brought together about 100 media leaders to discuss media issues and cooperation. CPPCC Chairman Yu received the delegation. TAO Minister Zhang provided a briefing on Xi’s work report and praised participants’ contributions to deepening cross-strait ties. In December, the official CCTV released a 14-installment TV program on the history of Taiwan aimed primarily at Taiwan youth. In November, the Cross-Strait CEOs Summit was held in Nanjing, bringing together some 600 business leaders to discuss cross-strait industrial and commercial cooperation. Yu Zhengsheng addressed the summit and received the leader of the Taiwan delegation, former Vice President Vincent Siew.

On Sept. 24, the Sing China Music Festival held at National Taiwan University was cut short by student protests. Students began by protesting that the festival was occupying their sports fields but this morphed into criticizing the festival’s ties to China. The festival had been arranged under the Taipei-Shanghai Twin Cities Forum – a sister-city exchange mechanism overseen by the UFD and TAO. Violence broke out when thugs associated with the China Unification Promotion Party (CUPP), led by former Bamboo Union leader Chang An-le, clashed with student protesters. The TAO defended the music festival as a normal cultural exchange activity. On Oct 1, the PRC national day, the CUPP organized a pro-unification parade in Taipei.

When the 19th Party Congress convened, it included, in typical PRC practice, 10 delegates theoretically representing Taiwan. All were PRC citizens residing in China. One, however – Lu Li-an, an academic working at Fudan University – was born in Taiwan and retained her Taiwan passport. In an interview during the congress, Lu spoke approvingly of Xi’s dream for national rejuvenation.

On Dec. 13, the 80th anniversary of the Nanjing Massacre, the Nanjing Massacre Memorial held an unusually high-profile commemoration ceremony. Xi Jinping attended and Yu Zhengsheng gave the opening remarks. Following the ceremony, a separate event was held to formally designate the memorial as a TAO-approved “base for exchanges with Taiwan.” TAO Deputy Liu Jieyi said that Taiwanese young people would be encouraged to visit the memorial to learn about the two sides’ common struggle against Japan. The press reported that the TAO has designated more than 50 such exchange bases.

This sampling of the more prominent recent activities provides a sense of the range of Chinese influence activities in Taiwan. Despite their expressions of confidence, PRC officials remain concerned about opinion trends and the 19th Congress work report calls for increasing such outreach efforts.

A new model for cross-strait relations?

President Tsai first called for a new model for cross-strait relations in her National Day address in 2016. Since then, she has continued to mention this idea in an effort to find a way to restore dialogue and working relations with Beijing. In this year’s National Day address, Tsai reiterated her call for a new model, saying leaders of the two sides should work together to find a long-term basis for peace and stability. Predictably, Beijing responded saying the key to restoring dialogue was for Taipei to recognize that Taiwan and the mainland are part of one China. Premier Lai Ching-te subsequently expressed hope for progress after the 19th Party
Congress. Following the Congress, Tsai gave a speech on cross-strait relations in which she called for a breakthrough in relations. The TAO responded by calling on Taipei to accept the 1992 consensus.

It is not clear whether there are back-channel communications occurring in parallel with these public exchanges. Some actions by each side may be seen as related signals. As noted, Tsai has been careful to adhere to her policy commitments. It may also be relevant that Beijing has not established diplomatic relations with more of Taipei’s diplomatic allies. In addition, James Soong, who represented Tsai at APEC, stated that Beijing had not suppressed Taiwan during APEC. Liu Junchen, deputy director of the Chinese National Administration of Industry and Commerce, a ministerial level agency, visited Taipei in early December to participate in a non-governmental meeting on trademarks. Liu is the most senior PRC official to have visited Taiwan since Tsai’s inauguration. The MAC regretted Liu had no contact with officials in Taipei. It is unclear whether a discreet effort is being made to find a way around differences of principle and resume cross-strait work, but if there were, it would be welcome.

Lee Ming-che

The trial of Lee Ming-che, the Taiwan citizen detained by the mainland in March and later charged with subverting state power, took place on Sept. 11. Lee’s wife and mother were informed shortly beforehand. They were permitted to attend the hearing and were allowed short visits with Lee, the first since his disappearance in March. They were accompanied to the trial by officers from Taiwan’s Straits Exchange Foundation (SEF), which implies at least minimal coordination between SEF and its counterpart Association for Relations Across the Taiwan Straits (ARATS). However, contravening the 2009 Cross-Strait Joint Crime-Fighting and Judicial Mutual Assistance Agreement, the TAO has not provided information about the case to the MAC.

In an obviously scripted confession, which was webcast live, Lee pled guilty to inciting subversion of state power. Lee blamed news media for misleading him, and pledged to work toward unification when he regains his freedom. Peng Yuhua, a PRC citizen with whom Lee had had contact, was also found guilty. Lee Ching-yu said after the trial that she did not recognize the court, but Taiwan’s government took a softer approach. The Presidential Office and the MAC called on China to release Lee, and the MAC added that the access to Lee afforded to his wife and mother was beneficial for cross-strait relations.

On Nov. 28, the court sentenced Lee to five years in prison and deprivation of political rights for two years. Peng was sentenced to seven years imprisonment. Chinese media reported that Lee Ming-che would not appeal the verdict. Lee Ching-yu was permitted to attend the sentencing and was allowed to visit with Lee for three minutes; afterward she expressed pride in her husband, and noted that “pursuing ideals comes at a cost.” The Presidential Office stated that, “[s]preading ideas of democracy is not a crime” and again called for Lee’s release; the MAC said it would not accept the ruling and claimed it would have serious negative effects on cross-strait exchanges. TAO spokesman Ma Xiaoguang warned the DPP against using the verdict for political ends. He added that the two sides of the strait should respect each other’s “social systems,” which he said means Taiwan and its people do not have the right to impose their political philosophy on the mainland.

The sentencing may be a step toward releasing Lee, but his experience is widely seen as a warning to activists in Taiwan, Hong Kong, China, and other countries. One focus of the charges against Lee was statements and activities conducted via the Internet and social media from outside China. His prosecution may be viewed through the prism of China’s National Security Law, which guards against subversion of state power; or the Anti-Espionage Law, under which the definition of espionage was broadened on Dec. 6 to include challenging the power of the state; or the NGO Law, which seeks to manage the actions of nongovernmental organizations inside and outside the borders of mainland China. Commentators in Taiwan have expressed concern about the new National Security Law because under article 11 Chinese compatriots in Taiwan have an obligation to preserve China’s territorial integrity. Hence Taiwanese who travel do the mainland could, like Lee, be arrested for violating the vague and expansive terms of the NSL for statements or activities made in Taiwan’s free environment.
US policy and PRC concerns

Fears that the Trump administration may use Taiwan as a “bargaining chip” in its relationship with China have subsided a bit. The long-awaited nomination of Susan Thornton to be assistant secretary of State for East Asia and the Pacific, and the confirmation of Randall Schriver as assistant secretary of Defense for Asian and Pacific security affairs were seen as reassuring in Taiwan.

During President Trump’s visit to Beijing in November, according to China’s Foreign Ministry, Xi Jinping told Trump that Taiwan is the most sensitive issue in US–China relations and is the political basis for the relationship. Trump is reported to have told Xi that the United States would continue to uphold its one-China policy based on the three communiqués and the Taiwan Relations Act. The Trump administration’s initial National Security Strategy, released on Dec. 18, states that the US will maintain its strong ties with Taiwan in accordance with the US one-China policy. The administration sharpened calls for Taiwan to increase its defense spending. On Oct. 12, AIT Chairman James Moriarty said that Taiwan “can and must do better,” and on Oct. 17 then–Acting Assistant Secretary of Defense David Helvey said that Taiwan’s defense budget has not kept pace with the threat from China; he told a group of US and Taiwan military, policy, and industry leaders that Taipei’s budget “needs to be increased, and increased now.”

In response to Beijing’s increasing pressure on Taiwan since President Tsai’s inauguration, the US Congress has advocated steps to enhance US–Taiwan ties. The House Foreign Affairs Committee approved a version of the Taiwan Travel Act on Oct. 12. The bill, similar to a Senate version, which has not yet made it out of committee, expresses the sense of Congress that the government should encourage visits between US and Taiwan officials at all levels, including Cabinet members. A House version of the Taiwan Security Act was introduced on Nov. 7. Like its Senate counterpart, the House bill calls for military exchanges, enhanced diplomatic contacts at the level of assistant secretary or above, regular consultations and arms sales, Taiwan’s participation in certain military exercises, and reciprocal naval port visits.

The National Defense Authorization Act (NDAA), signed into law by Trump on Dec. 12, contains much more language about Taiwan than its recent predecessors. It expresses the sense of Congress that the US should enhance security relations with Taiwan, invite it to multilateral and bilateral exercises, and normalize arms sales; mandates that the secretary of defense report to Congress each letter of request of arms sales from Taiwan; and stipulates that the government “consider the advisability and feasibility of reestablishing port of call exchanges between the United States navy and the Taiwan navy.” In written responses to policy questions submitted during his confirmation hearing on Nov 16, now–Assistant Secretary of Defense Randall Schriver explained that he has long supported US–Taiwan reciprocal ship visits and that he would look forward to learning more about any counter-arguments.

The Washington Post reported in October that PRC Ambassador Cui Tiankai sent a letter to members of Congress in late August advising that the Taiwan Security Act, the Taiwan Travel Act, and other bills crossed a “red line” in US–China relations. On Dec. 8 – shortly before Trump signed the NDAA, and in the midst of frequent PLAAF island encirclement patrols – in what may have been both a boast and a threat, Chinese Embassy Minister Li Kexin told a gathering that he had warned Congressional staff that China would “activate” its Anti-Secession Law and “unify Taiwan with military force” if US Navy ships visited Taiwan. The following day, a Global Times editorial echoed Li’s statements. The PRC Foreign Ministry said it had “lodged stern representations” with the US government about the idea of port calls, and warned Taiwan against relying on foreigners. Though some in Taiwan expressed concern at being drawn into a U.S.–China rivalry, the Presidential Office thanked the US for its support.

Taiwan’s international participation: a mixed picture

China continued to suppress Taiwan’s international participation, but there have been some positive developments for Taiwan. Though officials expressed concern about the stability of Taiwan’s relationships with the Dominican Republic and Palau, and there was media concern about ties with the Vatican, China has not taken any of Taiwan’s diplomatic partners since Panama’s switch in June.
Taiwan continued its New Southbound Policy of trade and exchange with South and Southeast Asia, and the policy is now described as Taiwan’s “regional strategy for Asia.” President Tsai and others note that it is intended to complement China’s Belt and Road Initiative and other regional efforts. In December, Tsai told AIT Chairman Moriarty, and tweeted, that Taiwan is ready to contribute to President Trump’s “free and open Indo-Pacific.”

Taiwan enhanced relations with members of the nascent “Quad,” which includes the US, Australia, India, and Japan. James Soong met Japanese Prime Minister Abe Shinzo at the APEC forum in Vietnam. Taipei and Tokyo signed MOUs on customs enforcement and cultural exchanges in November, and on fisheries management and maritime search and rescue in December. In November, Australia’s representative to Taiwan told reporters that Australia is considering cooperation with Taiwan on official development assistance in Southeast Asia, but it was also reported that an anticipated Australia-Taiwan trade agreement is on hold due to Chinese objections. In late December, Taiwan and India signed an MOU on industrial collaboration.

As last year, President Tsai did not launch a campaign for UN membership during the UN General Assembly, though Taiwan encouraged its allies to advocate for its meaningful participation in UN specialized agencies; 15 of 20 did so. Taiwan was not permitted to send representatives to the Interpol General Assembly in Beijing at the end of September, which in the past has been a priority for Taiwan. Despite lacking an invitation, EPA Minister Lee Ying-yuan travelled to Bonn to attempt to participate in the UNFCC Conference of Parties 23 in November. He was barred from official functions, but a transportation official from Kaohsiung, led by a DPP mayor, spoke at two forums for municipal officials. On Dec. 21, Taiwan Minister without Portfolio Audrey Tang and other officials participated in the UN’s Internet Governance Forum via “telepresence robot.” A Chinese diplomat objected to their participation, but representatives of Paraguay and the Solomon Islands argued that contributions rather than politics were the focus of the forum. Separately, Sweden’s foreign minister expressed support for Taiwan’s meaningful international participation as a nonstate actor.

Looking ahead

Neither Taipei nor Beijing is looking for a confrontation. That provides a certain element of stability. However, the absence of authorized dialogue between the two deeply divided sides of the strait means that instability will remain a constant concern. Unanticipated or poorly conceived actions by any of the players could lead to increased tensions in the months ahead.
CHRONOLOGY OF CHINA-TAIWAN RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 5, 2017: President Tsai Ing-wen appoints Lai Ching-te premier.

Sept. 6, 2017: Taipei arranges visit by international scientists to Taiping Island.

Sept. 11, 2017: Taiwan democracy activist Lee Ming-che pleads guilty to subversion.

Sept. 14, 2017: Former PRC student Zhou Hongxu is given a 14-month sentence in Taiwan for attempted espionage.


Sept. 20, 2017: EPA Minister Lee Ying-yuan meets US Environmental Protection Agency Secretary Scott Pruitt in Washington.

Sept. 24, 2017: At Democratic Progressive Party (DPP) National Congress, President Tsai Ing-wen reiterates her call for new approach to cross-strait relations.


Sept. 26, 2017: During his first report to Legislative Yuan, Premier Lai reiterates his support for Taiwan independence.

Sept. 27, 2017: Taiwan’s Vice Foreign Minister Paul Chang visits Washington for discreet consultations on Taiwan’s international space.

Oct. 2, 2017: Taiwan’s Foreign Minister David Lee tells Legislative Yuan that Singapore will continue military training in Taiwan.

Oct. 10, 2017: President Tsai reiterates her call for a new model for cross-strait interaction.


Oct. 12, 2017: US House of Representatives Foreign Affairs Committee (HFAC) passes Taiwan Travel Act. The legislation encourages official visits between the US and Taiwan at all levels.


Oct. 26, 2017: President Tsai speaks on 30th anniversary of cross-strait exchanges. She reiterates the Taiwan government’s position that “our goodwill will not change, our commitments will not change, we will not revert to the old path of confrontation, and we will not bow to pressure.”


Oct. 28, 2017: President Tsai transits Honolulu.


Nov. 1, 2017: President Tsai visits Tuvalu.

Nov. 2, 2017: President Tsai visits Solomon Islands

Nov. 3, 2017: President Tsai transits Guam.

Nov. 7, 2017: Taiwan Security Act introduced in US House of Representatives to enhance military cooperation and exchanges between the US and Taiwan.

Nov. 8, 2017: James Soong represents President Tsai at the Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting in Vietnam.


Nov. 27, 2017: Lee Ming-che sentenced to five years for subversion of state power.

Dec. 5, 2017: Taiwan’s Legislative Yuan adopts Transitional Justice Bill.


Dec. 7, 2017: People’s Liberation Army Air Force (PLAAF) aircraft approach Taiwan Air Defense Identification Zone (ADIZ) resulting in tense exchange with a Taiwan Air Force F-16.

Dec. 8, 2017: PRC Embassy Minister Li Kexin warns Washington that Beijing would use “military force” if Taiwan welcomed US Navy ships to its ports, claiming any US military presence in Taiwan would violate China’s Anti-Secession Law.


Dec. 11, 2017: Yu Zhengsheng, chairman of the National Committee of the Chinese People’s Political Consultative Conference, meets a delegation led by Yok Mu-ming, chairman of Taiwan’s New Party, in Beijing.

Dec. 15, 2017: Spanish court decides Taiwan fraud suspects will be deported to China.

Dec. 20, 2017: Taiwan and Japan sign marine emergency and rescue agreement.

Dec. 21, 2017: Beijing sentences 44 Taiwan telephone fraud suspects, deported from Kenya, to long jail sentences.

Dec. 26, 2017: Tsai administration releases its first National Defense Report, which includes the introduction of a “multiple deterrence” strategy, the procedures for arms procurement from the US, and references to the US “Indo-Pacific strategy.”
The last four months in inter-Korean relations were a game of two halves, except the “halves” were vastly unequal in length. Despite hopes that the election of a left-leaning president in South Korea would be welcomed in Pyongyang, inter-Korean relations sustained their downward spiral until late December as North Korea continued to cold-shoulder South Korea. In the space of just a few days, Kim Jong Un’s New Year’s speech and his Olympic olive branch transformed at least the immediate atmosphere on the peninsula. Following a swift positive response from Seoul, the first high-level inter-Korean talks since Dec. 2015 agreed that North Korea will send a large contingent to the Winter Olympic Games. Working-level meetings and military talks are expected imminently to fine-tune the details.
A game of two ‘halves’

In my country, sports commentators sometimes refer to “a game of two halves.” Rather a cliché, this means a match – usually football (soccer) – where the play and advantage differ markedly in the period before half-time compared to the second half and the eventual result.

In that sense, the past four months in inter-Korean relations were also a game of two halves. Except in this instance, the “halves” were vastly unequal in length. Indeed, strictly speaking, the last third of 2017 continued the standoff described in our last update for Comparative Connections. As of early September, our headline could not but pose the gloomy question: “Has Kim Jong Un Made Sunshine Moonshine?” We admitted being wrong-footed, as were many commentators, in assuming that the election of a left-leaning president in South Korea, avowedly keen to restore the ‘Sunshine’ policy of engagement, would automatically be welcomed in Pyongyang and elicit a positive response there, thus reviving inter-Korean relations from their downward spiral under two successive conservative ROK leaders, Lee Myung-bak (2008–13) and the disgraced Park Geun-hye (2013–17).

Not a bit of it. Instead, Kim Jong Un brusquely ignored or rejected all of Moon Jae-in’s many initiatives, in his single-minded focus on forging ahead with weapons of mass destruction (WMD); especially ever more powerful ballistic missiles explicitly intended to be capable of delivering a nuclear warhead to the mainland United States. Washington was Kim’s target in every sense, diplomatic as much as military, throughout 2017. Hence, despite Moon’s wish to put Seoul back in the driving seat as regards the nuclear crisis and peninsula affairs generally, to his frustration the ROK’s new leader found himself sidelined in the highly personalized war of words, menacing and puerile by turns, between the leaders of North Korea and the US. Our conclusion in September was pessimistic: “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.”

The quarter that followed was no different. The pace of WMD tests slowed, but any hopes of a de facto moratorium were shattered on Nov. 29 when the DPRK launched its most powerful ICBM yet. The Hwasong 15’s apogee of 4,475 km (2,780 miles) really does, experts agreed, potentially put the entire continental US within range – if North Korea can overcome the technical challenges of a warhead re-entering the earth’s atmosphere without burning up. That remains an unknown, but given the overall prowess and progress Pyongyang has shown in the past two years, it would be foolishly complacent to assume it cannot also solve that problem.

Meanwhile, North Korea continued to cold-shoulder South Korea. As recently as Dec. 25 Yonhap, the semi–official ROK news agency, could offer its readers no Christmas cheer, publishing a news focus article headlined: “Uncertainties shroud prospect of dialogue with N. Korea in 2018.” It noted that “All eyes are now fixated on Kim [Jong Un]’s upcoming New Year’s address, which would likely serve as a bellwether for the reclusive state’s policy stance over its external relations, including those with Seoul and Washington.”

And so it proved. As of mid-January, 2017’s gloom suddenly seems so last year. In the space of just a few days, Kim’s Olympic olive branch has transformed the immediate atmosphere on the peninsula. Following a swift positive response from Seoul, on Jan. 9 the first high-level inter-Korean talks since Dec. 2015 agreed that North Korea will send a large contingent to the Winter Olympic Games, which open Feb. 8 in Pyeongchang, South Korea. Working-level meetings and military talks are expected imminently to fine–tune the details.

Comparative Connections strives to be a journal of record. Yet there is little point in dwelling on non-events and snarls; the more important of those are recorded in the chronology. Our main text focuses on the new inter-Korean thaw, recent and fledgling though it is, including the big question: is this just a pause for the Olympics, or might a wider peace process be under way?

New year, new approach

North Korea has long been in the habit of laying out its policy priorities at the start of each year. Its founding leader, Kim Il Sung, began this practice in the form of a new year address in 1946, and for almost the next half century till his death in 1994 he never missed a year. His son and successor Kim Jong Il abhorred public
speaking, so during his reign (1995–2011) the format changed to a joint editorial in the DPRK’s three main daily papers. His son Kim Jong Un, keen to don the mantle of his still popular grandfather’s legacy, reinstated the tradition of giving a speech personally; this year’s was his sixth.

While there is almost always a reference to unification issues, we have warned against over-interpreting what is often Pyongyang boilerplate rhetoric. No risk of that this time: the U-turn was clear and striking. To illustrate it, by way of contrast, here are the official Korean Central News Agency (KCNA)’s final headlines for 2017 on inter-Korean relations:

S. Korean Foreign Minister’s Servile Junket to Japan Flailed (2017.12.23)
S. Korean Regime Will Be Made to Pay Dearly for Anti-DPRK Moves (2017.12.15)
S. Korean Newspaper Criticizes U.S.-S. Korea Joint Air Drill (2017.12.08)
War Servants Will Face Bitter Disgrace: KCNA Commentary (2017.11.20)
S. Korea–Sponsored “International Film Festival for Human Rights in North” Flailed (2017.11.10)
S. Korean Regime Will Have to Pay Dearly for Racket for Sanctions on DPRK (2017.11.09)

Not much sign of fraternal peace and love. Yet Kim Jong Un sounded a completely different note in his New Year address — if only toward South Korea. The US, by contrast, was famously warned that “the nuclear button is on my office desk all the time; the United States needs to be clearly aware that this is not merely a threat but a reality.”

Though mainly devoted as usual to domestic affairs, especially the economy, inter-Korean issues occupied almost a quarter of Kim’s speech (1,259 of 5,109 words, toward the end). This is too long to quote in full, as we have in the past; the entire text can be read here. It was not quite all sweetness and light. Kim began this section by grumbling that despite the demise of the “fascist” Park Geun-hye regime, “nothing has been changed in the relations between the north and the south” because the new Southern government has continued “siding with the United States in its hostile policy towards the DPRK.”

That negative note was brief, however. To delight and huge relief in Seoul, where the North Korean nuclear crisis has cast a cloud of worry over Pyeongchang — some major countries, including South Korea’s US ally, openly wondered whether it was safe to come — Kim unexpectedly and unreservedly praised the forthcoming Games as a great national event for all Koreans:

As for the Winter Olympic Games to be held soon in south Korea, it will serve as a good occasion for demonstrating our nation’s prestige and we earnestly wish the Olympic Games a success ... We are willing to dispatch our delegation and adopt other ... measures; with regard to this, the authorities of the north and the south may meet together soon. Since we are compatriots of the same blood as south Koreans, it is natural for us to share their pleasure over the auspicious event and help them.

This was a tad disingenuous given its belatedness. Until then North Korea had evinced zero interest in Pyeongchang, and missed the October deadline for registering participation. Still, better late than never. Kim even compared the Olympics to North Korea’s own big event this year: the 70th anniversary of the DPRK’s founding, which falls on Sept. 9.

While it would be unwise to jump the gun as to how far this new peace process may go, at the very least we can take it that Kim will not rain on the South’s Pyeongchang parade, since he has now in effect invited his country to the party. As well as participating in some shape or form (more on that shortly), this renders it unlikely that North Korea will conduct any major provocations, such as ballistic missile (BM) or nuclear tests, during the Olympics or the ensuing Winter Paralympic games, due to finish March 18. Such optimism is buttressed by a separate development — President Trump’s earlier acceptance of President Moon’s request that the two allies’ annual spring military exercises, Foal Eagle and Key Resolve, be postponed until after the two Olympiads. (North Korea continues to demand that these war games be cancelled outright.)
South Korea at once welcomed this olive branch, and events moved quickly. On Jan. 3, DPRK media reported that Kim Jong Un, praising Seoul’s positive response, had ordered the reopening of the Panmunjom liaison channel (hot line) from 3pm that day, so inter-Korean talks on DPRK participation in the “Phyongchang Olympiad”\(^1\) (as North Korea spells it) could be arranged. This was done, and a telephone/fax line idle for two years suddenly burst back into life. (To be clear, talk of this line having been ’cut’ meant nothing physically violent; just that each time the South called morning and evening, the North did not pick up. Also, are the two Korean governments the last people on earth still sending faxes? – as the DPRK’s very limited use of email necessitates.)

**Panmunjom: from bullets to handshakes**

The first high-level North South talks since December 2015 (and those got nowhere, as we reported at the time) were held Jan. 9 in the southern side of Panmunjom. This longstanding border contact point – the phrase ‘peace village,’ often used by media, is highly misleading – had last made headlines in very different circumstances, almost two months earlier.

On Nov. 13 a Northern soldier made a rare and dramatic escape to the South at Panmunjom. Initially driving a jeep at high speed, when that got stuck in a ditch he ran across the Military Demarcation Line (MDL) in a hail of bullets – including automatic weapons, banned within the Joint Security Area (JSA) -- from his KPA compatriots. Although some of the 40-odd rounds fired crossed the border, criticism of ROK forces for not returning fire is misplaced. Given the crisis that has hung over the peninsula for most of 2017, an unforeseen incident like this was a moment of great peril, which could have triggered a wider conflict with real risk of escalation. Instead thankfully it was contained, including by the North: one KPA soldier briefly crossed the MDL, but rapidly retreated when he realized his position.

Six US and ROK soldiers, later decorated for this, rescued the severely wounded man, who was airlifted by US *Black Hawk* to the trauma center at Ajou University Hospital in Suwon, south of Seoul. Initially not expected to live, he recovered thanks to prompt and skilled medical care. Regular updates (with scant regard for patient confidentiality) from the surgeon treating him, John Cook-jong Lee, attracted local and global interest – none more so than the revelation that during lengthy surgery to remove bullets and repair damaged organs, dozens of parasites, some almost a foot long, had been found in the patient’s digestive tract, suggesting that even elite North Koreans (none other would get a sensitive posting inside the JSA) suffer chronic ill-health due to poor diet and prevalent use of night soil (human feces) as fertilizer.

Eventually named as KPA Sergeant Oh Chong Song, on Dec. 16, he was moved from Ajou to a military hospital. One hopes the National Intelligence Service (NIS) will allow him time to make a full recovery, including psychologically – after regaining consciousness, he took some convincing that he really was in South Korea – before firing a barrage of questions at him.

**From Pyongyang to Pyeongchang**

Two months later, Panmunjom witnessed smiles, handshakes, and 11 hours of serious and productive North–South talks. The South’s delegation was led by Unification Minister Cho Myoung-gon. His Northern counterpart was Ri Son Gwon, chairman of the Committee for the Peaceful Reunification of the Country (CPRC; Kenyan really did make that mistake, or rather his travel agent did; ending up in the DPRK capital rather than the ROK mountain resort which was his intended destination.)

---

\(^1\) Speaking of spellings: Lest you wonder why South Korea has officially adopted a camel case rendition of what it *calls* PyeongChang 2018, this is to avoid any risk of an ill-informed world getting Pyeongchang confused with Pyongyang. In 2014 an unfortunate
sometimes rendered by outside media as CPRK [Korea] or CPRF [Fatherland]; in Korean, 조국평화통일위원회).

Inter-Korean high-level talks were held at Panmunjom on Jan. 9. At the talks both sides had sincere discussions on the participation of a delegation of the north side in the 23rd Winter Olympics and Paralympics and the improvement of the inter-Korean relations in conformity with the desire and expectations of all Koreans and agreed as follows:

The north and the south agreed to proactively cooperate in ensuring that the 23rd Winter Olympics and Paralympics in the south side area would be successfully held, providing an occasion for enhancing the prestige of the nation.

In this regard the north side agreed to send a delegation of the National Olympic Committee, sports team, a cheer group, an art troupe, a Taekwondo demonstration group and a press corps along with a high-level delegation to the Olympics, and the south side agreed to provide conveniences needed for them.

Both sides agreed to open working-level talks with regard to the north’s dispatching of an advance party for a field tour beforehand and participation in the Winter Olympics, and agreed to discuss a schedule in the way of exchange of documents hereafter.

The north and the south agreed to make concerted efforts to ease the military tension, create a peaceful environment in the Korean peninsula and promote national reconciliation and unity.

They shared the viewpoint that the present military tension should be ironed out and agreed to have talks between the military authorities to this end.

They agreed to promote national reconciliation and unity by invigorating contacts and travels, and exchange and cooperation in various fields.

The north and the south agreed to respect the north-south declarations and solve all problems arising in inter-Korean relations through dialogue and negotiations on the principle of By Our Nation Itself.

To this end, both sides agreed to have talks of every field along with high-level talks between the north and the south aimed at improving the inter-Korean relations.

These are encouraging words. Given the vicissitudes of inter-Korean relations, however, it remains to be seen what will be delivered, or whether it may all end in tears.

**Much more than sport alone**

Paragraph four is the crux. For North Korea, this is about much more than just sport. That was perhaps inevitable, since only two DPRK athletes – a figure skating pair, Ryom Tae Ok and Kim Ju Sik, who seem to have real star quality – have actually qualified for the Pyeongchang games. Fortunately, the International Olympic Committee (IOC) has a ‘wild card’ category, whereby those not formally registered or qualified may nonetheless compete. That will have to be used if the North, and the IOC, accept South Korea’s proposal that the two Koreas field a joint Korean women’s ice hockey team, since the DPRK did not make the cut in that sport.
If it comes off, this will be the first joint North-South sports team since two one-off ventures back in 1991 – in youth soccer, but above all in that year's world table tennis championships in Chiba, Japan, when a joint Korean women's pair beat the favorites, China. Korean hearts everywhere missed a beat, and the memory lingers: much later (2012) a movie was made about this in South Korea. By then, alas, it was painfully clear that this had been a one-off rather than the hoped-for leap forward. That question will inevitably arise in 2018 as well. (A useful summary of the two Korea's sporadic joint sports endeavors over the years is here.) At this writing the North has yet to accept either the joint hockey team or another Southern idea – that their two teams march together during Pyeongchang's opening ceremony, as they did several times at Olympic and Asian games between 2000 and 2007, but not since.

Athletes are only one (not even listed first) of no fewer than seven different types of delegations that North Korea plans to send to Pyeongchang. The salience of this soon became clear. South Korea followed up Jan. 9’s initial talks, logically enough, by offering a working meeting on Jan. 15 to firm up details of how DPRK athletes will compete at Pyeongchang. That seems not to be Kim Jong Un’s priority, for the North countered by suggesting a different kind of meeting, focusing on its plan to send an art troupe. Seoul accepted this, while urging Pyongyang to respond specifically on the sports issues soon.

Hence, on Jan. 15, South Koreans crossing the line to the North's Tongilgak building at Panmunjom will not be sports officials but cultural figures, including the CEO and artistic director of the Korean Symphony Orchestra. Their Northern interlocutors include Kwon Hyok Bong, ex-head of the Unhasu Orchestra, who now directs the culture ministry's performing arts bureau – and also Hyon Song Wol, leader of Kim Jong Un’s poster group for his vision of a more modern North Korea, the all-female Moranbong band. Many a lurid rumor has swirled around Hyon, including of her execution for a pornographic video (hardly, if this is really it) and that she was Kim’s former lover (in fact more probably his late father's). Anyway, since October Hyon has been a WPK Central Committee member and is clearly a power in the land.

Will Pyeongchang audiences be treated to Moranbong’s pop-Stalinist kitsch? Maybe not. As a salutary reminder of how cultural exchange can end in tears, what would have been the band’s first overseas concerts, scheduled for Beijing in December 2015, were cancelled at the last minute: already in town, they packed up and flew home. One theory is that the PRC downgraded the handpicked officials who would have been the audience, after Kim Jong Un claimed to have a hydrogen bomb. Another is that China objected to parts of the program's political content. It is not hard to imagine similar disputes arising at Pyeongchang.

Taekwondo, also on Pyongyang’s agenda, has fewer pitfalls. It is also less of a novelty. South Koreans got to see Northern martial artists in action as recently as last June, when the new Moon government allowed them entry for demonstration matches at the world championships organised in Muju, ROK by World Taekwondo Federation (WT, formerly WTF): the Seoul-based organization recognized by the IOC and most countries. North Korea’s rival body, the International Taekwondo Federation (ITF), was supposed to issue a reciprocal invitation to the South to attend its own world championships in September, but went back on its word, citing the international security situation. Despite this hiccup, WT and ITF are said to be in regular communication, so optimism on this front appears reasonable.

Returning to the DPRK’s list of would-be Pyeongchang attendees, National Olympic officials are uncontentious, as are journalists. That leaves two further categories. Cheering squads of comely young women (modestly clad; US-style cheerleaders they are not) are a North Korean peculiarity, seen in the South several times already if with mixed results. Warmly greeted on their first visit at the Busan Asian games in 2002, as Comparative Connections reported then, a year later their image soured after some of them tearfully got off a bus to try to protect a portrait of Kim Jong Il from rain. (Again, we covered this at the time, though no one knew then that the squad included Kim Jong Un’s future wife, the young Ri Sol Ju. Of course, back then we had never officially heard of Kim himself.)

Sanctions: an own goal?

A decade later, no cheerleaders accompanied the DPRK squad to the Incheon Asiad in 2014, possibly because the Park Geun-hye government refused to pay for them. Moon Jae-
in will be more generous, but a further problem looms. In Busan the cheering squad stayed on a ship in the harbor, and the same could happen this time using Gangneung port – or at least the squad may arrive by sea. However, in the rush to punish North Korea ever more severely for its successive nuclear and BM tests, the ROK has a bilateral sanction banning ships that have docked in DPRK ports during the past 180 days – and has invoked it twice in recent weeks. Air travel is no less problematic, since the DPRK carrier Air Koryo is on a US blacklist.

That such bans also extend to many named persons is a further headache. North Korea’s final category is “a high-level delegation.” For political reasons Moon Jae-in would welcome such a visit, and again precedent exists. In 2014, Kim Jong Un sent three of his most senior aides – Hwang Pyong So, Choe Ryong Hae, and Kim Yang Gon – to the Incheon Asiad; albeit only for the closing ceremony, and (it later emerged) bearing no wider message about dialogue. That disappointed the South, where Park Geun-hye was still in her ‘trustpolitik’ phase.

Three years on, Hwang has vanished (presumed purged) and Kim YG is dead. That leaves Choe, still very much a power in Pyongyang – but now on the ROK’s own sanction list, though not explicitly subject to a travel ban. The South has little choice but to suspend such measures, if it wants to realize the North’s visit to Pyeongchang in full. Few would criticize such a suspension. But this dilemma highlights the difficulty, or perhaps contradiction, in seeking to balance sticks and carrots while trying to solve the North Korea knot.

Adieu, Kaesong IC

In another sphere, however, UNSC sanctions appear an insuperable stumbling-block to any hopes Moon might still harbor of restoring the old ‘sunshine’ status quo ante. He and his party, then in opposition, opposed Park Geun-hye’s abrupt closure of the Kaesong Industrial Complex (KIC), the last inter-Korean joint venture, in February 2016 as a riposte to North Korea’s nuclear and BM tests. For better or worse, one emerging feature of Moon’s policy overall is to call into question or even attempt to undo some of Park’s decisions. His wish to revisit her “final and irreversible” December 2015 agreement regarding comfort women with Japan, to Tokyo’s fury, is covered elsewhere in this issue.

In similar vein, in late December a panel set up by the MOU on the KIC closure reported that Park did this unilaterally, without proper intra-governmental consultations or procedures. It added that there was no evidence for Park’s claim that KIC revenues were directly funding Pyongyang’s nuclear program, a finding that the Moon government “humbly accepted.”

This raised hopes among the 123 ROK SMEs that invested at Kaesong and suffered from its closure (they insist official compensation has been inadequate). Their representatives demanded not only a full enquiry into the KIC’s closure, but also its immediate reopening, chanting, “We would like to go to Kaesong.” But they are not going anywhere. Arguments about whether UNSC sanctions would now render the KIC illegal were settled definitively as of Jan. 10. On that date, a clause in UNSCR 2375 came into effect, 120 days after the resolution was passed on Sept. 11, which bans all joint ventures (new or pre-existing) with the DPRK. So that is that: the Kaesong IC is history. Any suggestion of reviving North-South trade – Moon long supported an inter-Korean economic commonwealth, no less – would similarly fall foul of the spirit, and probably the letter, of the ever-tighter sanctions noose.

Still on hypotheticals, the Moon administration might have better luck with another of its avowed goals – a resumption of family reunions, last held in 2015. Sadly, as the elderly cohort involved ages, only 59,000 South Koreans (most over 80) remain on MOU’s register for reunions, barely half as many as originally signed up. Seoul would like to see a reunion – presumably held as usual at the Hyundai-built Kumgang resort, now idle for...
almost a decade – over the Lunar New Year, which this year falls on Feb. 15–17 (and coincides with Kim Jong Il’s birthday). But this will not happen unless North Korea drops its current stance of no more reunions unless the South returns 12 restaurant workers who left China in 2016: defectors according to Seoul, but Pyongyang insists they were kidnapped.

As Comparative Connections went to press, Pyongyang issued a timely reminder of the hard road ahead. A Jan. 14 KCNA commentary took strong exception to Moon Jae-in’s praise of Donald Trump for enabling the new inter-Korean opening. Pyongyang must know the ROK president was just flattering his US counterpart’s vanity, Trump having already claimed credit in one of his notorious tweets. But the North was not amused at what it called “coarse invectives,” adding that Moon’s “brownnosing attitude is something beyond imagination.” It warned that “Everything is now at the beginning ... [the] train and bus carrying our delegation to the Olympics are still in Pyongyang.”

By North Korean standards this was relatively mild. Our bet is that the Northern bus will make it to Pyeongchang, perhaps even literally. (Not the train, however: despite Seoul’s best efforts and substantial investment in reconnecting track in the sunshine era, the North never allowed serious cross-border rail traffic.) Beyond that, it is too early to predict whether a successful Olympics may create momentum for an ongoing peace process. The odds are against this, while the nuclear knot remains as intractable as ever. Still, let us enjoy this pause while it lasts.
CHRONOLOGY OF NORTH KOREA–SOUTH KOREA RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 2, 2017: Health authorities in Gyeonggi Province, which surrounds Seoul and abuts the Demilitarized Zone (DMZ), say that nine out of 10 malaria infections in South Korea occur in areas bordering the North. Malaria cases in the South have risen since joint efforts, funded by the ROK, to tackle the disease on the Northern side lapsed in 2012 as tensions worsened.

Sept. 3, 2017: DPRK conducts sixth, and 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. 3, 2017: Under the headline “Anti-DPRK Campaign of S. (sic) Korean Puppet Reptile Writers Will Be Foiled,” North Korea’s official Korean Central News Agency (KCNA) quotes the Central Committee of the Journalists Union of [North] Korea as excoriating Southern media, five of them by name. The CCJUK vows to “… sharpen the just writing brushes to defend our leader, our party and our social system” and to “track down the puppet conservative reptile writers fostering discord … and throw overboard all of them … Our grime (sic) and merciless pen will sight the bases which commit hideous crimes against the DPRK by spreading misinformation about it, and beat them to pieces.”

Sept. 10, 2017: Reacting to an NBC report that the US does not rule out moving tactical nuclear weapons to the ROK if Seoul requests, the Blue House denies any such plans saying, “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 – its eighth major resolution since 2006 censuring North Korea. UNSCR 2375 (full text here) tightens economic sanctions against the DPRK, which denounces these measures – with even more vitriol than usual.

Sept. 11, 2017: Unification Ministry (MOU) says that although there is no official word, the Seoul–based World Taekwondo (WT, formerly WTF) has been told by the DPRK–based International Taekwondo Federation that “given the current security situation” it can no longer send a demonstration team to the ITF championships in Pyongyang on Sept. 15–21.

Sept. 12, 2017: The 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, be it 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.”

Sept. 14, 2017: MOU says the ROK is considering giving aid worth $8 million to the DPRK via the UN, on the principle that humanitarianism should be separate from politics. A decision will be made Sept. 21. $4.5 million is for projects run by the World Food Program (WFP), with the rest to UNICEF for nutrition, medications, and vaccines. Seoul may also provide $6 million for the UN–supported DPRK census, planned for next year.
JANUARY 2018  | NORTH KOREA-SOUTH KOREA RELATIONS

Sept. 15, 2017: North Korean website Uriminzokkiri warns “the south Korean puppet forces” that “dependence on outside forces will lead to miserable destruction ... It is illogical to talk about ‘dialog’ and ‘restoration of south-north relations’ while desperately working to stifle the DPRK together with outside forces ... This reminds one of traitors Lee Myung-bak and Park Geun-hye.”

Sept. 21, 2017: Moon government approves $8 million humanitarian aid package for North Korea, via the UN.

Oct. 12, 2017: ROK SMEs formerly invested in the Kaesong Industrial Complex (KIC) petition their government to investigate reports that the North has illegally reopened the zone.

Nov. 13, 2017: In a rare and dramatic incident (video here), a North Korean soldier flees to the South at Panmunjom.

Nov. 17, 2017: Doctors treating the badly wounded but now stable Northern defector (said to be a KPA staff sergeant in his mid-20s) reveal that his digestive tract contained dozens of parasitic worms, some large; indicating that even elite North Koreans suffer from poor diet.

Nov. 21, 2017: United Nations Command finally releases video of the Nov. 13 defection at Panmunjom. On the same day, the defector regains consciousness.

Nov. 24, 2017: John Cook-Jong Lee, the surgeon treating the Panmunjom defector (whose surname is Oh), provides further details of his serious injuries and says he is a “nice guy.”

Nov. 24, 2017: Three ROK and three US soldiers who rescued the wounded North Korean defector at Panmunjom are awarded medals of commendation. The North, meanwhile, has reportedly replaced all its border guards there.

Nov. 27, 2017: Photograph taken at Panmunjom by acting US ambassador in Seoul, Marc Knapper, shows North Korean soldiers and workers digging a trench and planting trees so as to foil any future attempts to flee to the South.

Dec. 5, 2017: CNN publishes a further account, including graphic medical footage, of the defector now named as Oh Chong-song (who it says gave his permission for publication).

Dec. 13, 2017: ROK daily JoongAng Ilbo quotes unnamed source claiming that Hwang Pyong So, who as political director of the Korean People's Army (KPA) was one of Kim Jong Un’s two top aides, has been expelled from the ruling Workers’ Party (WPK) for taking bribes. This remains unconfirmed, but Hwang was last seen in public on Oct. 14.

Dec. 16, 2017: Wounded defector Oh Chong-song is transferred from the Ajou trauma center which was treating him, to a military hospital where he will be questioned when well enough.

Dec. 19, 2017: Youbit, a Seoul-based bitcoin exchange, closes and files for bankruptcy after a cyber-attack steals 17 percent of its assets. Media reports claim ROK investigators suspect the DPRK, as also for an earlier $72 million theft from Youbit in April and other cyberheists in Bangladesh (2016) and Taiwan (2017).

Dec. 21, 2017: Another KPA soldier defects at the DMZ, somewhere in the western sector (the exact location is not disclosed). Unlike Nov. 13’s drama, the private simply walked to a Southern guard post under cover of fog. ROK forces fire about 20 warning shots when the KPA discover his absence and start searching close to the MDL.

Dec. 25, 2017: Yonhap publishes a news focus article headlined: “Uncertainties shroud prospect of dialogue with N. Korea in 2018.” A week later, the shroud lifts somewhat...

Dec. 28, 2017: MOU-appointed panel into Park Geun-hye’s abrupt closure in February 2016 of the Kaesong Industrial Complex (KIC) says this was done improperly by fiat, without due intra-governmental consultation.

Dec. 29, 2017: Representatives of SMEs invested in the KIC demand the zone’s reopening, chanting: “We would like to go to Kaesong.”

Dec. 29, 2017: Yonhap cites unnamed ROK officials as saying that the Hong Kong-flagged vessel Lighthouse Winmore, which docked in Yeosu on Nov. 24, has been seized on suspicion of transferring 600 tons of refined petroleum to a DPRK vessel on the high seas on Oct. 19.
Dec. 31, 2017: In the second such incident recently, South Korean authorities say they have seized in an ROK port a ship, the Panama-flagged KOTI, on suspicion of transferring oil to a DPRK vessel at sea in violation of UNSC sanctions.

Jan. 1, 2018: Kim Jong Un’s New Year address, broadcast live on state TV, repeats nuclear threats against the US but, in a major shift, is conciliatory toward South Korea. Kim praises the upcoming Pyeongchang Winter Olympics and offers to send a delegation.

Jan. 2, 2018: ROK Foreign Ministry (MFA) pledges that Seoul will continue “watertight” co-operation with Washington, even as it takes steps to resume dialogue with Pyongyang.

Jan. 3, 2018: Northern media report that Kim Jong Un, welcoming South Korea’s positive response to his New Year address, has ordered the Panmunjom liaison channel (hot line) to reopen from 3pm that day so that inter-Korean talks about DPRK participation in the “Phyongchang Olympiad” (as North Korea spells it) and other matters can be arranged.

Jan. 6, 2018: The Blue House calls inter-Korean talks “the starting point for the settlement of peace on the Korean Peninsula and North Korean nuclear and missile problems.”

Jan. 6–7, 2018: Long-idled inter-Korean hotline is busy all weekend, as the two Koreas embark on detailed discussions by phone and fax to arrange their upcoming talks, due Jan. 9.

Jan. 6, 2018: President Trump says apropos the upcoming inter-Korean talks: “I would love to see them take it beyond the Olympics ... And at the appropriate time, we’ll get involved.”

Jan. 7, 2018: North Korea informs the South of its five-person delegation for Jan. 9’s talks. Leader is Ri Son Gwon, an experienced inter-Korean negotiator who chairs the Committee for the Peaceful Reunification of the Country. Other delegates include CPRC vice chairman Jon Jong Su and Won Kil U, a top sports ministry official.

Jan. 8, 2018: Launching a MOFA task force for foreign leaders’ visits to the PyeongChang Olympics (over 40 are expected), ROK Foreign Minister Kang Kyung-wha says South Korea hopes momentum from North Korea’s now expected participation in the Games will lead to progress in inter-Korean relations and the North’s denuclearization.

Jan. 8, 2018: ROK Unification Minister Cho Myoung-gyon says that while tomorrow’s talks will “basically ... focus on the Olympics,” Seoul will “also seek to raise the issue of war-torn [separated] families and ways to ease military tensions.”

Jan. 9, 2018: High-level North-South talks are held on the southern side of Panmunjom, for 11 hours. A joint statement agrees that North Korea will send athletes, an arts troupe, a cheering squad and more to the Pyeongchang Olympics, and that further talks including military will be held to firm up the details.

Jan. 11, 2018: Yonhap notes that several aspects of the effort to bring North Koreans to Pyeongchang might violate UNSC sanctions against the DPRK, or indeed the ROK’s own. It claims that the Moon government’s stance on this is as yet unclear.

Jan. 12, 2018: South Korea uses the newly reopened inter-Korean hotline to inform the North it plans to return four corpses found by ROK fishermen in a DPRK boat adrift in the East Sea.

Jan. 12, 2018: ROK Vice Sports Minister Roh Tae-kang says Seoul has proposed a joint inter-Korean women’s ice hockey team, and that North and South should march together at the Olympic opening ceremony.

Jan. 13, 2018: Pyongyang proposes talks on Jan. 15 at Panmunjom about sending an art troupe to Pyeongchang, instead of a working meeting on sports issues as Seoul wanted. MOU notes that the art troupe seems to be the North’s priority, rather than the Olympics as such. The South accepts, while urging the North to also set a date to discuss sports.

Jan. 14, 2018: A KCNA commentary flays Moon Jae-in for giving Donald Trump credit for the new inter-Korean peace process, calling this “brownnosing” and “coarse invectives.”
North Korea showcased its sprint toward the capability to launch a nuclear strike on the US with a sixth nuclear test and more missile launches. Beijing supported sanctions adopted under UN Security Council Resolution 2375 and Resolution 2397, but continued to rejected calls for further pressure on the North. China continues to call for the North’s suspension of nuclear and missile activities in exchange for the suspension of US-ROK military drills, along with dual-track denuclearization and peace talks. Seoul and Beijing’s Oct. 31 agreement to “normalize” ties was a step toward returning the relationship to normalcy following a year-long dispute over THAAD, and paved the way to two summits between Presidents Xi and Moon. While defense ministers’ talks resumed on Oct. 24, these efforts at reconciliation relied on setting aside core security differences to avoid the economic costs of conflict. But these differences persist despite Beijing and Seoul’s shared desire to promote dialogue with Pyongyang and find ways to address rising peninsular tensions and the prospect of US-DPRK military conflict.

This article is extracted from Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations, Vol. 19, No. 3, January 2018. pp 82–91
The turn to maximum pressure

Pyongyang conducted its sixth and most powerful nuclear test on Sept. 3. Three days after the UN Security Council’s adoption of Resolution 2375 on Sept. 11, North Korea fired an intermediate-range ballistic missile over Japan demonstrating its ability to strike Guam. Its latest missile test on Nov. 29, a new long-range missile capable of reaching the US mainland, signified the completion of its decades-long rocket development according to DPRK state media. In a call with President Donald Trump on Sept. 18, President Xi Jinping committed to “maximizing pressure” on Pyongyang through full enforcement of UN resolutions, and on Nov. 29 affirmed Beijing’s cooperation on denuclearization. Foreign Minister Wang Yi confirmed those commitments in talks with ROK counterpart Kang Kyung-wha on Sept. 20 on the sidelines of the UN General Assembly, where Ambassador Liu Jieyi declared that Beijing “strongly condemns” Pyongyang’s sixth nuclear test in terms that appeared harsher than past Chinese reactions in international forums.

North Korea’s sixth nuclear test presented a major test for China’s leadership at home and abroad, as they coincided with President Xi’s opening of the Ninth BRICS forum in Fujian on Sept. 4 and ahead of the 19th Party Congress on Oct. 18–24, where Xi consolidated his power over the next five years. Resolution 2375 was passed with Chinese support eight days after the test, in contrast to the UN’s previous eight resolutions on the North since 2006, some of which were concluded following months of deliberation. For the first time this UN resolution limits DPRK oil imports, bans textile exports, and caps the employment of DPRK labor abroad. But despite early indications of Chinese cooperation on implementing new sanctions, the latest resolution still reflected Beijing’s limited support for sanctions given the risks of destabilizing the Pyongyang regime. Although oil restrictions are expected to reduce supplies of related products by 30 percent, Resolution 2375 doesn’t impose a complete oil embargo or asset freeze against Kim Jong-un as proposed in the initial US draft. A day after Trump’s announcement of further sanctions on Sept. 21 targeting individuals and entities with economic linkages with the North, the PRC Foreign Ministry affirmed China’s “clear and consistent” opposition to unilateral pressure outside the UN framework. Such remarks also challenged US Secretary of State Rex Tillerson’s calls on China and Russia to step up pressure by “taking direct actions of their own” as North Korea’s biggest supplier of oil and biggest employer of labor, respectively.

The recent series of North Korean provocations, including 11 missile launches since South Korean President Moon Jae-in took office in May, shifted the target of US calls for “maximum pressure” toward China. House Foreign Affairs Committee Chairman Rep. Ed Royce proposed sanctions against 12 major Chinese banks, while Treasury Secretary Steven Mnuchin in an interview with CNBC on Sept. 12, a day after Resolution 2375’s adoption, threatened additional sanctions on China in the case of nonimplementation as part of an announcement of a new US executive order broadening the authorities of the US Treasury to impose sanctions on economic and financial partners of North Korea. Acting Assistant Secretary of State for Asian and Pacific Affairs Susan Thornton at a Senate hearing on Sept. 28 argued that the success of the current pressure strategy depends on Chinese cooperation, describing progress from China as “uneven.” After Pyongyang’s missile test on Nov. 29, US Ambassador to the United Nations Nikki Haley at an emergency Security Council meeting announced Washington’s request to China to cut off oil supplies to the North. On Dec. 22, the UNSC passed a resolution in response to the Nov. 29 missile test that further restricted North Korean imports of oil and called for a further sunsetting of the export of North Korean labor abroad. In the weeks that followed, there were reports that China had begun to shut down North Korean entities and send North Korean laborers in China home.

Suspension for suspension and dual-track dialogue

At a ceremony honoring the appointment of Seoul’s new ambassadors to the United States, Japan, China, and Russia on Oct. 25, President Moon identified South Korea’s ties with the four powers as key to peacefully resolving the DPRK nuclear issue, creating a peace regime on the peninsula, and promoting broader Northeast Asian stability. But in the absence of a formal multilateral dialogue mechanism, Pyongyang’s sixth nuclear test amplified the need to coordinate regional policies on North Korea with Beijing, Seoul, and Washington. New Chinese and South Korean nuclear envoys Kong Xuanyou and Lee Do-hoon in their first meeting on Oct.
agreed to work together to resume talks with Pyongyang, following Lee’s trilateral talks with US and Japanese counterparts earlier that month. President Xi stressed China’s commitment to denuclearization through dialogue in talks with Trump in Beijing on Nov. 9, and extended China’s support for inter-Korean reconciliation when he met Moon in Vietnam two days later.

In addition to rejecting unilateral pressure, China has pushed for a “suspension for suspension” approach requiring North Korea to suspend its missile and nuclear activities in exchange for the suspension of US-ROK military exercises, combined with dual-track dialogue on denuclearization and the establishment of a Korean Peninsula peace mechanism. President Moon in a CNN interview ahead of the UN General Assembly in September laid out his own dialogue-based approach to North Korea, against the backdrop of growing opposition demands at home to pursue nuclear armament including the redeployment of US tactical nuclear weapons.

The gap in Chinese and US strategies on Korea was apparent at the conclusion of Trump’s 12-day Asia tour (Nov. 3-14), during which he claimed joint rejection of the suspension for suspension option. China’s Foreign Ministry on Nov. 16 quickly reasserted the proposal’s significance as “the most reasonable” first step toward the ultimate goal of peacefully resolving the nuclear issue.

Although differences remain on pressuring Pyongyang, Beijing has welcomed the liberal Moon government’s quest for inter-Korean reconciliation and regional dialogue with the North. Moon urged regional partners at the ASEAN Plus Three and East Asia Summit in November to support “maximum pressure” on Pyongyang while also calling for joint efforts “to bring North Korea to the dialogue table through all available diplomatic means.” As Prime Minister Lee Nak-yon indicated at an international forum in Seoul on Oct. 17, Seoul seeks cooperation from both the United States and China on peacefully resolving the North Korea issue, especially amid growing regional concern over a US military response. According to the Oct. 30 China Daily, “with the escalating war rhetoric from Pyongyang and Washington, Beijing and Seoul stand in the same trench calling for the same thing: the maintaining of regional peace and stability.”

Beijing and Seoul’s Oct. 31 agreement: the three “noes” and South Korean responses

Beijing and Seoul advanced their own efforts toward reconciliation with coordinated statements by their foreign ministries on Oct. 31 agreeing to “normalize” ties, after more than a year of hostility following South Korea’s July 2016 announcement of its decision on THAAD deployment. Pledging a consensus on the “further development of the strategic cooperative partnership,” the October agreement cleared the path to two summits between Presidents Xi and Moon on Nov. 11 and Dec. 14, and created a favorable setting for the first meeting of recently-appointed nuclear envoys, held the day the agreement was announced. A bipartisan group of six South Korean lawmakers visited China two days later for talks on North Korea and overall bilateral relations, including meetings with head of the National People’s Congress Foreign Affairs Committee and former deputy nuclear negotiator in the Six-Party Talks Fu Ying, Vice Foreign Minister Zhang Yesui, and former State Councilor Tang Jiaxuan.

However, the announcement of efforts to get China-ROK ties back on track itself became the subject of controversy in South Korea over whether the Moon administration had indeed agreed – as initial Chinese Foreign Ministry statements intimated – to the “three noes”: no further deployment of THAAD batteries in South Korea, no integration of South Korean missile defenses with US missile defense systems, and no establishment of a trilateral US-Japan-South Korea military alliance. Intense South Korean media debates centered on whether the Moon administration conceded to Chinese demands on these issues as a prerequisite for improved
relations or whether the two sides simply acknowledged these issues as a statement of current realities that might change, depending on circumstances.

Immediately following talks between Foreign Ministers Wang and Kang in November, both the South Korean Defense and Foreign Ministries dismissed reports of Chinese requests that Seoul take practical steps to address Beijing’s security concerns over THAAD. The Defense Ministry on Nov. 24 denied China’s reported proposal to open military talks on THAAD, while Foreign Minister Kang at a parliamentary session on Nov. 27 rejected Chinese media calls for the “halt of THAAD deployment” and denied any official consensus on the “three nos.” The denials also responded to South Korea’s domestic struggles over the Oct. 31 agreement with China. While local governments strongly welcomed the economic benefits from the decision to renew ties, minor opposition Bareun Party leader Joo Ho-young called the deal another loss in “humiliating diplomacy.”

Substantive steps toward normalization of China–ROK relations during this time included the renewal of the China–ROK currency swap deal on Oct. 12 on the sidelines of international financial meetings in Washington and the resumption of bilateral defense ministers’ talks on Oct. 24 on the sidelines of the fourth ASEAN Defense Ministers’ Meeting–Plus in the Philippines. Seoul’s decision not to lodge a complaint against Beijing’s retaliatory barriers in the tourism and retail sectors at a meeting of the WTO Council for Trade in Services on Oct. 6, despite earlier threats to do so from its Trade Ministry in September, suggested South Korea’s prioritization of diplomatic and economic cooperation with China. For Beijing, the $55 billion currency swap renewal supported not only its promotion of the RMB as an international reserve currency since 2015, but also its claims since March that China’s economic retaliation against South Korea over THAAD had been driven by Chinese consumers rather than the PRC government.

Talks between PRC and ROK Defense Ministers Chang Wanquan and Song Young-moo on Oct. 24, the first such meeting in two years, implied a breakthrough in improving security ties but disclosed no details on its outcome. The Oct. 31 joint statement by foreign ministries furthered speculation on reopening dialogue channels between defense ministries, including working-level talks launched in 1995 that were suspended in January 2016. PLA Deputy Commander Lt. Gen. You Haitao held closed-door talks with ROK Army Chief of Staff Gen. Kim Yong-woo on the sidelines of the 10th Pacific Armies Chiefs Conference in Seoul on Sept. 20, the first visit to South Korea by a high-level PRC defense official since Seoul’s 2016 agreement with US Forces Korea to deploy THAAD. Recent progress in China–ROK military contacts, however, masks enduring limitations in the development of security dialogue mechanisms between the two countries, whose Joint Chiefs of Staff have not held bilateral talks in almost five years.

In addition to attempting to remove the THAAD controversy as a major obstacle in the relationship, the announcement raised hopes for an improved business climate in Xi’s “new” era, underscoring joint efforts to avoid the economic costs of conflict. After the conclusion of the 19th Party Congress, China’s Foreign Ministry on Oct. 26 sent early signals on its willingness to “overcome, together with South Korea, the obstacles currently facing their bilateral relations,” and to develop a “healthier and more stable” relationship. Executive Vice President of the Party School He Yiting affirmed these interests in a Yonhap interview, ahead of his visit to Seoul as Xi’s envoy on Nov. 21–23, intended to brief South Korean counterparts on the Party Congress and Xi’s policy direction over next five years.

Despite such economic advancements, China and South Korea’s disagreements over THAAD and broader security issues were obscured by the October agreement. These differences loomed over Foreign Minister Kang’s visit to China on Nov. 21–23 to meet counterpart Wang Yi and other officials in preparation for the Xi–Moon summit. Kang avoided addressing questions on North Korea policy raised by Trump’s relisting of North Korea as a state sponsor of terrorism on Nov. 20, deflecting the THAAD issue to the defense ministry. While Wang on Nov. 22 called for Seoul’s “proper handling” of THAAD in line with Chinese security interests, South Korea’s National Assembly Speaker Chung Sye-kyun, who is from Moon’s Democratic Party, firmly defended the THAAD deployment during talks with Vice Chairman of the National Committee of the Chinese People’s Political Conference Leung Chun-ying in Seoul on Nov. 30, a day after Pyongyang’s ICBM launch. Cooperation on sanctioning North Korea as part of efforts to restore China–ROK ties dominated ruling
Democratic Party leader Choo Mi-ae’s visit to Beijing on Nov. 30–Dec. 3 for an international conference of political parties and meetings with Chinese leaders including President Xi. Tensions underlying the China-ROK partnership were on display on the sidelines of the Xi–Moon summit in December when Chinese security guards attacked and injured two South Korean journalists covering a business event, following which the Cheong Wa Dae Press Corps requested an official apology from Beijing for violating international human rights norms.

**Xi and Moon seek business as usual**
Moon Jae-in’s four-day visit to China on Dec. 13–16 marked his first trip to China as ROK president and the third summit with Xi following talks on the sidelines of the APEC forum in Vietnam in November and the G20 summit in Germany in July. The Xi–Moon summit on Dec. 14 prioritized North Korea policy after Pyongyang’s resumption of provocations on Nov. 29 and the normalization of bilateral ties in line with the Oct. 31 joint statement. Moon’s meetings with Prime Minister Li Keqiang and National People’s Congress Standing Committee Chairman Zhang Dejiang on Dec. 15 promised comprehensive improvements in bilateral relations.

The APEC Economic Leaders Meeting in Vietnam provided a multilateral platform for what the South Korean media called a “fence-mending summit” between Xi and Moon on Nov. 11 signifying the start of normalization. President Moon and Premier Li reaffirmed such efforts two days later at ASEAN meetings in the Philippines, where they exchanged pledges to rebuild political trust and resume economic and cultural cooperation. Addressing the 20th ASEAN Plus Three Summit and East Asia Summit on Nov. 14, both leaders also signaled common interests in broader regional integration and community-building. ROK Trade Minister Kim Hyun-chong reinforced recent Chinese calls against global trade protectionism by supporting plans to conclude negotiations for the Regional Comprehensive Economic Partnership by 2018, a highlight of the latest round of ASEAN meetings.

President Moon’s state visit to China included major business meetings in Beijing from Dec. 13 that showcased the economic motivations behind the renewal of China-ROK normalization. Accompanied by top executives of South Korean giants like Samsung, Hyundai Motor, LG, SK, and Hanwha, Moon proposed three principles for improving bilateral economic ties: strengthening the institutional foundation of cooperation, pursuing future-oriented cooperation, and expanding cultural exchange. This envisioned framework was supported by a series of deals between economic leaders reinforcing the Xi–Moon agenda. ROK Commerce Minister Paik Un-gyu and PRC counterpart Zhong Shan on Dec. 15 agreed to accelerate talks on expanding the bilateral FTA to services and investment, while ROK Finance Minister Kim Dong-yeon secured agreements to restart high-level talks on financial and economic issues with People’s Bank of China Governor Zhou Xiaochuan and National Development and Reform Commission Chairman He Lifeng. Agriculture Ministers Han Changfu and Kim Yong-rok signed a MoU on animal safety and quarantine cooperation, under which the two sides will initiate information-sharing on contagious animal disease.

Despite the effort to put Sino-ROK economic relations on track, Moon received criticism from conservative South Korean media for being too obliging toward his Chinese hosts. Moreover, despite efforts on both sides to compartmentalize the THAAD issue, a temporary lifting of a ban on Chinese group tours to South Korea appears to have been reimposed in the aftermath of the summit, and it is unclear whether President Xi will attend the Olympic ceremonies in Pyeongchang.

**China-DPRK political and economic interactions**
Chinese and DPRK leaders exchanged friendly messages following the founding anniversary of the Workers’ Party of Korea on Oct. 10 and Xi’s reelection as Communist Party of China (CPC) leader at the 19th Party Congress. President Xi extended his support for “sustainable and stable” ties according to the Korean Central News Agency in response to Kim Jong Un’s congratulatory message. As Xi’s special envoy, CPC International Relations Department head Song Tao visited North Korea on Nov. 17–20 to report on the Party Congress and exchange pledges to strengthen party–party and overall bilateral ties. Song’s visit included meetings with WPK officials Choe Ryong-hae and Ri Su-yong, and raised hopes for bringing North Korea to the negotiating table in line with Xi’s joint
commitments with Trump and Moon earlier that month. Such hopes were soon deflated by Song’s apparent failure to meet Kim Jong Un and Pyongyang’s declarations that it will not change course in nuclear development unless Washington abandons its “hostile policy.” China’s Global Times expressed skepticism from the onset, arguing on Nov. 17 that “the key to easing the situation on the peninsula lies in the hands of Washington and Pyongyang ... even if Song opens a door for talks, the door could be closed anytime.”

Beijing’s commitment to implementing new UN sanctions in response to North Korea’s September nuclear test is an immediate point of tension in the China-DPRK relationship. China took steps toward implementation in the weeks immediately following the Sept. 11 UNSC resolution. Local reports suggested tightened measures against smuggling in small-scale border trade areas like Dandong and the Yanbian Korean Autonomous Prefecture following Beijing’s suspension of coal, mineral, and fishery imports from August in response to North Korea’s missile launches in July. The Commerce Ministry on Sept. 28 ordered the closure of DPRK companies operating in China by January 2018, within 120 days of the adoption of UNSC Resolution 2375. Beijing’s visa restrictions from Sept. 12 reportedly led to mass departures of North Korean workers including an estimated 2,600 in the northeast provinces of Liaoning, Jilin, and Heilongjiang.

While the Commerce Ministry on Sept. 23 announced restrictions on petroleum exports and textile imports in line with Resolution 2375, it also made clear that its restrictions do not apply to crude oil exports. After Trump announced Washington’s additional sanctions on North Korea, the PRC Foreign Ministry on Sept. 22 firmly denied media reports of similar actions by China’s Central Bank to restrict local services to North Korean clients. Doubts remained over China’s approach to sanctions implementation as its imports of DPRK coal in September amounted to $44 million according to the Korea International Trade Association, despite the Commerce Ministry’s announced plan to implement import bans under the UN’s August resolution.

The limits of Chinese pressure: domestic debates

As Chinese analysts like Cheng Xiaohue of Remin University indicate, North Korea’s sixth nuclear test was a “political test” for inducing policy change in Beijing. But many Chinese observers find it unlikely that Beijing’s growing displeasure will translate into tougher action given its fundamental interest in avoiding DPRK instability leading to collapse and unification under US-ROK control.

According to Zhao Tong of the Beijing-based Carnegie-Tsinghua Center for Global Policy, cutting off Chinese crude oil supplies could undermine North Korean stability, but China’s biggest concern is the possibility of North Korean military retaliation against China. While condemning the test as “another wrong choice” in violation of UN resolutions, the Global Times on Sept. 3 similarly warned against a full oil embargo given the likelihood of a China-DPRK confrontation, and uncertainty over whether such actions will deter Pyongyang from further tests. This skepticism over China’s economic leverage reflects a longstanding Chinese view that “The root cause of the North Korean nuclear issue is that the military pressure of the Washington-Seoul alliance generates a sense of insecurity for Pyongyang.” As Da Zhigang of the Heilongjiang Academy of Social Sciences argued in December, “the U.S. should not shift the responsibility of resolving the North Korean nuclear issue to China as China’s influence on North Korea is not as big as the U.S. has assumed.” According to Zhu Feng of Nanjing University, rather than taking the unlikely strategic option of cutting off oil, “China should push the US to address North Korea’s security concerns.”

Beijing’s biggest immediate priority, however, is the human security risk raised by the prospect of nuclear contamination in China’s northeast regions, which some Chinese analysts identify as the “bottom line for China in showing restraint” toward North Korea. The September nuclear test, from which the US Geological Survey recorded a 6.3-magnitude earthquake, ignited public protests in Harbin against the health and security implications and led to the temporary closure of the Changbai Mountain tourist site.

Conclusion: 2018 Winter Olympics

As Beijing and Seoul marked their 25th anniversary of diplomatic ties in 2017, new ROK Ambassador to China Noh Young-min took
office in October by pointing to a growing consensus on both sides on the need to avoid conflict over THAAD. According to the Oct. 30 China Daily, renewed efforts to “normalize” ties show that “their common interests outweigh their differences” at a time when “growing tensions between Pyongyang and Washington threaten to become more than just a war of words.” Just as commercial interests were a driver of China-ROK normalization 25 years ago, the Oct. 31 agreement set aside differences on core security priorities to advance the economic partnership. As President Moon stated in December in his opening address at the China-ROK business forum in Beijing, partners “must first become friends before doing business together.” However, as the economic relationship has matured and Chinese and South Korean companies have become more direct competitors both in the Chinese and the global market, it is becoming increasingly difficult for Seoul and Beijing to set aside security issues in favor of joint economic gains deriving from trade and investment cooperation. This shift will likely presage a more contentious Sino-South Korean relationship.

Reiterating Beijing’s calls for “suspension for suspension,” Foreign Minister Wang Yi at an international seminar in Beijing on Dec. 9 suggested that prospects on the Korean Peninsula are “not optimistic” given the current “black hole” of confrontation. A key test for Beijing’s Korea strategy is South Korea’s hosting of the 2018 Winter Olympics on Feb. 9-25, which has had the dual effects of catalyzing inter-Korean talks and delaying US-ROK military drills until after the Olympics. In addition to the outcome of such talks, the longer-term prospects for addressing North Korea and peninsula security will remain dependent on the level of coordination and calibration of respective pressure and dialogue among China, South Korea, and the United States.
CHRONOLOGY OF CHINA-KOREA RELATIONS

SEPTEMBER – DECEMBER 2017


Sept. 12, 2017: UN Security Council adopts Resolution 2375 in response to North Korea’s Sept. 3 nuclear test.


Sept. 15, 2017: North Korea launches an intermediate-range ballistic missile over Japan.


Sept. 18, 2017: Presidents Donald Trump and Xi Jinping agree to step up pressure on North Korea.


Sept. 23, 2017: PRC Commerce Ministry announces restrictions on petroleum product exports to North Korea and textile imports from North Korea in line with UN sanctions.

Oct. 12, 2017: Beijing and Seoul agree on the sidelines of international financial meetings in Washington to renew their currency swap deal.


Oct 20, 2017: Statue of Korean independence fighter Ahn Jung-geun donated by a Chinese think tank is unveiled in Euijungbu, South Korea.


Oct. 25, 2017: ROK and DPRK leaders send separate congratulatory messages to President Xi Jinping on his re-election as Communist Party of China (CPC) leader.


Oct 31, 2017: South Korea’s ruling Democratic Party welcomes China-ROK agreement on THAAD, while the minor opposition Bareun Party denounces it.

Nov. 2-4, 2017: Bipartisan group of six South Korean lawmakers visits China.


Nov. 2, 2017: President Xi sends message to Kim Jong UN expressing hope for “sound and stable” bilateral ties.

Nov. 3, 2017: South Korea’s Lotte Group secures approval for construction of a commercial complex in China.

Nov. 5, 2017: Ten North Korean defectors are arrested in China.

Nov. 11, 2017: Presidents Xi and Moon meet in Da Nang, Vietnam on the sidelines of the APEC Economic Leaders Meeting.

Nov. 11-12, 2017: Health ministers from China, South Korea, and Japan meet in Jinan, China.
Nov. 13–14, 2017: PRC Premier Li Keqiang and President Moon attend ASEAN–related meetings in Manila and hold bilateral talks on Nov. 13.

Nov. 13, 2017: South Korea at WTO meeting raises concern over China’s cyber security regulations.

Nov. 15, 2017: ROK Prime Minister Lee Nak-yon addresses annual forum on China–Korea relations in Seoul.

Nov. 16, 2017: PRC Foreign Ministry renews call for “suspension for suspension” agreement on North Korea.

Nov. 16, 2017: ROK Finance Minister Kim Dong-yeon and PRC Ambassador Qiu Guohong meet in Seoul.

Nov. 17, 2017: Rodong Sinmun declares that North Korea will “never” step back from its nuclear development “unless the US hostile policy against us comes to an end.”

Nov. 17, 2017: China and South Korea reach agreement on annual fishing quotas in each other’s exclusive waters.

Nov. 17–20, 2017: President Xi’s special envoy Song Tao visits Pyongyang to brief DPRK counterparts on China’s 19th Party Congress.

Nov. 21–23, 2017: Executive Vice President of the Party School He Yiting visits South Korea to discuss the outcome of China’s 19th Party Congress.

Nov. 21–23, 2017: Foreign Minister Kang Kyung-wha visits China in preparation for the Xi–Moon summit, meeting counterpart Wang Yi and head of the National People’s Congress Foreign Affairs Committee Fu Ying.


Nov. 24, 2017: South Korea’s Defense Ministry denies plans for talks with China on THAAD.

Nov. 27, 2017: South Korean authorities arrest three Chinese fishing boats for illegal fishing in Korean waters.

Nov. 28, 2017: China partially lifts restrictions on group package tours to South Korea.

Nov. 29, 2017: North Korea test–fires intercontinental ballistic missile. China’s Foreign Ministry denounces the test. President Xi reaffirms China’s goal of denuclearization in telephone talks with Trump.

Nov. 30–Dec. 3, 2017: South Korea’s ruling Democratic Party leader Choo Mi-ae visits Beijing for an international conference of political parties and meets Chinese officials including Xi Jinping.


Dec. 1, 2017: Financial regulators from South Korea, China, and Japan meet in Incheon.

Dec. 6, 2017: South Korea’s Commerce Ministry hosts meeting of Chinese entrepreneurs to encourage Chinese investment.

Dec. 9, 2017: PRC FM Wang renews China’s call for a “suspension for suspension” agreement on North Korea.

Dec. 13–16, 2017: President Moon visits Beijing for summit with Xi Jinping accompanied by a large business delegation.


Dec. 14, 2017: Chinese security guards attack and injure two South Korean journalists at a Korea-China trade fair. The Cheong Wa Dae Press Corps issues a statement requesting a formal apology from Beijing.

Dec. 14, 2017: Bilateral meetings are held in Beijing between ROK Agriculture Minister Kim Yong–rook and PRC counterpart Han Changfu; and ROK Commerce Minister Paik Un–gyu and PRC counterpart Zhong Shan.


Dec. 15, 2017: China orders investigation into clashes between Chinese security guards and South Korean journalists.
Dec. 15, 2017: President Moon meets Premier Li Keqiang and chairman of the Standing Committee of the National People's Congress Zhang Dejiang in Beijing.


Dec. 15, 2017: President Moon visits Chongqing, former base of South Korea's provisional government during Japanese colonial rule.

Chronology compilation and research assistance provided by Yichun Liu.
As China’s President Xi Jinping entertained national leaders in Beijing, Japan’s Prime Minister Abe Shinzō made appearances at the opening of the United Nations General Assembly and the New York Stock Exchange, and authored an op-ed in The New York Times. Abe’s common theme was denunciation of North Korea’s provocative behavior, adding that China must play a greater role in curbing its activities. Abe also indicated Japan would consider supporting companies that participated in the Belt and Road Initiative and partner with China in underwriting aid to African countries, while hinting strongly that he would like an invitation for a state visit. China is holding fast to its conditions for a formal meeting: Japan must agree there is a dispute over Diaoyu/Senkaku Islands ownership and show that it has come to terms with its misconduct during World War II. At yearend, Beijing’s Global Times asserted that bilateral ties had broken out of their slump while Japanese papers reported a senior LDP official as stating the two sides had pushed their relations to a new state, enabling them to discuss the future.
Diplomacy

As the leaders of both sides consolidated their positions – Abe’s Liberal Democratic Party (LDP) achieving a supermajority in Japan’s House of Representatives election while the 19th Congress of the Central Committee of the Communist Party of China (CCP) gave power unprecedented since the Mao Zedong era to Xi Jinping – one might speculate that these two strong leaders would pursue hardline policies that would exacerbate frictions, or, that they would have the backing to reach compromises. With Abe’s tentative moves toward selective participation in China’s Belt and Road Initiative (BRI) and the announcement that the two sides had largely agreed on a maritime and aerial communication mechanism for the East China Sea, relations seemed to be warming. Still, Chinese media continued to snipe at Japan, with state-controlled China Central Television (CCTV) suggesting that Emperor Akihito’s decision to seek abdication was prompted by opposition to Abe’s plans to change Article 9 of the constitution. CCTV noted that Akihito had never visited the Yasukuni Shrine, which houses the spirits of Class-A war criminals among those honored for their service to the nation.

Xinhua issued a fairly mild complaint on the Dec. 5 visit of 60 Japanese lawmakers from several political parties to Yasukuni Shrine, noting that Abe had neither visited nor sent an offering, and that no currently serving Cabinet ministers attended. There were no high-level visits at the more traditional time of the Autumn Festival this year because it occurred just before the Japanese general election.

A Global Times opinion piece by the head of the Heilongjiang Academy of Society Science’s director of Northeast Asian studies on the 45th anniversary of the normalization of Sino-Japanese relations attributed recent tensions to Japan’s “zero-sum mentality.” Tokyo’s nationalization of the Diaoyu/Senkaku Islands, adopting an “ambiguous attitude regarding the status of Taiwan,” lifting the ban on the right to collective self-defense, and initiating discussion on the amendment of the pacifist constitution, have all targeted China, as did strengthening of the US-Japan alliance. The author urged Japanese leaders to grasp opportunities, such as participation in the BRI project, to improve bilateral ties.

On Oct. 1, Abe attended the Chinese embassy’s reception for the PRC’s National Day, becoming the first Japanese prime minister in 15 years to do so. He expressed his desire to visit China in 2018, and offered to host a Tokyo-Beijing-Seoul summit later this year.

The vice-ministerial level China-Japan Security Dialogue took place in Tokyo just after the conclusion of the CCP’s 19th Party Congress. China’s Assistant Foreign Minister Kong Xuanyou “stressed that the lack of mutual trust, especially in the political field, poses a fundamental obstacle to improving and developing bilateral ties.” Discussions addressed North Korean proliferation, the implementation of a maritime hotline aimed at avoiding accidental clashes in the East China Sea, and on creating a maritime and aerial communications mechanism. In a separate meeting with Foreign Minister Kono Taro, Kong added that despite a number of positive interactions recently, Sino-Japanese relations still faced “complicated factors.” An editorial in the Yomiuri Shimbun, Japan’s largest circulation daily, lamented the failure of the series of talks, now in their 15th year, to arrive at a mutually acceptable solution to the two countries’ differences.

Abe and Xi met briefly during the Asia Pacific Economic Cooperation (APEC) forum in November, held in Da Nang, Vietnam. Xi was quoted as saying that the key to improved Sino-Japanese relations lies in mutual trust, and admonished the Japanese government to deal with questions of history – code for making further amends for Japan’s conduct during World War II – and Taiwan. Earlier in the year, China’s Foreign Ministry had expressed its displeasure at Japan’s decision to change the name of its mission in the Taiwan capital from the deliberately ambiguous Interchange...
Organization to the Japan–Taiwan Exchange Organization, and protested when Vice-Minister for Internal Affairs Asama Jirō attended a cultural exchange meeting in Taiwan. During the APEC forum, Abe met Taiwan’s representative, veteran opposition politician James Soong, with Japan’s Foreign Ministry referring to Taiwan as “Chinese Taipei” to minimize friction with the PRC.

Despite voicing his desire to visit China “at an appropriate time” and hoping to welcome Xi for a reciprocal visit to Tokyo, Abe made no progress in setting a date. The two leaders agreed only to cooperate in dealing with North Korean nuclear proliferation.

The New York Times, and Asahi, which reprinted the Times article, reported that Abe’s cordiality toward Xi in Da Nang was a reflection of the unease among allies about the role the US intended to play in the region, heralding a rapprochement that “recognize[d] the shifting dynamics around the Pacific Rim.” The Times article also opined that given the lavish praise Trump had heaped on Xi, the United States might indicate that the two would draw together and exclude Japan.

Yamaguchi Natsuo, head of Japan’s Komeitō party and coalition partner of the ruling LDP, met Xi Jinping on Dec. 1, carrying a letter from Abe. Separately, Yamaguchi met Vice Premier Wang Yang, newly appointed member of the CCP’s Politburo Standing Committee, who is ranked fourth in the PRC’s hierarchy. Although the contents of Abe’s letter were not disclosed, Yamaguchi reportedly asked Wang for his opinions on future Sino–Japanese exchange programs and the denuclearization of North Korea.

Chinese media largely ignored the meeting, with Xinhua emphasizing that Yamaguchi was in Beijing to attend a meeting of the CCP with other political parties. The article was accompanied by a photo of Yamaguchi sitting stiffly in a chair next to Wang, as opposed to Yomiuri’s picture of Yamaguchi shaking hands with Xi. Wang was quoted as saying that the CCP hoped to work with Japan’s major political parties to improve bilateral ties, and that the key to bettering relations was mutual trust.

Despite frequent media references to a climate of warming relations, the Chinese government made strenuous efforts to reinforce anti-Japanese sentiments. Flags flew at half-staff and sirens sounded in major Chinese cities on Sept. 18, the anniversary of the Mukden incident when the Japanese military blew up a train and, blaming in on Chinese forces, used it as a pretext for the invasion of Manchuria.

In the days before the anniversary of the Nanjing massacre in December, Chinese NGOs wrote to the Japanese Embassy in Beijing requesting an apology from the government to the victims of the massacre and payment of compensation, stating that although Japan had surrendered unconditionally 72 years ago, it had not learned the lessons of history, and wanted to revive militarism by revising the constitution. CCTV began streaming a five-episode documentary on comfort women which, according to Xinhua, featured historical records, witness testimonies, and other evidence. The video was also streamed in Japan “to allow more Japanese to know the truth.” This was the opener to a well-publicized series of activities. Several modern dramas and Yueju opera performances were held and a documentary recounting the atrocities in graphic detail was screened prior to the Nanjing massacre commemoration day, which was declared a national holiday in 2014. Top leaders attended a ceremony at the Nanjing Memorial Hall while the national flag flew at half-mast, and monks from China, Japan, and South Korea chanted for the victims. Global Times reported on an American who came to Nanjing to photograph the scenes of the massacre at the places originally photographed by his grandfather, who had been an eyewitness. According to Xinhua, 200 people attended a testimonial meeting in Shizuoka, Japan, at which the daughter of a survivor shared her mother’s stories of the horror. A major commemoration of the 80th anniversary of the massacre was held on Dec. 13 in Nanjing. Still, Xi did not use his presence at the Nanjing event to make a speech, which is highly unusual.

Meanwhile, former Prime Minister Fukuda Yasuo sent mixed signals when he stated that now was a good time for the two countries to improve relations by acting together on global challenges, but that the Japanese government was considering expanding its ballistic and cruise missile capabilities (see section on defense below). Fukuda made his remarks in Beijing at a forum jointly organized by the China International Publishing Group and Japan’s Genron NPO.
At the 11th China-Japan Comprehensive Forum on Energy Saving and Environmental Protection in late December, 23 agreements on cooperation projects were signed. According to Xinhua, since the forum began meeting in 2006, agreement had been reached on 337 projects, with topics ranging from intelligent vehicle development, coal-fired power generation, and people-to-people exchanges.

In a brief year-end roundup of the PRC’s diplomatic achievements, China’s Global Times stated without giving details that Sino-Japanese ties had finally broken out of their “slump.” At the same time, LDP Secretary General Nikai Toshihiro stated that Japan and China had pushed their relations to a new stage that allowed them to discuss the future together. Listing possible areas of cooperation that included environmental preservation, energy-saving, better protection of intellectual property rights, and the improvement of hygiene including the use of Japanese high-quality toilets in China, Nikai urged early reciprocal visits by Xi and Abe as well as a trilateral summit with South Korean leaders. Listing possible areas of cooperation that included environmental preservation, energy-saving, better protection of intellectual property rights, and the improvement of hygiene including the use of Japanese high-quality toilets in China, Nikai urged early reciprocal visits by Xi and Abe as well as a trilateral summit with South Korean leaders. Nikai advocated enhanced party-to-party exchanges and cooperation, implying that an early summit meeting was unlikely.

Cultural exchanges

The head of Japan’s famed Urasenke Tea School made his 100th visit to China. State Counselor Yang Jiechi said that he hoped that Urasenke would make efforts to get Sino-Japanese relations back on the right track. The tea master replied non-committally.

In a Global Times year-end summary, an ethnically Chinese professor returned to a familiar, but not recently heard, lament: leaders like those of the 1950s “who did their utmost to promote bilateral ties had not been replaced. The agreements signed since normalization of diplomatic ties in 1972 had “failed to lift deteriorating ties.” Japan’s younger generation, the author opined, was “generally indifferent to China” while “academic circles reinterpret China with a new cognitive paradigm.” There was no mention of the attitudes on the Chinese side. His suggested solution was more cultural exchanges.

General news coverage

In early September, Xinhua reported the death of the last of the 24 former comfort women to sue the Japanese government for being pressed into providing sex services to the Japanese military during World War II. Fourteen other comfort women, non-litigants, remain alive.

In response to Prime Minister Abe’s sending a masakaki offering during the Autumn Festival of the Yasukuni Shrine, China’s Foreign Ministry spokesperson delivered a fairly mild rebuke, demanding that Japan properly handle the issue and reflect on its past aggression. Abe’s ritual offering, which has become standard procedure for him following a controversial in-person visit several years ago, received little coverage in Japanese newspapers.

Media from both sides reacted to political gains by the respective leaders. Chinese media interpreted Abe’s LDP gaining a supermajority of delegates in the Oct. 18 election for the House of Councillors as portending further moves toward amending the Japanese constitution. Japanese sources reacted with apprehension to Xi Jinping’s marathon speech at the CCP’s 19th Party Congress, highlighting such phrases as China moving to center stage in international affairs and achieving a world-class military. There were indications that overall perceptions of bilateral relations were improving. Kyodo reported polls indicating a marked improvement in Chinese and Japanese views of relations. A survey jointly conducted by the Japanese nonprofit think tank Genron NPO and the China International Publishing Group found that 44.9 percent of respondents believed that bilateral ties were bad or relatively bad, down from 71.9 percent a year earlier, the first time in seven years that the number had fallen below 50 percent. 64.2 percent of Chinese respondents believed ties were bad or relatively bad, down from 78.2 percent. On the prospects for future bilateral relations, Chinese were somewhat more optimistic than Japanese, with 29.7 percent expecting them to worsen, down from 50.4 percent, and 28.7 percent anticipating they would improve, up from 19.6 percent. However, 23.6 percent of Japanese believed they would improve vs. 34.3 percent last year, with the number expecting them to rising to 13.1 percent.
from 8.8 percent. Reasons given for the generally more optimistic results were an increase in high-level contacts, no major incidents, and greater media coverage of North Korean proliferation.

Nevertheless, there was also some news to remind us that history issues remain a sensitive topic. Survivors of the Japanese bombing of Chongqing during World War II protested against a ruling of the Tokyo High Court affirming the judgment of a 2015 decision of a lower court that they were not entitled to compensatory damages. A lawyer for the plaintiffs announced that the group would appeal to the Japanese Supreme Court.

Economy

According to figures released in November, Japan’s GDP expanded by an annualized 1.4 percent during the third quarter of 2017. This marked seven consecutive quarters of growth, the longest continuous rise since the eight straight quarter expansion from April-June 1999 to January-March 2001. Unemployment was just under 3 percent. Meanwhile, Chinese economic growth continued at over 6 percent, though Chinese economists warned that the economy was being artificially stimulated and a day of reckoning might be at hand. In the midst of the Xi’s triumphal 19th Party Congress, Governor of the People’s Bank of China Zhou Xiaochuan warned of a “Minsky Moment,” or sudden collapse of asset prices that follows a long period of growth, sparked by debt or currency pressures.

At a Sino-Japanese entrepreneurial dialogue held in Beijing in late November, Jiang Zengwei, head of the China Council for the Promotion of International Trade, advised Japanese companies to use their strengths in high-end manufacturing, smart manufacturing, and biotechnology to help China upgrade its industrial structure and integrate the two countries’ industrial chains. According to Chinese Customs data, said Jiang, bilateral trade had risen 14.2 percent year-on-year through October to about $252 billion, accounting for 7.4 percent of the PRC’s total foreign trade.

In a move said to have been prompted by a desire to improve bilateral relations and obtain Beijing’s assistance in dealing with North Korean nuclear proliferation, the Japanese government announced that it was considering support to companies that conduct joint projects with Chinese companies in countries along China’s Belt and Road economic zone. Abe was said to have first discussed the outline of Japan’s assistance with Chinese Premier Li Keqiang when the two met in Germany in July and again with Abe met Xi in Vietnam in November. A detailed plan was then drawn up from consultations among the Cabinet Secretariat, the foreign and defense ministries, and the Ministry for Economy, Trade, and Industry (METI). Emphasis was to be on:

- energy saving and environmental cooperation
- industrial advances
- improving the usability of the rail network

In addition to hopes that cooperation would help warm relations and obtain Chinese cooperation in dealing with North Korean missile proliferation, the Japanese government hoped that the plan would ease the way to holding a trilateral summit with South Korea, which had been scheduled to take place in Japan and, separately, arranging a state visit by Li Keqiang. This would be a prelude to Abe visiting the PRC in 2018 and a reciprocal visit by Xi to Japan. However, the Japanese government remained wary of Chinese projects involving harbor development at strategically important points along the Indian Ocean and Mediterranean Sea, since there is speculation that they may be used for military purposes. Hence, for the time being, the government will not participate in joint harbor projects.

In response, an op-ed in China’s Global Times opined that Japan’s decision reflected its realization that better ties with China were hard to resist due to growing pressure from sluggish domestic growth and rising protectionism in the US: new markets were essential to maintain steady economic growth. Taking note of Japan’s work with India and other countries to counter the influence of the BRI, the writer evaluated the influence of competing programs like Japan’s Asia-Africa Growth Corridor as far lower than that of China’s program. This view would seem to have been overtaken by events, given Japan’s expressed willingness to cooperate on some BRI projects, and also to partner with the PRC on development assistance to African states.

According to Yomiuri, Tokyo hoped that enhanced cooperation would persuade China to make greater efforts to stop North Korean
proliferation and ease the way to a Sino-Japanese summit to mark the 40th anniversary of the conclusion of the Japan-China Peace and Friendship Treaty. Yomiuri also noted that “some in the government” were cautious about changing the policy, given China’s more strongly hegemonic stance, even in regions west of the Indian Ocean. One of the factors behind Japan's agreement with Kenya for assistance in developing the port of Mombasa is to prevent China from putting the port under its influence. The commitment to cooperation notwithstanding, China’s involvement will be limited to the construction of related roads, to avoid having PRC ships enter the port.

A third round of meetings between Chinese and Japanese economic leaders and former high-ranking officials held in Tokyo in early December was characterized by the standard cliches. Former Vice Premier Zeng Peiyan declared that stable, healthy bilateral relations conformed to the shared interests of the two countries; China Daily quoted Abe as saying that the two should join hands to deal with the huge investment demand for Asia’s infrastructure facilities.

A Xinhua year-ender painted a bleak picture of Japan’s “debt-mired economy [which is being] further debilitated by deflation, degraded image, and demographics.” The article noted that Japan’s public debt was more than double its $5 trillion economy, as wages have stagnated, the population continues to decrease, and scandals have hurt the country’s once-stellar reputation for producing high-quality precision-made goods.

Nikkei described a sea change in Pacific fishing waters, with Japan losing out to China in the competition. Due to over-fishing, even the price of even less expensive species had become less plentiful. Chinese and Taiwanese fishing catches are up while Japan’s are down; there are some areas where Japanese fishermen do not go because they fear for their safety.

Participants at an economics forum opined that Japan could reassert its financial leadership through, among other actions, renegotiating trade pacts: the Nikkei index was more than twice the level it was when Abe began his second term as prime minister, and unemployment, at 2.8 percent, is lowest in two decades. Meanwhile, Beijing said that Standard & Poor’s downgrade of China from A+ to AA- was based on a misreading; Chinese economy is in fact resilient. In June, Moody’s issued a comparable downgrade.

Xinhua reported that Kobe Steel’s admission that it falsified product data, along with other recent revelations involving Nissan Motors and the Takata Corporation, is indicative of a cheating culture that is damaging the competitiveness of Japan's manufacturing industry as well as Japan’s reputation as a country. A commentary added that Japan’s traditional “shame culture” was being replaced by a “falsification culture.” Kobe Steel apologized, answering that the defective products were sourced from units in Malaysia, Thailand, and China.

Defense

Japan’s Defense Ministry’s 2017 White Paper contained a 34-page section on China that praised the PRC’s contributions to counterpiracy and United Nations peacekeeping activities while criticizing dangerous acts as attempts to change the status quo by coercion based on its own assertions that are incompatible with the existing international order.

On Nov. 21, the same day that the Japanese Ministry of Defense reported a decrease in the number of air force scrambles for the first half of 2017 (51 percent of them against Chinese aircraft), CCTV-4, the international channel of state-run Chinese Central Television, accused the Abe administration of playing up increased passage of Chinese Air Force planes through the Miyako Strait and circling Taiwan air space. It opined that Japan was trying to divert attention from the country's poor economy and domestic scandals while encouraging support for changes in the constitution and higher defense budgets.
The CCTV report warned that the “new normalized training” would include an increase in the frequency of training, a change in the area of training to beyond the first island chain, and more intense training and methods. Neighboring countries “should be prepared” for such changes.

In mid-December, the Chinese Air Force conducted what it described as routine air patrols, passing through the Strait of Tsushima for what Xinhua said was the first time, and also conducting “encirclement” patrols close to Taiwan. Hong Kong’s South China Morning Post cited Beijing-based naval expert Li Jie as noting “growing signals that the U.S. and Japan [were] supporting Taiwan’s independence leaning Democratic Progressive Party’s attempts at secession,” indicating that the flights were a warning to all three countries. In a move sure to corroborate Beijing’s suspicions, two days later Japan and Taiwan announced the conclusion of a memorandum of understanding to enhance search and rescue at sea, though failing to reach agreement on contested fishing rights around Okinotori Atoll.

Among measures to address Japan’s growing concerns regarding China’s increased activity in adjoining maritime spaces, the Japanese Coast Guard announced plans to further enhance its capabilities, the better to defend encroachments on the disputed islands of the East China Sea.

In early December, Japanese government sources revealed that the introduction of air-to-air and air-to-ship long-range cruise missiles was being considered. The system being considered was the US AGM-158 Joint Air to Surface Standoff Missile—Extended Range (JASSM-ER), which has a range of more than 900 km. The missile could not, however, be loaded onto some Japan Air Self-Defense Force (JASDF) planes without modification of the airframes and systems. Under the government’s interpretation of the constitution, Japan is prohibited from possessing the capability to strike enemy bases but is allowed to have the capability to do so.

A few days later, Asahi quoted an unnamed senior JSDF official as saying that the Japanese government’s plans to intercept not only ballistic missiles but cruise missiles under the national’s new defense program guidelines was “partly intended to bolster Japan’s defense against North Korea’s ballistic missiles, but the real aim of introducing the Integrated Air and Missile Defense (IAMD) system is to counter China, which has been upgrading a number of its missiles.” The revised National Defense Program Guidelines are expected to be announced at the end of 2018, Abe having called for a sweeping overhaul of the existing guidelines.

As the year closed, Japanese government sources revealed that the Defense Ministry is mulling a plan to buy F-35 stealth fighter jets for use on the Maritime Self-Defense Force’s helicopter carriers. Modifications would have to be made to the bow, deck, and other areas before this would be possible. This is controversial since Japan has maintained that it cannot possess attack aircraft carriers, as these could be deemed offensive weapons in violation of the country’s defense-only policy.

Following the announcement in late December that the Japanese government plans to seek a 1.3 percent increase in the country’s defense budget, an editorial in the center-left Asahi expressed concern and called for rigorous debate on the expenditures when the Diet reconvenes in January. Respected Japanese diplomat and former university president Kitaoka Shinichi argued that Japan should possess not only a missile defense system but a counterstrike capability.

There was some progress in reducing tensions over the Senkaku/Diaoyu Islands. Japanese and Chinese negotiators reached a tentative agreement designed to avert clashes in the Japanese-administered islands area in early December. Arrived at after behind-the-scenes negotiations during the autumn were refined at a two-day meeting of senior defense and foreign ministry officials in Shanghai, the agreement...
would establish a mechanism to deal with crises over the territorial waters and airspace. Japan is concerned that China might interpret the new framework as giving it a legitimate right to approach the islands. The mechanism, described as a kind of hotline, was described as not undermining the legal position of either country.

According to surveys conducted in Japan during the summer of 2017 but released in late October, 62.2 percent of respondents showed interest in the Senkaku Islands, down 12.3 percent from a previous poll in 2014. However, Xinhua called the Ishigaki City mayor’s plan to change the name of islands to include the word Senkaku a “petty move, part of its endless number of little tricks” that will not prevent Japan from declining, although “provocations increase the likelihood of confrontation between China and Japan.”

**Regional competition**

At a two-plus-two meeting of the British and Japanese defense and foreign ministers held in London in mid-December, the two sides agreed to strengthen security operations. Britain, exiting the European Union, hopes to increase its presence in the Asia-Pacific region through closer ties with Japan, while Japan views a stronger British presence as a deterrent to Chinese expansionism. Specific details of the action plan for security operations in what has been described as a quasi-security alliance have not been released, but the plan is known to include joint exercises and cooperation in defense equipment and technologies as well as peacekeeping operations. This follows an Acquisition and Cross-Servicing Agreement signed in January 2017 which provided for the exchange of ammunition and other goods. The two have also been researching the joint development of a new air-to-air missile. Japan has formulated such plans, separately, with India and Australia, but the agreement with Britain is its first with a European power.

In what was widely considered to be an effort to counter growing Chinese influence over the Philippines, Abe pledged ¥1 trillion in economic assistance over the next five years. However, this was less than half the ¥2.5 trillion (about $24 billion) that Beijing offered a year before. According to the joint statement, the Japanese loan will support sustainable economic development in the Philippines, using Japanese technology to build quality infrastructure. One area of focus is Manila’s serious traffic congestion. Japanese sources opined that the Philippines was seeking a balanced diplomacy among the Japan, the US, and China.

The Japanese government announced that it would postpone until the next fiscal cycle construction on additional land it had leased to expand the Japan Self-Defense Force base in Djibouti. According to media reports, the expansion is intended to serve as a counterweight to China’s expanding strategic footprint in Africa and the Middle East. The existing base, opened on July 5, 2011, was designed to support counter-piracy operations in the Gulf of Aden. On the same day, Xi Jinping and Djibouti’s President Ismail Omar Guellah, the first head of state to visit China after the conclusion of the 19th CCP Congress, announced the establishment of a strategic partnership. The two signed agreements on economic, technological, and agricultural cooperation, with Xi suggesting that they support each other on issues concerning their core interests and major concerns. Presumably this would include Djibouti’s support for China’s position on territories disputed between China and Japan.

Prime Minister Abe’s visit to India in mid-September resulted in pledges with Prime Minister Narendra Modi to deepen defense ties and agreement that the two must cooperate to balance against China. Abe also laid a foundation stone for a $17 billion bullet train project – India’s first – that was made possible by a loan that Asahi described as huge.
CHRONOLOGY OF JAPAN-CHINA RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 15, 2017: Prime Minister Abe Shinzo visits India and meets Prime Minister Narendra Modi. They agree to deepen defense ties and to cooperate to balance against China.

Sept. 21, 2017: The head of Japan’s Urasenke Tea School visits China and meets with, among others, State Counselor Yang Jiechi.

Sept. 21, 2017: Mayor of Ishigaki City asks that islands under its administrative jurisdiction be renamed to include “Senkaku Islands” in their formal names.

Sept. 22, 2017: China says changing the name of islands will not prevent Japan from declining.

Sept. 23, 2017: China’s Foreign Minister Wang Yi advises counterpart Kono Tarō that Japan should talk and act cautiously to play a constructive role on the Korean nuclear issue rather than abandoning dialogue.

Sept. 25, 2017: Four Chinese ships patrol area near the Diaoyu/Senkaku Islands.


Oct. 14, 2017: Xinhua reports the death of the last of the 24 former comfort women to sue the Japanese government for being pressed into providing sex services to the Japanese military during World War II.

Oct. 18–24, 2017: The 19th National Congress of the Communist Party of China is held at the Great Hall of the People in Beijing.


Nov. 12, 2017: PM Abe and President Xi Jinping meet briefly during the Asia Pacific Economic Cooperation forum in Da Nang, Vietnam.

Nov. 21, 2017: Japanese Ministry of Defense reports a decrease in the number of air defense scrambles, 51 percent of them against Chinese aircraft, for the first half of 2017.

Nov. 23, 2017: Japan announces that it would postpone until the next fiscal cycle construction on additional land it had leased to expand the JSDF base in Djibouti.

Nov. 23, 2017: President Xi and Djibouti President Ismail Omar Guellah announce the establishment of a strategic partnership.

Nov. 28, 2017: Japan announces it is considering support to companies that conduct joint projects with Chinese companies in countries along China’s Belt and Road economic zone.

Dec. 1, 2017: China Central Television (CCTV) suggests that Emperor Akihito’s decision to seek abdication was prompted by opposition to Abe’s plans to change Article 9 of the constitution.

Dec. 1, 2017: Yamaguchi Natsuo, head of Japan’s Komeitō party and coalition partner of the ruling LDP, meets Xi Jinping, carrying a letter from Abe.

Dec. 4, 2017: A third round of meetings between Chinese and Japanese economic leaders and former high-ranking officials held in Tokyo. Former Vice Premier Zeng Peiyan declares that stable, healthy Sino-Japanese relations conformed to shared interests.

Dec. 5, 2017: Japanese government sources reveal that Japan is considering the introduction of air-to-air and air-to-ship long-range cruise missiles.

Dec. 6, 2017: Japanese and Chinese negotiators reach a tentative agreement designed to avert clashes in the Japanese-administered Diaoyu/Senkaku islands area.
Dec. 11, 2017: Chinese NGOs write to the Japanese Embassy in Beijing requesting an apology from the government to the victims of the Nanjing massacre and payment of compensation.

Dec. 13, 2017: Nanjing massacre is commemorated in Nanjing and other places. President Xi does not use his presence at the Nanjing event to make a speech.

Dec. 14, 2017: Kyodo reports polls conducted by Japanese nonprofit think tank Genron NPO and the China International Publishing Group show a marked improvement in Chinese and Japanese views of relations between the two countries.

Dec. 14, 2017: A two-plus-two meeting of the British and Japanese defense and foreign ministers is held in London. The two sides agree to strengthen security operations.

Dec. 14, 2017: Survivors of the Japanese bombing of Chongqing during World War II protest a ruling of the Tokyo High Court affirming the judgment of a 2015 decision of a lower court that they were not entitled to compensatory damages. A lawyer for the plaintiffs announces that the group would appeal to the Japanese Supreme Court.

Dec. 18, 2017: Chinese Air Force conducts what it describes as routine air patrols, passing through the Strait of Tsushima and also conducting “encirclement” patrols close to Taiwan.

Dec. 20, 2017: Japan and Taiwan announce the conclusion of a memorandum of understanding to enhance search and rescue at sea.

Dec. 22, 2017: Japan’s Defense Ministry reveals that the delivery of most of the 52 AAV-7 amphibious vehicles contracted for by the marine corps has been delayed.

Dec. 23, 2017: Following the announcement that the Japanese government plans to seek a 1.3 percent increase in the country’s defense budget, an editorial in the center-left Asahi expresses concern and calls for rigorous debate on the expenditures when the Diet reconvenes in January.

Dec. 24, 2017: The 11th China–Japan Comprehensive Forum on Energy Saving and Environmental Protection is held in Tokyo and 23 agreements on cooperation projects are signed.

Dec. 25, 2017: Japanese government sources reveal that the Defense Ministry is mulling a plan to buy F-35 stealth fighter jets for use on the MSDF’s helicopter carriers.


Dec. 28, 2017: Liberal Democratic Party Secretary General Nikai Toshihiro states that Japan and China have pushed their relations to a new stage that allowed them to discuss the future together.

Dec. 30, 2017: Japan’s Nikkei, citing examples from Australia, New Zealand, and Antarctica, opines that China’s behavior was “sending chills through South Pacific politics.”

Dec. 30, 2017: Japanese Coast Guard reports that three Chinese Coast Guard ships entered Japan’s territorial waters near Kuboshima in the Senkaku chain, leaving after an hour and 45 minutes. This is the 29th such incursion since the beginning of 2017.

Dec. 31, 2017: Yomiuri reports the Japanese government would cooperate with China in providing aid to African states, hoping that China would make greater efforts to stop North Korean proliferation and easing the way to a Sino–Japanese summit to mark the 40th anniversary of the conclusion of the Japan–China Peace and Friendship Treaty.
In the final four months of 2017, South Korea–Japan relations continued on the same trajectories as they had over the summer – both countries adopted a dual-track approach to bilateral relations. While controversy over the comfort women issue and Dokdo/Takeshima continued with numbing predictability, Seoul and Tokyo moved forward in developing what they called a “future-oriented relationship” centered on economics and North Korea. While officials on both sides regularly expressed hopes for reviving high-level shuttle diplomacy, the most significant element of the past few months has been how directly Washington was influenced by, but also influenced, Seoul-Tokyo relations. Although it has been an important element in Korea–Japan relations since the end of the Pacific War, recent events have demonstrated the importance of the triangular relationship.
Trump’s state banquet: comfort women and Dokdo shrimp

One of the biggest events for South Korea and Japan in the final months of 2017 was US President Donald Trump’s visit to the region. The advent of Trump’s presidency caused unprecedented confusion and concern in East Asia as leaders tried to figure out how best to deal with the mercurial US leader. The visit was even more significant for Seoul because it was the first official state visit by a US president to South Korea in 36 years. Both Korea and Japan attempted to lavish Trump with all the pomp and ceremony they could muster. In Japan, Trump played a round with professional golfer Hideki Matsuyama; in South Korea, he received a 21-gun salute, a 300-person military honor guard, and military band performance.

While both countries outdid themselves with elaborate receptions, Trump’s Nov. 8 state banquet at Cheong Wa Dae, South Korea’s presidential Blue House, became a diplomatic flashpoint between Seoul and Tokyo because President Moon Jae-in’s office put 88-year-old Lee Yong-soo, a Korean victim of Japan’s wartime sexual slavery, on the guest list. Chief Cabinet Secretary Suga Yoshihide said in a news conference that the invitation breached the spirit of the 2015 comfort women agreement, which aimed to “finally” and “irreversibly” resolve the comfort women issue, and demanded that Seoul faithfully implement the agreement. The Korea Herald quoted an official from the South Korean presidential office saying under condition of anonymity that “Lee’s invitation was designed to deliver a message to Trump and ask him to have a balanced view of the comfort woman issue and historical dispute between South Korea and Japan.” The Asahi Shimbun highlighted the fact that Lee supports scrapping the 2015 agreement and that she has traveled to the US to share her wartime experiences.

Another point of contention was the banquet menu. Japan’s government expressed frustration over the decision to serve “Dokdo Shrimp” from waters off the Dokdo/Takeshima islands at the banquet, expressing its displeasure at South Korea for claiming territorial sovereignty over disputed territory by using an ingredient with the name “Dokdo.” Chief Cabinet Secretary Suga said, “At a time when stronger coordination between Japan, the United States and South Korea is required to deal with the North Korea issue, and when President Trump has chosen Japan and South Korea as the first stops on his trip, there is a need to avoid making moves that could negatively affect the close coordination between [the three countries].” In response to Japan’s protests, South Korea’s Foreign Ministry said, “The food served at the dinner and those invitees were determined by reflecting all necessary factors,” and it is “inappropriate” for Japan to take issue with how South Korea arranges a state dinner. South Korea’s stance on the matter was also delivered via diplomatic channels, according to Yonhap.

The invitation of a former comfort woman to the state dinner, along with the South Korean parliamentary panel’s passing of a bill in September to designate a special day commemorating victims of Japan’s wartime sexual slavery, reflects the Moon administration’s determination to revisit the 2015 comfort women agreement between Japan and Korea. The use of the term “Dokdo Shrimp” at the state dinner, along with the South Korean Marine Corps’ announcement in October of plans to set up a new military unit dedicated to defending the Dokdo islands, demonstrates Seoul’s continued stance of claiming territorial sovereignty over the islands. Japan’s strong protest, quoting the 2015 comfort women agreement, suggests the Abe administration expects Seoul to abide faithfully to the deal.
If Trump’s state visit to South Korea shows how Seoul–Washington relations influence Seoul–Tokyo relations, it also shows how Seoul–Tokyo relations affect Tokyo–Washington relations. On Sept. 21, a statue of victims of Japan’s wartime sexual enslavement, including a message that urges the Japanese government to “acknowledge its responsibility and formally apologize,” was unveiled at St. Mary’s Square in San Francisco, despite Japan’s efforts to stop it. Osaka Mayor Yoshimura Hirofumi requested that San Francisco Mayor Edwin Lee halt construction, but Lee rejected the request and signed a confirmation that the city council officially accepts the monument. Frustrated by Lee’s decision, Yoshimura said on Nov. 24, that Osaka will end the six-decade sister-city relationship it has had with San Francisco.

Civil society and historical and territorial contentions

Given the rise of civic activism on historical and territorial issues, it is worth noting how civil society shaped the development of both the comfort women issue and the dispute over Dokdo/Takeshima. This fall, 15 civic groups from eight countries, including South Korea and China, regularly demanded the registration of 2,700 types of documents related to Japan’s wartime sexual slavery of women as a “Memory of the World” listing of the United Nations Educational, Scientific and Cultural Organization (UNESCO). The ROK government has not been officially involved in requesting document registration to UNESCO, but the Foreign Ministry said on Oct. 27 that the government supports the civic group-led push for the listing, and that the government will facilitate diplomatic efforts for the matter to be “fairly” discussed by the UN. Despite these efforts, the International Advisory Committee (IAC) of UNESCO decided to postpone the review. South Korean media attributed the postponement to Japan’s diplomatic campaign that included the possibility of withholding funding for UNESCO.

South Korean civic groups also took part in the dispute over the Dokdo/Takeshima islands. On Oct. 25, civic groups, including “the Headquarters for the People’s Action to Defend Dokdo,” held a ceremony celebrating the “Day of Dokdo,” proclaimed by some local municipalities and civic groups in 2010, and issued a statement urging Japan to withdraw its claim over the islands and to abolish the designation of “Takeshima Day.” Although a recent Japanese Cabinet Office poll of 1,790 adults revealed that the Japanese public has grown less interested in the Dokdo/Takeshima issue compared to three years ago, the majority of respondents still expressed interest in the dispute. In 2014, 66.9 percent of respondents expressed interest in the islets; that number dropped to 59.3 percent in 2017. Of those expressing an interest, 73.5 percent said Japan’s claim is legitimate.

Hopes for high-level shuttle diplomacy and the emperor’s visit

Despite contention over historical and territorial issues, both South Korea and Japan regularly expressed hope for the resumption of high-level shuttle diplomacy – annual reciprocal visits by the leaders that were suspended in December 2011 – to enhance bilateral ties. At the first meeting between new South Korean Ambassador to Japan Lee Su-hoon and Japan’s Foreign Minister Kono Taro on Nov. 14, they agreed to resume the visits. Lee said, “Shuttle diplomacy will be recovered if Moon’s visit to Japan during [Japan’s] hosting of a South Korea–China–Japan summit meeting next month or in January next year is followed by Prime Minister Shinzo Abe’s visit to South Korea for the Pyeongchang Winter Olympics next year.” On Dec 7, Minister and Deputy Chief of Japan’s Embassy in Seoul Mizushima Koichi reaffirmed Japan’s hopes to resume shuttle diplomacy. Emphasizing the urgency he said, “Shuttle diplomacy has an important and symbolic meaning in that it could help enhance trust between leaders of the two countries and show the trust to their people.”

In an additional move to enhance bilateral ties, South Korean officials formally invited Emperor Akihito to visit South Korea. In an interview with the Asahi Shimbun on Sept. 22, South Korean Prime Minister Lee Nak-yon proposed that Akihito visit South Korea before his abdication. “If (the emperor) visits South Korea before his abdication and removes obstacles that have hindered efforts by the two countries to date, the visit will become a big help for the development of bilateral relations…. I hope that the climate for such a visit can be achieved as early as possible,” said Lee. Ambassador Lee Su-hoon also cited Akihito’s possible visit to Seoul as a way to tackle the current diplomatic logjam and vowed to “make efforts to generate the political environment and mood that will enable (it) to
happen.” The Japanese government has not yet responded to the proposal, but given Akihito’s and Empress Michiko’s September visit to the Koma shrine in Hidaka that is related to the ancient Korean kingdom of Koguryo (37B.C.-A.D.668), the visit may be possible if the political environment continues to improve.

Future-oriented cooperation: economy and social issues

Two areas where South Korea and Japan did make progress were in the economy and North Korea. For instance, on Sept. 13, the heads of the central banks of South Korea, Japan, and China held their annual meeting in Songdo, South Korea and exchanged views on economic and financial developments in the three countries. Also, about 300 South Korean and Japanese business leaders attended a meeting hosted by the Korea-Japan Economic Association on Sept. 26 and discussed ways to boost ties in the technology and energy sectors and facilitate multilateral free trade with other Asian nations. South Korea’s Finance Minister Kim Dong-yeon and Trade Minister Paik Un-gyu met the Japanese business delegation and discussed a number of economic issues between the two countries. More recently, senior financial regulators from South Korea, Japan, and China met in Incheon on Dec. 1, 2017 to discuss steps to ease volatility over US interest rates hikes.

South Korea and Japan discussed cooperation on social issues that both countries face, such as a low birth rate, rapidly aging population, and a fluctuating job market that could influence long-term economic development of both countries. As the rising trend of low birthrates threatens the economies of both countries, South Korean Health and Welfare Minister Park Neung-hoo and Japanese counterpart Matsuyama Masaji agreed on Oct. 19 to jointly address the problem to enhance the growth potential of the two economies. Given that low birth rate and rapid aging population are tightly intertwined, Seoul plans to study the case of Japan, which has been dealing with both issues for the past decade. South Korea and Japan also promoted trilateral cooperation with China on these issues. On Nov. 12-13, health ministers of the three countries met in Jinan, China to discuss and share domestic policies aimed at helping the elderly population live healthy and active lives and facilitating a research network among them on aging issues. The ministers also agreed to strengthen information and technology exchanges relating to the prevention and management of chronic diseases and vowed to develop traditional medicine among the three countries.

After a sharp increase in South Korea’s unemployment rate in August, Seoul made efforts to address the issue by expanding job opportunities for Koreans in Japan. On Nov. 14, South Korea’s Vice Foreign Minister Cho Hyun met Japan’s Vice Foreign Minister Sugiyama Shinsuke, other senior government officials, and heads of main business associations and agreed to find ways to help Koreans study and work in Japan and to offer information about Koreans seeking jobs in Japan to Japanese firms.

Cultural exchanges also continued to increase between the two sides. According to data from the Korea Tourism Organization (KTO) and Japan National Tourism Organization (JNTO), the number of South Korean tourists to Japan increased by 40 percent in the first 10 months of 2017. While 4.17 million South Koreans visited Japan in the January-October period of 2016, 5.84 million South Koreans visited Japan in the same period of 2017. The number of South Korean travelers to Japan was exceeded only by the number of Chinese tourists to Japan. Industry data shows that South Korea’s weekend trips abroad in the first nine months of 2017 increased 6.6 times compared with the same period in 2015 and that the most popular destination was Osaka.

Meanwhile, South Korea fell out of favor with Japanese travelers. A survey published in November by the KTO showed that Korea dropped in ranking of favorite trip destinations of Japanese from fifth place in 2014 to 10th in 2017. Reasons for the decline include dwindling interest in the Korean Wave (31.4 percent), the weak yen (29.7 percent), poor impression of the country (25.8 percent), and deteriorating South Korea-Japan relations (9.8 percent). Tourism industry officials expect a further decline in South Korea’s ranking as concerns over North Korea’s nuclear and missile threats increase in Japan. Despite South Korea’s decline in ranking of preferred trip destination, Japanese still make up 74.8 percent of foreign visitors who come to South Korea for Korean Wave related events, according to a study by the Korea Culture and Tourism Institute. Further, Yamaguchi Natsuo, leader of the Komei party, vowed during his visit with Ambassador Lee Su-hoon at the embassy on Dec. 7 to encourage Japanese to visit South
Korea for the 2018 Pyeongchang Winter Olympics, promising enhancement of people-to-people exchange between South Korea and Japan in 2018.

Cooperation on North Korea: good and bad

Cooperation between Japan and South Korea over North Korean provocations and its nuclear program increased dramatically over the past year. It would be ironic if shared concerns over North Korea prompt them to cooperate on military and security matters – after years of stalling or dissembling.

North Korea conducted two long-range missile tests in the final months of 2017, launching the Hwasong-12 on Sept. 15 and the Hwasong-15 on Nov. 29. After each launch, South Korean and Japanese leaders and foreign ministers held telephone talks and reaffirmed that North Korea’s development of nuclear weapons is totally unacceptable and that South Korea and Japan will work closely to coordinate on strengthening pressure on North Korea along with the US. Also, South Korea appointed Lee Do-hoon to be the envoy on the North Korean nuclear program. After assuming the role, Lee discussed ways to cooperate on a peaceful resolution of the North Korean issue with Japanese counterpart Kanasugi Kenji over the phone on Sept. 29, and “discussed plans to bring North Korea to a venue for serious dialogue while toughening sanctions and pressure to the extent that North Korea gives up its nukes and preparing for the possibility of various changes in the future situation” at their meeting in Tokyo on Dec. 22. The US, South Korea, and Japan conducted a two-day joint missile warning exercise designed to prepare against North Korean provocations in late October. While no actual missile was fired, the mobilized vessels jointly detected and tracked a computer-simulated missile launch and shared their information.

Despite the cooperation, there was friction between Seoul and Tokyo. A diplomatic spat over North Korean refugees in Japan arose due to a controversial speech by Deputy Prime Minister Aso in Utsunomiya, Japan on Sept. 24, regarding the inflow of North Korean refugees to Japan in the event of contingency on the Korean Peninsula. Aso said, “Can police handle them? Will the Self–Defense Forces be dispatched and shoot them down? We’d better think about it seriously.” In response, a South Korean spokesperson said on Sept. 26, “The government thinks it is very regretful in that a responsible government official of Japan recently made such a prejudiced remark with regard to North Korean refugees in a hypothetical situation that is based on a nationalistic perspective and it also runs counter to international norms related to refugee protection.” The spat suggests that although South Korea and Japan may cooperate in response to North Korea’s nuclear and missile programs, they differ widely in overall approach to North Korea and its people.

The months ahead

As promised, the Moon administration issued an assessment of the 2015 comfort women agreement. On Dec. 27, Oh Tae-gyu, the head of a task force examining the issue, said the group concluded that “A victim-oriented approach, which has been accepted as a norm of the international community for human rights of wartime women, has not been fully reflected (in the deal).” Foreign Minister Kang Kyung-wha said that the government accepts the review of the task force “in a serious and humble manner.” A day after the report was released, President Moon said, “It has been confirmed that the negotiations on the comfort women issue between South Korea and Japan in 2015 had significant defects in terms of procedures and content. It is regrettable but something that we can’t evade.” Moon stressed that the agreement, “runs afoul of the established universal principle of the international community for settling history issues, and above all, it was a political agreement that excludes victims themselves and citizens,” adding that, “Along with the citizens, I, as president, make it clear again that the comfort women issue can’t be settled through the deal.” In response, a Japanese government source said the Abe administration’s “position of seeking the steady implementation of the agreement is unchanging.”

Even though the task force report contained no policy recommendations, Moon’s approach to the issue and the Japanese government’s unchanging position make a diplomatic spat seem inevitable. According to a source connected with South Korea’s Foreign Ministry, the government is likely to postpone making any policy decision or adjustments until after the 2018 Pyeongchang Winter Olympics. However, the report already appears to be
straining bilateral relations between Seoul and Tokyo. On Dec. 29, a Japanese government source said Prime Minister Abe might decline to attend the Pyeongchang Olympics given the South Korean government’s report casting doubt on the 2015 agreement. Hence, the trajectory of Seoul-Tokyo relations in early months of 2018 seems to be contingent on how contentions over comfort women issues unfold.

Another issue that will likely affect bilateral relations is North Korea. In his annual New Year’s Day speech on Jan. 1, Kim Jong-un expressed hope that the two Koreas might seek to resolve problems among themselves rather than seek help from outside the region. Kim said, “It’s about time that the North and the South sit down and seriously discuss how to improve inter-Korean relations by ourselves and dramatically open up.” Regarding the Pyeongchang Olympics, Kim noted, “We’re willing to take necessary steps including sending our delegation, and for this, the authorities from the North and South could urgently meet,” reversing Pyongyang’s earlier position of no participation. South Korea will welcome such initiatives from the North and that could drive a wedge between South Korea and Japan on North Korea policy.
CHRONOLOGY OF JAPAN-KOREA RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 3, 2017: Japan’s Minister of Foreign Affairs Kono Taro and South Korea’s Foreign Minister Kang Kyung-wha hold telephone talks following the North Korean nuclear test.

Sept. 4, 2017: South Korea’s President Moon Jae-in and Japan’s Prime Minister Abe Shinzo hold telephone talks to discuss the North Korean nuclear test.

Sept. 6, 2017: South Korea’s Defense Minister Song Young-moo and Japan’s Defense Minister Onodera Itsunori talk by telephone and condemn North Korea’s nuclear test.

Sept. 7, 2017: President Moon and PM Abe meet in Vladivostok on the sidelines of a regional economic forum and vow to seek an oil supply cut to pressure North Korea. The foreign ministers also agree to coordinate closely on North Korea.

Sept. 13, 2017: The heads of the central banks of South Korea, Japan, and China hold an annual meeting in Songdo, South Korea to exchange views on recent economic and financial developments in the three countries.

Sept. 13, 2017: A stolen cultural asset of Korea’s Joseon Dynasty returns to South Korea from Japan after 20 years, according to the Overseas Korean Cultural Heritage Foundation.

Sept. 14, 2017: South Korea’s Ministry of Foreign Affairs posts video clips online in Japanese and four other languages to promote wider use of the name “East Sea” for the waters lying between Korea and Japan instead of “Sea of Japan.”

Sept. 15, 2017: South Korea’s and Japan’s foreign ministers hold telephone talk on North Korea’s launch of a ballistic missile earlier in the day.

Sept. 17, 2017: House of Sharing in Gwangju says a statue of victims of Japan’s wartime sexual enslavement will be unveiled at St. Mary’s Square in San Francisco on Sept. 21.


Sept. 20, 2017: Japan’s Emperor Akihito and Empress Michiko visit Koma Shrine, which is related to the Koguryo Kingdom, in Hidaka South Korea.

Sept. 20, 2017: Japan and the US vow “maximum pressure” on North Korea in response to the Hwasong-12 intermediate-range ballistic missile test by Pyongyang.

Sept. 21, 2017: South Korea, Japan, and the US hold a trilateral summit in New York on the sidelines of the UN General Assembly.

Sept. 22, 2017: South Korea’s and Japan’s foreign ministers affirm their close coordination on the issue of North Korea during a bilateral meeting in New York.

Sept. 23, 2017: South Korea’s Prime Minister Lee Nak-yon proposes Emperor Akihito’s visit to South Korea before his abdication to enhance the bilateral relationship.

Sept. 24, 2017: Regarding the potential inflow of North Korean refugees to Japan in a contingency on the Korean Peninsula, Deputy Prime Minister Aso Taro says, “Can police handle them? Will the Self-Defense Forces be dispatched and shoot them down? We’d better think about it seriously.”

Sept. 25, 2017: Korean comedy-drama, “I Can Speak,” a movie about a woman who served as a sex slave during Japan’s colonial rule of Korea, attracts over 480,000 people on its opening weekend in South Korea.
Sept. 25–26, 2017: South Korea’s Ministry of Gender Equality and Family announces plan to build a comfort women monument at the National Mang–Hyang Cemetery in Cheonan, South Korea. Japanese Chief Cabinet Secretary Suga Yoshihide says the plan runs counter to the spirit of a 2015 bilateral agreement. South Korean Foreign Ministry says that the monument installation is not in breach of the agreement.

Sept. 26, 2017: About 300 business leaders gather in Seoul to attend a meeting hosted by the Korea–Japan Economic Association to discuss ways to boost ties in the technology and energy sectors and facilitate multilateral free trade with other Asian nations.

Sept. 26, 2017: South Korea expresses regret over Deputy Prime Minister Aso’s remarks on North Korean refugees in Japan. Japanese government expresses concern over South Korea’s plan to install comfort women statue in a national cemetery.

Sept. 27, 2017: South Korean parliamentary panel passes bill to designate a day commemorating victims of Japan’s wartime sexual slavery. An elderly South Korea sexual slavery victim visits the US Embassy and calls for Washington’s help in pressuring Tokyo to offer an official apology and compensation.

Sept. 27, 2017: South Korean and Japanese nuclear envoys meet to discuss a coordinated approach toward North Korea.

Sept. 29, 2017: South Korea’s new envoy on the North Korean nuclear program Lee Do-hoon has first telephone conversation with Japanese counterpart Kanasugi Kenji.


Oct. 17, 2017: South Korea’s Foreign Ministry expresses concerns over a ritual offering sent by PM Abe to Yasukuni Shrine.

Oct. 18, 2017: South Korea’s Vice Foreign Minister Lim Sung-nam, Japan’s Vice Foreign Minister Sugiyama Shinsuke, and US Deputy Secretary of State John Sullivan agree to seek all possible diplomatic options on North Korea in trilateral talks held in Seoul.

Oct. 19, 2017: South Korea and Japanese nuclear envoys meet to discuss a coordinated approach toward North Korea.

Oct. 19–20, 2017: South Korea’s Marine Corps unveils plans to set up a new military unit dedicated to defending Dokdo. Foreign Minister Kono strongly protests the plan.

Oct. 24, 2017: President Moon extends congratulations to PM Abe on his re-election and reaffirms coordination on North Korean issues over a summit telephone talk.


Oct. 24, 2017: South Korea, Japan, and the US carry out joint missile warning exercise, designed to prepare against North Korean provocations.

Oct. 25, 2017: South Korea’s new Ambassador to Japan Lee Su-hoon reaffirms a two-track approach to Japan, separating historical disputes from future-oriented cooperation on North Korea and economy. Lee expresses hopes for a visit by Emperor Akihito to Seoul.

Oct. 25, 2017: South Korean civic groups urge Japan to apologize over its claim over Dokdo/Takeshima and abolish the designation of “Takeshima Day.”

Oct. 27, 2017: Seoul High Court overturns a lower-court’s acquittal of Park Yu-ha and convicts her of defaming wartime sexual slavery victims and charges a fine.

Oct. 27, 2017: Seoul High Court overturns a lower-court’s acquittal of Park Yu-ha and convicts her of defaming wartime sexual slavery victims and charges a fine.

Oct. 28, 2017: Poll conducted by the Japan’s Cabinet Office in July shows Japanese have grown less interested in Dokdo/Takeshima issue than three years ago.

Oct. 29, 2017: Japan renews territorial claim to Takeshima in teaching materials posted on a government website.
Oct. 31, 2017: UNESCO postpones its review of multinational civic group’s request to register document related to comfort women on the list of “Memory of the World.”

Nov. 1, 2017: South Korea’s Foreign Ministry issues a statement congratulating Japan on the launch of its new Cabinet and voices hopes for “a future-oriented, cooperative partnership based on the right understanding of shared history.”

Nov. 11–12, 2017: Health ministers of South Korea, Japan, and China meet in Jinan, China and vow to enhance cooperation on the growing aging population.

Nov. 14, 2017: Ambassador Lee Su-hoon meets Foreign Minister Kono and they agree to resume shuttle diplomacy between two countries’ leaders.

Nov. 14, 2017: South Korea’s Vice Foreign Minister Cho Hyun meets Vice Foreign Minister Sugiyama, other senior government officials, and heads of main business associations to discuss ways to provide more job opportunities for Koreans in Japan.

Nov. 23, 2017: President Moon and the head of New Komeito Yamaguchi Natsuo vow to improve South Korea-Japan relationship during their meeting at Cheong Wa Dae.

Nov. 24, 2017: South Korea’s National Assembly passes bill to designate Aug. 14 as a day to commemorate comfort women.

Nov. 24, 2017: Osaka Mayor Yoshimura Hirofumi decides to end the six decades of sister-city relationship with San Francisco over a comfort women monument set up in the city.

Nov. 28, 2017: Foreign Minister Kono says Japan may use its military airplanes and ships to evacuate its Japanese nationals from the Korean Peninsula in the event of a contingency.

Nov. 29, 2017: President Moon and PM Abe agree in a telephone conversation to seek additional UN sanctions against North Korea over its missile launch earlier in the day. Foreign Ministers Kang and Kono also have emergency phone conversation to discuss the launch.

Dec. 1, 2017: South Korea, Japan, and China’s senior financial regulators meet in Incheon to discuss steps to ease volatility over US interest rates hikes.


Dec. 8, 2017: Kyodo reports that Japan plans to publicize testimony denying that Korean were forced to work “under harsh conditions” at UNESCO-listed Hashima island.

Dec. 8–9, 2017: South Korea, US, and Japan conduct a joint missile tracking exercise.

Dec. 12, 2017: South Korean man jailed for detonating a bomb at Yasukuni Shrine in 2015 claims that he is suffering from human rights abuses during his incarceration.


Dec. 19, 2017: Foreign Minister Kang visits Japan – for the first time since taking office – to meet Foreign Minister Kono. They discuss North Korea and the controversy over Japan’s wartime sex slavery.

Dec. 22, 2017: Nuclear envoys Lee Do-hoon and Kanasugi Kenji discuss “plans to bring North Korea to a venue for serious dialogue while toughening sanctions and pressure.”

Dec. 27, 2017: South Korea issues report that casts doubt on 2015 comfort women deal, saying it did not fully reflect “a victim-oriented approach.” Japan dismisses the criticism saying the accord “followed a legitimate negotiation process between the two governments.”


In the final months of 2017, the China–Russia strategic partnership continued to deepen and broaden. President Xi Jinping and President Vladimir Putin met at the September BRICS summit in Xiamen and at the annual APEC forum in Vietnam in late November. In between, the prime ministers exchanged visits. The potential to strengthen economic relations ran against a deteriorating situation on the Korean Peninsula. Security ties and coordination between the two militaries gained considerable traction as the two countries prepared for the worst. In the midst of unfolding danger, both Xi and Putin were readying themselves to lead their respective countries for the next five to six years. It remains to be seen how Xi and Putin will shape their countries in challenging times.
BRICS summit in Xiamen: laying bricks for the next 10 years

The ninth BRICS summit was held Sept. 3 in Xiamen, where President Xi launched his political career in 1998 as deputy mayor. The Xi-Putin meeting in Xiamen on the sidelines of the BRICS summit was their fourth meeting in 2017. Just a few hours before their meeting, North Korea conducted its sixth nuclear test. Not surprisingly, the Korean nuclear issue dominated the conversation. Xi and Putin reportedly held an “in-depth exchange of views” (深入交换意见), and “Unanimously agreed to uphold the goal of a nuclear-free Korean Peninsula.” They also promised to “closely communicate and coordinate” their policies to deal with the situation resulting from the latest test.

Both China and Russia intended to make the BRICS more visible in global affairs. “It is in the common interest of BRICS nations for a bigger role of the BRICS in international affairs,” Xi told Putin. “And this is also the expectation of the international community, particularly those of the emerging markets and developing countries.” The two heads of state also discussed the implementation of agreements reached during Xi’s July visit to Moscow in the areas of energy, aerospace, and nuclear power, as well as the interface between China’s Belt-and-Road Initiative (BRI) and Russia’s Eurasian Economic Union (EAEU).

The Xi-Putin talk ahead of the BRICS summit was also to make sure the annual forum would be a success, particularly in a rapidly changing world. Aside from the timing of the North Korean nuclear test, BRICS itself had been plagued by the months-long Sino-Indian territorial disputes in the Donglong/Doklam plateau area. The two militaries managed to disengage only a few days before the Xiamen summit. A year before, when India hosted the summit in Goa, Prime Minister Narendra Modi tried to designate Pakistan as a terror-sponsoring state, to the displeasure of China and Russia. Meanwhile, India continues to boycott the BRI, presumably because of the $62-billion China-Pakistan Economic Corridor (CPEC) that passes through Pakistan-held Kashmir area.

Xi, however, was determined to press forward with bolder steps for the BRICS’ next 10 years. In his summit speech, Xi emphasized the “practical results” of the intra-BRICS cooperation. One of the problems was the weak and insignificant intra-BRICS investment (only 5.7 percent of the $197 billion invested by the members was between BRICS nations). This was the fact despite significant growth of the BRICS economies in the previous 10 years: 179 percent of the combined GDP, 94 percent in foreign trade volume, and 28 percent for urban populations. Xi asked the five member states to fully utilize their comparative advantage in economic potential. In the longer term, there was a need for more people-to-people exchanges within the BRICS context. 2017 saw the opening of various cultural activities for the five BRICS names, including a BRICS game, a film festival, a cultural fest, and a traditional medicine forum. The Xiamen summit also initiated a “Dialogue of Emerging Market and Developing Countries” as five countries from different regions (Mexico, Egypt, Thailand, Guinea, and Tajikistan) joined the summit. Ultimately, Xi called for a more “just and equitable” international order.

To encourage and impress his guests, Xi cited the persevering spirit of the city and region (southern Fujian Province) as a symbol of China’s success in the previous 40 years of reforms. To alleviate concerns of others, Xi also clarified China’s goals for the BRI: it was “not a tool to advance any geopolitical agenda, but a platform for practical cooperation. It is not a foreign aid scheme, but an initiative for interconnected development that calls for extensive consultation, joint contribution and shared benefits.” Xi proposed four areas of development for the next decade. 1) Deepening intra-BRICS cooperation by creating new impetus and new modes for economic growth; 2) promoting common, comprehensive, cooperative, and sustainable security for global peace and order; 3) contributing to an open and inclusive global economic order; and 4)
enlarging partnerships with other countries and groups. For this last point, Putin also had high expectations for the BRICS. This made more sense for Russia as the BRICS’ New Development Bank (NDB) would soon launch three projects in Russia, including $460 million for the IT infrastructure of Russia’s legal system – funding for the project was withdrawn by the World Bank after the 2014 Crimea crisis. BRICS’ Contingent Reserve Arrangement (CRA), too, should step up its operation, according to Putin, for the purpose of establishing a BRICS bond fund for the integration of BRICS capital markets. Beyond calling for a much more active financial role of the BRICS to alleviate Russia’s difficulties under Western sanctions, Putin did not echo Xi’s call for more transparency, connectivity, and infrastructure development. Instead, he suggested developing “joint measures for ensuring fair competition [underline added] across the BRICS space,” a veiled deflection of China’s vision for a more integrated economic space based on the BRI. Putin called for creation of an “energy dialogue,” an area in which Russia would enjoy some comparative advantages as a major supplier of energy in the world.

The Xiamen Declaration, issued immediately after the summit, was a compromise document reflecting both the consensus and the individual countries’ “wish list.” It was a comprehensive document containing 71 articles in five parts: introduction (articles 1–6; 2); economic cooperation (7–28); global economic governance (29–34); international peace and security (34–59); and people-to-people exchanges (60–71). Although it is still shorter than the 2015 Ufa Declaration (77 articles) and the massive Goa Declaration (110 articles) in 2016, the Xiamen summit is clearly more substantive with more specific actions taken by the BRICS nations. For example, the summit approved and/or adopted 69 documents covering economics, finance, security, science and technology, environmental protection, societal/humanitarian exchanges, education, and so on. Many of these actions either had been taken or are in progress. Moreover, the Xiamen Declaration also listed 23 ministerial-level meetings, 37 “expert/senior-level” workshops, and 18 cultural and societal activities that were held in 2017 prior to the Xiamen summit when China was the BRICS’ rotating chair. And, 16 more conferences and activities of various kinds and levels were to be held by the end of 2017. Finally, there are nine “new suggestions” to be explored, including the creation of the BRICS Energy Cooperation Platform with Russian sponsorship.

The rapid institutionalization of the BRICS, reflected the consensus and coordinating efforts of its “core” members, namely Russia and China (or RC according to some) that are determined to make BRICS more sustentative. Beijing and Moscow may try to avoid the Shanghai Cooperation Organization (SCO) model that produces more policy declarations than concrete actions.

Part of the reason for BRICS’ action-driven model is the early adoption and operationalization of the BRICS financial mechanisms (NDB and CRA). As a result, many BRICS’ policy declarations quickly turned into concrete outcomes. In contrast, the creation of a SCO bank has remained for years at the talking stage without Russia’s endorsement. As a result, almost all the energy projects between China and other SCO member states have been bilateral in nature. The biggest difference between the BRICS and the SCO may be geopolitical. Unlike the SCO and, to a lesser degree, the BRI, BRICS does not directly affect any particular areas of Russia’s spheres of “privileged interests.” Further, Russia would have considerable jurisdiction over the nature, scope, timing and even outcome of the BRICS’ NDB funding of any project in Russia. The relative success of the BRICS or RC as part of the “group of five,” demonstrates both the potential and limits of the Sino-Russian cooperation in the economic area.

Putin’s pivot to Asia

From Xiamen, President Putin flew to Vladivostok where he presided over the two-day (Sept. 6–7) Third Eastern Economic Forum.
This project of Russia’s own “pivot to the East” was launched in the aftermath of the Ukraine/Crimea crises in 2014, when Russia ran into huge difficulties in its relations with the West. Beyond sanctions, Russia had to do something to address the huge asymmetries between its Western/European part and the sparsely populated and poorest eastern territories.

About 6,000 people from 50 different countries attended the third EEF, including Japanese Prime Minister Abe Shinzo (who also came in 2016) and South Korean President Moon Jae-in. Contracts valued at 2.5 trillion rubles ($43 billion) were signed, a significant increase from 1.63 trillion rubles ($28 billion) in 2016 and 1.3 trillion rubles ($20 billion) in 2015.

No top Chinese leaders were present in Vladivostok except Vice Premier Wang Yang, who was also in Vladivostok in 2015 for the first EEF. Despite his significantly lower ranking than the Japanese and South Korean leaders, Wang Yang’s interactions with Russian leaders were more substantive and business-like. The Putin–Wang talks covered a wide range of issues, including regional cooperation, investment, joint exploration of the Arctic area, the Bering Sea, etc. Wang was already in Russia’s Volgograd for the Joint Commission for the Annual Prime Ministerial Meeting. In Volgograd, Wang and Russian counterpart Deputy Prime Minister Dmitry Rogozin focused on cooperation in nuclear power, spaceflight, civil aviation, IT, agriculture, etc.

After attending the EEF, Wang traveled to Khabarovsk on Sept. 8 to inaugurate and chair the first Intergovernmental Commission on the Development of Relations between the Russian Far East and Northeast China, which will lead the 2018–19 Year of Regional Cooperation between Russia and China.

Apparently, Wang’s interactions with Russian counterparts impressed Putin who signed an executive order to award Wang the Order of Friendship, an honorary title established by Boris Yeltsin in 1994, to reward foreign nationals whose work contributes to better relations with the Russian Federation and its people.

Wang’s honor aside, China has made considerable economic inputs into the Far Eastern part of Russia. In 2015–16, 80 percent of the total of $9 billion in foreign direct investments made in the Russian Far East were from China, Putin told Wang in Vladivostok.

Economic reality check: ‘broken bridges’ and northern lights

The growth of China’s economic activities in Russia’s Far East was impressive. The overall economic interaction, however, continued to be plagued by deficiency, misperceptions, and inaction – deliberately or not – from the Russian side. In the last few months of 2017, even the 770-km Moscow–Kazan high-speed rail project (1.3 trillion rubles or $22.4 billion), a “jewel” of China–Russia economic cooperation, appeared to stall, if it was not completely abandoned.

The first official “sign of fatigue” emerged in early September when Russia’s Deputy Prime Minister Arkady Dvorkovich reportedly raised the option of building a much shorter rail from Moscow to Vladimir. If this worked and was profitable, the Vladimir–Kazan section would be built. In early November, China reportedly agreed with this phased approach, according to Chinese media. Russia’s concern about profitability was reasonable, given the sparsely populated regions in Eastern Russia. By the end of 2017, however, China’s Ambassador to Russia Li Hui indicated, albeit diplomatically, to Russia’s Sputnik News that the project is “in question.”

The Moscow–Kazan high-speed rail project was first proposed in 2009. In 2013, Putin announced the decision to go ahead with the project. The
two countries inked the “Memo of Sino-Russian Cooperation on High-speed Rail” in 2014 and the line was set to open in 2018, presumably for the World Cup. In March 2016, China reportedly agreed to provide a 400 billion-ruble ($6.2 billion) loan and another 53 billion rubles ($800 million) in equity financing for the Moscow–Kazan stretch. There was no sign of a major problem at the July 2017 Putin–Xi summit in Moscow when both spoke highly of the project. Since then, Chinese media have reported numerous issues, including projected cost and funding, Russia’s demand for certain specifications such as 400-kph speed, wide-rail (1,524 mm), cargo-passenger transportation capable, etc. There is also a “Siemens ghost” that appears whenever there is a report that the project is in jeopardy, despite the fact that the Chinese side had an agreement with Russia’s SINARA from the beginning.

The railroad may eventually be built, but not without twists and turns as well as protracted delays that have become the norm for economic interactions between the two powers. Take, for example the two “broken bridges” across the Heilongjiang/Amur River. The long-awaited Tong Jiang–Nizhneleninskoye (near Khabarovsk) bridge was proposed in 1988. The contract ($400 million) was signed in 2008 after 20 years of inaction and/or negotiations. The Chinese side finished its portion of the main bridge in October 2015, while the Russian side did not start until early 2017. It is set to open in the first half of 2018. As to the Heihe (黑河) – Plodopyтомник (Плодопитомник) bridge, the Chinese side finished its portion in 2017 and is waiting for the Russian side to finish by 2019. In both cases, the Chinese would have to wait for at least two years before the Russians finish their stretch. Many in China call them “broken bridges” (断桥).

http://www.guancha.cn/industry-science/2017_10_19_431409.shtml

For the “post-agreement” maneuvering, or bargaining, over the $22.4 billion rail project, Ambassador Li Hui responded with a vague yet cautiously optimistic note that “we are willing to work with the Russian side to bring into full play the comparative advantage of the two economies and further explore their potential for economic cooperation. The goal is to transfer the strategic partnership of comprehensive coordination into specific outcomes based on pragmatic cooperation. This will make Sino-Russian relations more substantive and beneficial for the two peoples.” A Chinese media source paraphrased that nothing is quick and easy for joint ventures with Russia. Others blame underdeveloped economic relations with Russia on Moscow’s excessive “securitization” of business transactions.

Given these impediments and limits in bilateral economic relations, the consensus in China is that the scope and potential of Sino-Russian economic cooperation are always smaller than those with others, no matter what China does. In 2016, trade with Russia was $69.5 billion, while figures with the US, Japan, and South Korea were $519.6 billion, $274.8 billion and $252.6 billion, respectively.

The low expectations for economic relations with Russia do not mean that China has given up hope for economic dealings with Russia. It means that a sense of realism is needed when working with Russia. It also means persistence, pragmatism, and a readiness to accept a prolonged process. In the last few months of 2017, there were rays of optimism. Trade volume was reported to have increased by 22.1 percent to $61.4 billion in the first nine months of 2017. Meanwhile, some projects were moving forward.
with more tangible results. After 17 rounds of negotiations since 2015, the two sides were reportedly close to an agreement for a joint research and development project for a heavy helicopter, which is exclusively designed for China’s needs, particularly the Army’s aviation branch. The final agreement may be inked in early 2018.

http://mil.huanqiu.com/china/2017-09/11245183.html

In late September, the China-Russia Commercial Aircraft International Co., Ltd. (CRAIC) named their joint venture for a long-range wide-body commercial aircraft model CR929. Created in May 2017 in Shanghai, CRAIC is jointly owned by the Commercial Aircraft Corporation of China, Ltd. (COMAC, 中国商飞) and Russia’s United Aircraft Corporation (UAC, Объединённая Авиагорапорация). Although it is a 50-50 joint ownership, CRAIC is headquartered and aircraft will be assembled in China, while UAC will provide certain technologies and components. The maiden flight is set for 2025. The CR929 may stay on the drawing board for much longer than expected, given the past record of delays.


By yearend, there were lights, or Northern Lights, from the North Pole, but not from Santa. On Dec. 8, Putin inaugurated the first load of liquefied natural gas (LNG) to the China-bound Christophe de Margerie Arctic tanker at the Yamal LNG field in the Arctic. Moscow-based Novatek PJSC is the largest shareholder of the Yamal field with a 50.1 percent stake, China owns 29.9 percent (CNPC 20 percent and the Silk Road Fund 9.9 percent), and French Total SA 20 percent.

China and Russia started negotiations in 2013 on the Yamal LNG project. In 2016, Chinese banks lent more than $12 billion for the first phase of the $27 billion project, effectively defraying the impact of US-lead sanctions against Russia. Meanwhile, Chinese construction companies built 85 percent of the ground facilities. By 2021 when the Yamal LNG plant is fully operational, its three trains of LNG facilities will produce 16.5 million tons of LNG per year and about 4 million tons (6 billion cubic meters of natural gas) will be shipped to China until 2045. This is about 7-8 percent of China’s import of natural gas in 2017.

The Yamal LNG is listed as the first project for the “Silk Road on Ice” (SRI, 冰上丝绸之路) initiative according to Chinese media. In May 2017, Russian invited China to join the joint exploration of the Northern Sea Route (NSR) through the Arctic. An agreement was signed in early July when President Xi visited Moscow. At the September BRICS summit and during Prime Minister Dmitry Medvedev’s visit to China in October/November, the two sides continued to hammer out the details for developing the SRI.
The NSR is one of three Arctic shipping routes that connect East Asia and Europe along the Russian coastline. On paper, it will cut nine to 10 days off a journey between China and Europe compared to traditional routes via the Strait of Malacca and Suez Canal. However, shipping through a harsh and remote environment makes considerably more demands on sailors, ships, and technologies that China does not have. Still, the NSR is tantalizing given the warming of the climate, additional energy sources in Russia’s Arctic region that will produce about 60 percent of Russia’s LNG in the next 10 to 15 years (see figure below), and the prospect that NSR is as an alternative route to traditional sea passes dominated by unfriendly powers (the US and India).


Korea: crisis without opportunities?

In the decades after the end of the Cold War, the Tumen River delta development – linking Russia, China, Korea, and Mongolia –remained on the drawing board, despite continuous UN-backed feasibility studies. The last few months of 2017 saw a real ray of hope for the “second shoe” to drop. At the EEF in Vladivostok in early September, President Putin was in a unique position to accelerate Russia’s “pivot” to the Asia-Pacific when representatives of all Northeast Asian countries were present, including a delegation from North Korea. Meanwhile, both Moscow and Beijing appeared closer to linking Russian coastal ports of Zarubino (Зарубино) and Nakhodka (Находка) with China’s landlocked trading ports of Hui Chun (珲春) and Suifenhe (绥芬河). The connection of these Russian and Chinese port facilities – known as Primorye 1 and Primorye 2 international transport corridors – are also seen as a means to link various developmental strategies, including China’s BRI, Russia’s EAEU, and even the NSR. The two Koreas and Japan would also be affected by the opening of large port facilities connecting Russia’s resource-rich Far Eastern and Arctic regions with Northeast Asia.


That opportunity, however, was overshadowed by the mounting tensions in the region. On Sept. 3, the DPRK tested a thermonuclear device. On Nov. 28, it successfully tested an ICBM, which was believed capable of reaching the US. The US reacted to these tests with more sanctions, warnings, relisting the DPRK as a “terror state,” and large military exercises with its allies. The situation appeared to have reached a point of no return as President Trump and the North Korean leader traded personal insults (“madman” vs. “dotard”). To the shock and dismay of most of the parties concerned, President Trump repeatedly undercut US Secretary of State Tillerson’s diplomatic efforts with his tweets.
Chinese and Russian leaders and diplomats closely coordinated policies regarding the Korean situation in bilateral and multilateral occasions by coordinating Russia’s “stage-by-stage” and China’s “freeze-for-freeze” approaches to deescalate the tensions. At home, however, the Korean issue is treated very differently in Russia and China. In Russia, the Korean issue is largely confined within the policy making/deliberation domain with little effect in Russian society. As a result, Russian political elites tend to articulate their views of the Korean issue in a more straight-forward and even blunt way than their Chinese counterparts. In comments to the media in Xiamen following the BRICS summit, Putin remarked:

Everyone remembers well what happened to Iraq and Saddam Hussein. Hussein abandoned the production of weapons of mass destruction. Nonetheless... Saddam Hussein himself and his family were killed... Even children died back then. His grandson, I believe, was shot to death. The country was destroyed... North Koreans are also aware of it and remember it. Do you think that following the adoption of some sanctions, North Korea will abandon its course on creating weapons of mass destruction?  ...Certainly, the North Koreans will not forget it. Sanctions of any kind are useless and ineffective in this case. As I said to one of my colleagues yesterday, they will eat grass, but they will not abandon this program unless they feel safe... In this environment, in this situation, whipping up military hysteria is absolutely pointless; it is a dead end.

In his speech to the 14th Valdai Forum on Oct 19, Putin warned that North Korea should not be cornered and a military strike against North Korea would not succeed.

In his press conference in the UN on Sept. 23, Russian Foreign Minister Sergey Lavrov went so far as to portray Russia and China as responsible adults supervising naughty children. “Together with China we’ll continue to strive for a reasonable approach and not an emotional one like when children in a kindergarten start fighting and no one can stop them,” remarked Lavrov. “Yes, it’s unacceptable to silently watch North Korea’s nuclear military adventures, but it is also unacceptable to unleash war on the Korean Peninsula,” added Lavrov (the “emotional children” analogy was not included in the Russian Foreign Ministry’s webpage).

In their public articulation of China’s Korea policy, Chinese leaders seldom deviated from remarks by the spokesperson of the Foreign Ministry. Behind the facade of the official uniformity, however, Korea is a highly divisive and even emotional issue. As relations with North Korea continued to deteriorate, many in China questioned the utility, wisdom, and even the legitimacy of China’s involvement in the war 67 years ago. That historical “revisionism” is, in turn, infused in questioning of the current Sino-DPRK relationship and its likely consequences for China and the region. It remains to be seen how the disputes in the public space may affect China’s policies toward the DPRK and the relevant parties.

There was, however, an emerging sense of Korea “fatigue” in China regarding its mediation between Pyongyang and Washington. In an editorial shortly after the DPRK’s ICBM test on Nov. 28, Global Times in Beijing expressed frustration:

China will face difficult choices, but at least we can say China has tried its best. We can neither persuade Pyongyang nor sway the opinion of Washington. The only thing China can do next is to firmly uphold its principles, strive to alleviate tensions while at the same time preparing for the worst... China has done what it can for North Korea... China has done what it can for the US... [T]he US and North Korea must shoulder their own responsibility without making China the scapegoat... China owes no one anything, and other countries must know this.

The frustrating tone of the editorial is rarely seen in official Chinese media (Note: the English version of the editorial is far weaker in its emotional scale than the original Chinese text). It is unclear how much it reflected perceptions of top decision makers in Beijing. For the rest of 2017, Beijing tried different approaches, including dispatching Song Tao (宋涛), director of the Communist Party’s Liaison Department, to the DPRK on Nov. 17 to brief the Koreans on China’s 19th Party Congress that ended on Oct.
24. *Global Times*, however, cautioned that one should not have “excessive expectations” (过高期待) from Song’s trip.

Compared with China’s more limited options regarding Korea, real or imagined, Russia’s Korea policy seemed more flexible and unconventional. On Nov. 26, a group of Russian Duma members visited the DPRK. This was followed by the Tillerson–Lavrov meeting in Geneva on Dec. 8 when the Russian foreign minister told his US counterpart that North Korea desires direct dialogue with Washington. Tillerson did not respond to Lavrov’s message until Dec. 13, when a group of Russian Defense Ministry officials, led by Deputy Director of the Russian National Defense Command Center Viktor Kalganov, started a five-day visit to North Korea. Kalganov’s visit was shrouded in mystery, given its timing, the sensitivity of the location and uncertain outcomes. The Russian Foreign Ministry stated that Moscow was using “any opportunity for direct communication,” including with the help of the Defense Ministry. “North Korea is our neighbor, we must develop relations with this country… Political dialogue is extremely important,” Deputy Foreign Minister Sergey Ryabkov said.

In China, Kalganov’s visit generated speculation. A social media outlet suggested that a battalion of Russian troops may be deployed in North Korea to prevent the US from intruding into the DPRK. Before that happened, however, the US made a U-turn in its rigid stance and Tillerson announced that the US was ready for talks with no preconditions.

Russia’s moves in Northeast Asia may not be able to reverse the dangerous situation. Indeed, both Russia and China were preparing for the worst. By end of year (Dec. 24), Russia’s air defense units around Vladivostok quietly replaced their S300 batteries with the S400, the newest air defense system in Russia’s arsenal. The deployment was carried out at night and Russian defense specialists downplayed its significance. Vladivostok, the largest Russian city and home to Russia’s Pacific Fleet, is less than 10 miles from North Korea.

Compared with the sparsely populated Far Eastern territories of Russia, the three northeastern provinces of China adjacent to the Korean Peninsula are home to more than 100 million people and a major industrial base. On Dec. 6, the *Jilin Daily* (吉林日报) used an entire page (page 5) to provide basic information about how nuclear weapons work, their destructive power, and emergency self-help measures. The story was the first of this kind since the late 1960s when China was preparing for possible Soviet “surgical strikes” as well as a general war against “Soviet social imperialism” in the wake of the Soviet invasion of Czechoslovakia in 1968 and border clashes with China in 1969. In the age of social media, the Jilin Daily’s report generated a ripple effect throughout China. Jilin authorities tried to minimize the impact of the story by arguing that major cities like Tokyo and Seoul had done similar things and that it is not unusual for the province to provide a necessary briefing of this kind for its people.

**Military-to-military ties: embracing the Korean storm?**

While Russia and China were separately readying themselves for the spillover of a war in Korea, President Putin met Gen. Zhang Youxia, vice chairman of the CCP’s Military Commission and co–chairman of the Russian–Chinese Intergovernmental Commission for Military–Technical Cooperation in Moscow. Despite his official title as co–chair of the Intergovernmental Commission for Military–Technical Cooperation, Zhang’s Moscow trip was described as an “official visit” (正式访问), not a normal session of the commission that should be its 22nd at this time of the year. The 21st session of the commission was held in Beijing on Nov. 23, 2016 when Russian Defense Minister Sergei Shoigu traveled to Beijing for the meeting.

Zhang’s Moscow trip was the first high–ranking military foreign visit after the 19th Congress of the Communist Party of China (CPC) in late October. In his meeting with Gen. Zhang in the Kremlin, Putin said that the “strategic partnership with China remains a key foreign policy priority of Russia. We highly value our current relations.” The meeting was also attended by Presidential Aide Yury Ushakov, Defense Minister Sergei Shoigu, and Director of the Federal Service for Military–Technical Cooperation Dmitry Shugayev.

Zhang thanked Putin for his time with the visiting PLA group and said that the two militaries should continue to support each other to safeguard the security interests of the two
countries and stability and peace of the world. It was unclear if Zhang’s visit coincided with the routine session of the Intergovernmental Commission for Military-Technical Cooperation. Zhang was accompanied by Gen. Li Shangfu (李尚福), head of the PLA’s Armament Department (军委装备发展部部长) and his deputy Liu Sheng (刘胜).

Russian President Vladimir Putin shakes hands with Zhang Youxia, a top Chinese military official, in Moscow, Russia, Dec. 7, 2017. (Xinhua Photo)

Zhang’s Russia visit was the culmination of a series of high-profile developments related to bilateral military relations in the last four months of 2017. On Sept. 18–25, China and Russia conducted the second stage of their annual Joint Sea 2017 exercise in the Sea of Japan, and for the first time, the Okhotsk Sea. The first phase of Joint Sea-2017 was held in July in the Baltic Sea, also for the first time. The PLA Navy (PLAN) dispatched four vessels: a Type 051C-class missile destroyer, the Shijiazhuang; a Type 054A-class missile frigate, the Daqing; a Type 903A supply ship, the Dongpinghu; and a submarine rescue ship, the Changdao. A British-made LR-7 deep submersible rescue vehicle was also deployed. The Russian Navy sent three vessels, including a large anti-submarine ship, a frigate, a rescue ship, and a deep submersible rescue vehicle.

The eight-day Joint Sea 2007 was divided into two phases: land-based maneuvers (Sept. 18–21) and maritime drills (Sept. 22–26). In the first phase, Russian and Chinese marines trained together at the Gornostay test grounds near Vladivostok. In the maritime phase, naval vessels were grouped into two “mixed” formations: One was commanded by a Chinese ship and the other by a Russian ship. They practiced joint air defense, anti-submarine, anti-piracy, and anti-surface ship operations. A joint submarine rescue exercise was a “breakthrough” according to Chinese media. Two Russian submarines joined the exercise to simulate the scenario. The two submarine rescue crews first studied each other’s equipment on land. The Russian rescue team then made the first underwater rescue effort after the “sunken” submarine was located. The Chinese team then successfully connected with (对接) the “damaged” submarine within an hour. The Russian side was said to be impressed by the Chinese performance.

The Joint Sea exercise series started in 2012 in the East China Sea. Since then, the two navies have drilled in the Baltic Sea, Mediterranean, South China Sea, Gulf of Peter the Great (залив Петра Великого) off Vladivostok, and this time the Sea of Japan and the Okhotsk Sea. The level of interoperability in various technical areas gradually improved. Anti-submarine and submarine operations involve highly professional skills and are usually not shared except with close allies. Joint Sea 2017, therefore, was said to elevate the level of cooperation between the two navies. Still, the interoperability between the Chinese and Russian navies is not as deep and broad as Russian-Indian ties and Russia provides India with nuclear submarines, noted a Chinese media. Similar mutual trust and interoperability were said to be the goals for the PLAN. For this purpose, the PLAN proposed after Joint Sea 2017 to further broaden technical areas of cooperation and exchange with more difficult and more realistic exercise items. Communication, intelligence sharing and exchange need to be optimized; specialized command-and-control system improved; and more standardization (规范化) for drill organization, tactical setting and coordination are needed.

*Perhaps more than anything else, the Russian and Chinese militaries coordinated closely on anti-missile issues. On Oct. 12, a joint briefing on missile defense (MD) was held at the UN General Assembly’s First Committee (Disarmament and International Security) by Aleksandr Emelianov of the Russian Defense Ministry International Cooperation Committee and Gen. Zhou Shangping (周尚平) deputy

120  JANUARY 2018 | CHINA-RUSSIA RELATIONS
director of the Operation Bureau under the Joint Staff Department under China’s Central Military Commission.

This was the fourth joint briefing on the MD issue: the first was in October 2016 in Beijing on the sidelines of the seventh Xiangshan Forum (香山论坛), the second in March 2017 in Geneva on the sidelines of the Conference on Disarmament, and the third in April 2017 on the sidelines of the annual Moscow Conference on International Security. The frequency of the joint briefings by the two militaries highlighted the growing importance of the issue for the two countries against the backdrop of the US deployment of the THAAD system in South Korea and the unprecedented tension in Northeast Asia. On Dec. 11-15, the two militaries conducted Aerospace Security 2017 (空天安全-2017), an anti-missile computer simulation at the PLA Air Command Institute (空军指挥学院) in Beijing. The two sides practiced simulated scenario setting, command and control, and combat coordination in a scenario of a sudden ballistic and cruise missile attacks on land targets in Russia and China. Russian media revealed that the drill was simulated according to realistic battlefield situation with the focus on interoperability of the two air defense systems for more harmonized information exchange, data chain compatibility, and other technicalities. The drill was described as a “breakthrough” (突破).

Russia delivered another five of its advanced Su-35 multirole jets to China, making a total of 14 by the end of 2017 (four in December 2016, four on July 3, and five on Nov. 30). The last 10 Su-35s of the $2 billion contract will be delivered in 2018.

The day (Dec. 7) President Putin met in Moscow with Gen Zhang Youxia, Russia revealed that Moscow would soon deliver S-400 air defense system to China. They signed a $3 billion contract in 2015 for six S-400 battalions (eight launchers for each). Since then, the delivery date was postponed several times by the Russian side.

Next five years and beyond

As 2017 drew to an end, both Xi and Putin were ready to govern their respective countries for the next five to six years. At the 19th CPC National Congress that ended on Oct. 24, the 64-year-old Xi Jinping secured his position as China’s paramount leader for the next five years. Unlike the liberal-minded Jiang Zemin and the softer-gentler Hu Jintao, Xi is widely viewed as the most powerful leader since the first generation of Chinese leaders (Mao and Deng). Among the keenest observers of the 19th Congress was Putin. In responding to a question about Xi and the ongoing Party Congress at the 14th annual meeting of the Valdai International Discussion Club in Sochi on Oct. 19, Putin said that “During our meetings we publicly call each other friends. This speaks to the level of the relationship that has evolved between us on a human level. However, in addition to that, we uphold the interests of our states. As diplomats say, they are often very close or identical. An amazing situation has evolved and, God willing, it will continue for as long as possible.”

A few days before the end of 2017 (Dec. 27), the 65-year-old Putin submitted to the Central Election Committee (CEC) documents needed to officially start his 2018 presidential campaign. Two days earlier, the CEC denied opposition leader Alexei Navalny the right to participate in the presidential elections, citing his previous conviction. With an 85 percent approval rate, Putin will be reelected as Russia’s president in March 2018 for the next six years.

The Xi–Putin bond may not be unlimited, but it is quite special, and was apparently cemented in Moscow when Xi attended the 70th anniversary of Russia’s Victory Day in 2015. At the main concert on May 9, both were deep into the WWII Soviet music, particularly the deeply touching Cranes (Журавли) symbolizing the loss and fleeing away (with cranes) of tens of millions of lives in the two countries.

That common experience of the Great War clearly outshone the once dominant ideological commonality of communism sparked by the 1917 Bolshevik Revolution. In a significant yet ironic way, the centennial of that once “earth shaking” event (Nov. 7) juxtaposed a large ideational gap for the two strategic partners. In his speech at the 19th CPC Congress on Oct. 18, Xi attributed the origin of the CPC-led revolution to the Bolshevik Revolution by repeating Mao’s exact words: “The salvos of the October Revolution brought Marxism–Leninism to China” (十月革命一声炮响，给中国送来了马克思列宁主义).
President Putin, on the other hand, described the Bolshevik Revolution in his address to the Valdai Forum on Oct. 19 as a “largely utopian social model and ideology” with “ambiguous” results. Putin’s mixed feelings about the Bolshevik Revolution may reflect a consensus among the Russian political elite that it is inconvenient, if not wholly uncomfortable, to reconstruct Russia’s national identity after a 71-year Soviet interlude.

The personal touch in the Putin–Xi relationship may not guarantee a perfect political relationship between the two countries. Putin recognized that problems between Russia and China exist and some of them are “controversial” and “contentious.” The trust between the two leaders, nonetheless, enabled the two sides to overcome differences and solve problems for the common interests: “We always reach consensus on every issue, even seemingly controversial ones; we always come to terms, look for compromise solutions and find them. Ultimately, these agreements benefit both states because we move forward, do not become fixated, do not stop, do not drive the situation into an impasse, but resolve contentious issues and move on, and new opportunities arise. This is a very positive practice.”

As strong leaders, Xi and Putin will preside over vast countries with enormous challenges even under the best circumstances. Both Russia and China face transitional pains: Russia needs to move beyond its resource-cursed economy, while China searches for a balance between efficiency/speed and equality/fairness. For bilateral ties, the two leaders will have to address under-performing economic relations, which has been the weakest link in their relationship. Meanwhile, there must be some fix to the seeming disconnect between the two peoples that persists no matter how strong strategic and political ties between the two leaders seem to be. There may be limits to successful bilateral relations if political trust between elites is not accompanied by mutual interests at the societal level, particularly if developmental disparities continue to grow between the two countries. Finally, the two countries will have to live with, work with and create a more stable and predictable relationship with the Trump presidency which is the key to resolving many outstanding global and regional problems.
CHRONOLOGY OF CHINA-RUSSIA RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 3-5, 2017: Ninth BRICS annual summit is held in Xiamen. Chinese President Xi Jinping meets Russian President Putin on Sept. 3 on the sidelines of the summit.


Sept. 8, 2017: First meeting of the Intergovernmental Commission on the Development of Relations between the Russian Far East and Northeast China is held in Khabarovsk. Vice Premier Wang and Russian Deputy Prime Minister Yury Trutnev co-chair the meeting.

Sept. 17, 2017: Shanghai Cooperation Organization’s “Regional Anti-Terrorist Structure” (RATS) holds its 31st meeting in Beijing.


Sept. 18-26, 2017: China and Russian conduct the second stage of their annual Joint Sea 2017 military exercise in the Sea of Japan, and for the first time, the Okhotsk Sea.

Sept. 20, 2017: SCO foreign ministers meet on the sidelines of the UN General Assembly.

Sept. 29, 2017: Russian Deputy Foreign Minister Sergey Ryabkov meets Ambassador Li Hui in Moscow and discuss “topical international issues of mutual interest.”

Sept. 29, 2017: Russia and China officially name their joint project of a long-haul wide-body commercial model CR929, to be developed by the China-Russia Commercial Aircraft International Co., Ltd. (CRAIC).

Oct. 9, 2017: Ceremony held in Moscow for the 60th anniversary of founding of the Russian-China Friendship Association. Both Presidents Putin and Xi send congratulations to the event.

Oct. 10, 2017: Russia and China hold eighth consultation on North East Asian security in Moscow, chaired by Russian Deputy Foreign Minister Igor Morgulov and Chinese Assistant Foreign Minister Kong Xuanyou.

Oct. 11, 2017: Moscow hosts SCO-Afghan Liaison Group meeting at deputy foreign minister level.

Oct. 12, 2017: Joint briefing on missile defense is given at UN General Assembly’s First Committee (disarmament and International Security) by Russian and Chinese defense officials.

Oct. 26, 2017: Putin initiates a telephone conversation with Xi to congratulate Xi on his reelection as Chinese Communist Party general secretary at the CCPs 19th National Congress.

Oct. 31 – Nov. 2, 2017: Russian Prime Minister Dmitry Medvedev visits China to co-chair the 22nd Prime Ministerial Meeting with Chinese Premier Li Keqiang. He also meets President Xi.

Nov. 29, 2017: Presidents Xi and Putin meet on sidelines of the APEC Economic Leaders Meeting in Vietnam.

Nov. 29, 2017: President Putin meets Chinese Premier Li Keqiang in Moscow.

Nov. 30, 2017: SCO held its 16th session of the heads of government in Sochi.

Dec. 1, 2017: Russia delivers the third batch of Su-35 multirole fighter/bombers to China.
Dec. 2–13, 2017: Russian National Guard (Rosgvardiya) and China’s People’s Armed Police of China conduct special tactical training drills in the Chinese city of Yinchuan (银川).

Dec. 6, 2017: SCO conducts an anti-terror cyber exercise in Xiamen.


Dec. 11, 2017: Foreign Ministers Lavrov and Wang meet on the sidelines of the 15th regular Russia-India-China (RIC) Foreign Ministers’ Meeting in New Delhi.


Dec. 26, 2017: President Putin announces that he will join the March 2018 presidential elections as an independent candidate.

Dec. 31, 2017: Presidents Putin and Xi exchange New Year greetings.
WELCOMED BY WASHINGTON, CONTESTED BY CHINA, ENGAGED WITH EAST ASIA

SATU LIMAYE, EAST-WEST CENTER

Progress was not dramatic, but the combination of a US-India relationship strengthened and networked in the context of the Indo-Pacific, ongoing China-India tensions, and India’s continued incremental advances in regional ties is consolidating India-East Asia relations. The Trump administration, in its first year in office, welcomed Prime Minister Modi and articulated India’s importance to both its South Asia and Indo-Pacific policies, including trilateral and quadrilateral arrangements among the US, Japan, India, and Australia. Mid-year, India and China engaged in a tense two-month standoff on the Doklam Plateau, highlighting yet another element of longstanding territorial and border disputes and adding to the list of accumulated grievances. India’s relations with other East Asian countries, however, advanced on the diplomatic and defense fronts. India’s own emphases in its East Asia outreach included maritime cooperation, seeking to engage East Asian partners in India’s states, building new bilateral mechanisms to harness relations, and participating in regional multilateral groupings to institutionalize regional relationships and engagements.

This article is extracted from Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations, Vol. 19, No. 3, January 2018. pp 125–133
India–China: dirty dancing and weird arithmetic

China’s Foreign Minister Wang Yi, in his end of year report on international developments and his country’s foreign relations, characterized China–India relations as the “prospect of the Dragon [China] and the Elephant [India] Dancing Together and ‘1+1=11’ effect…” This was an overly optimistic outlook given what occurred in 2016 and during 2017.

The literal peak of contestation was the standoff on the high Himalayan Doklam Plateau from late–June until a disengagement was announced at the end of August. India’s first official statement on the matter came on June 30 in response to a Chinese statement on June 26 “alleging that Indian border troops crossed the boundary line in the Sikkim sector of the China–India boundary and entered Chinese territory.” India’s retort was to focus on Bhutan’s protests against a Chinese construction party and “express deep concern that such construction would represent a significant change of status quo with serious security implications for India.” For the next three months, military deployments on both sides faced off in the area and included a rock and fist-throwing melee that was captured on video. Luckily, this was the height and extent of military conflict. A disengagement agreement was achieved Aug. 28. India’s statement was terse, saying that based on diplomatic communication “expeditious disengagement of border personnel at the face–off site at Doklam has been agreed to and is on–going.”

China’s media and official statements generally characterized the disengagement as more unilateral on the part of India, though a Chinese Foreign Ministry official appeared to indicate that China would also “adjust” its military deployments in the area. By yearend, China’s official position was captured on video. Luckily, this was the height and extent of military conflict. A disengagement agreement was achieved Aug. 28. India’s statement was terse, saying that based on diplomatic communication “expeditious disengagement of border personnel at the face–off site at Doklam has been agreed to and is on–going.”

China’s media and official statements generally characterized the disengagement as more unilateral on the part of India, though a Chinese Foreign Ministry official appeared to indicate that China would also “adjust” its military deployments in the area. By yearend, China’s official position was captured on video. Luckily, this was the height and extent of military conflict. A disengagement agreement was achieved Aug. 28. India’s statement was terse, saying that based on diplomatic communication “expeditious disengagement of border personnel at the face–off site at Doklam has been agreed to and is on–going.”

Based on the Doklam incident and the “framing” of its resolution, it is entirely possible that future flare–ups and face–offs among security personnel in the same vicinity will be forthcoming. The key question will be how such developments will be handled. Despite the tense and difficult Doklam events, each side appears to have worked through diplomatic channels for a workable, face–saving – even if temporary – resolution of the crisis. This bodes well for the future. A smaller incident that provides evidence of the ability to handle differences occurred late in the year. In this incident, according to an official Indian statement, an Indian UAV crossed the line of actual control (LAC) in the Sikkim Sector “due to some technical problem” and the “matter [was] dealt with in accordance with the established protocols through institutional mechanisms to deal with situations along India–China border areas.” The fundamental territorial and border disputes, as opposed to incident de–escalation, show no signs of resolution and hang like a weight around the China–India relationship despite decades of fruitless border talks.

While the Doklam face–off was the key event in China–India relations in 2017, the incident did not derail other interactions. Indeed, the incident may have been defused partly to facilitate other activity. Just a week after the Doklam disengagement, in early September, Prime Minister Narendra Modi traveled to Xiamen for the ninth BRICS Summit and a bilateral meeting with President Xi Jinping. Foreign Secretary S. Jaishankar characterized the state of relations carefully, highlighting efforts to “not let differences become disputes,” making sure that “India–China relations were a factor of stability,” but insisting that “peace and tranquility in the border areas was a prerequisite for the further development of our relationships and that there should be more efforts made to really enhance and strengthen the level of mutual trust between the two sides.”

Foreign Secretary Jaishankar’s hope during the same remarks that inter–governmental mechanisms that exist between the two countries such as a joint economic group, defense and security group, and strategic dialogue as well as cross–membership organizations such as BRICS and AIIB “can be used to build a relationship” seems optimistic. Notwithstanding meetings of these mechanisms during the year, a major face–off was not prevented. At best, these mechanisms may have put a brake on the faceoff becoming open military conflict.
India-Japan: bonhomie and bromance

Prime Minister Abe Shinzo’s mid-September visit to India for an annual summit – the fourth between Modi and Abe – to review their “Special Strategic and Global Partnership” was the key event of 2017 in India-Japan relations. The two leaders also met on the sidelines of other international events during the year such as the G20 and the East Asia Summit (EAS). The September summit 2017 was warm and friendly but there were no major announcements despite 15 Memorandums of Understanding (MOUs) being signed. In a break from protocol, the 12th annual summit was not in the capital city of New Delhi, but in Ahmedabad/Gandhinagar in India’s Gujarat state, which PM Modi previously headed as chief minister.

Prime Minister Modi and Prime Minister Abe; 3 Monkeys

The sixty-point joint statement highlighted the scope of ambitions between the two countries – most notably, aligning Japan’s Free and Open Indo-Pacific Strategy with India’s Act East Policy. “Reinforcing Defense and Security Cooperation” was the first item of the joint statement. There was also a commitment to strengthen trilateral cooperation frameworks with the United States, Australia, and other countries. The two prime ministers “expressed satisfaction” about the entry into force of an Agreement for Cooperation in the Peaceful Uses of Nuclear Energy (this actually occurred in July).

Earlier in September, India’s then Defense Minister Arun Jaitley visited Tokyo for the annual defense ministerial dialogue. Service-to-service ties were highlighted in the joint statement of the visit. For example, the two countries’ armies agreed to develop exchanges in the fields of peacekeeping, counter-terrorism and humanitarian assistance/disaster relief (HA/DR). On navy-to-navy ties, Tokyo and New Delhi plan to deepen and expand the objectives of the Malabar exercise – including plans to involve Japan’s P-1 aircraft and anti-submarine warfare training and mine-countermeasures training held by Japan’s Maritime Self-Defense Forces. Air force ties remain comparatively less developed. Though plans were announced to increase mutual visits to air bases. The two sides also agreed to have a first-ever visit of the Japanese chief of staff, Joint Staff Japan Self-Defense Forces to India in the first half of 2018. Initial efforts to create defense industry cooperation also have begun. Yet, little progress was made on key defense deals such as US-2 aircraft and possibly Soryu diesel submarines. The September defense discussions statement simply noted the effort made by both countries regarding the cooperation on US-2 amphibious aircraft. “The joint statement of the two prime ministers was a little more expressive, reiterating “Japan’s readiness to provide its state-of-the-art US-2 amphibian aircraft” which “was appreciated [by India] as symbolizing the high degree of trust between the two countries.”

A notable MoU signed during Abe’s visit was the establishment of a Coordination Forum on Development of Northeast Region. The forum was officially launched in December when Foreign Secretary Jaishankar hosted the first meeting. India has been making efforts to get Japan and other East Asian countries to engage at the state level in India, especially in providing capacity-building and infrastructure in the under-developed northeast region of the country. Whether significant development projects will be launched remains to be seen. Japan so far has been careful not to make commitments in territory contested between China and India.

1Prime Minister Modi and Prime Minister Abe; 3 Monkeys

2Prime Minister Abe visit to India arrival summit. Photo: Cabinet Public Relations Office
Beyond strictly bilateral relations, another element of emerging India-Japan relations is their coordination and cooperation with third countries and regions. For example, Japan and India participated in the Nov. 12 India-Australia-Japan-US consultations on the Indo-Pacific held on the sidelines of the Manila-hosted East Asia Summit. And, when India hosted a mid-December connectivity summit with ASEAN, Japan was the only non-ASEAN country with official representation at the summit.

**India-Southeast Asia: 25 years of dialogue**

India played up ties with Southeast Asia during 2017. Prime Minister Modi, for example, reminded his fellow leaders at the 15th India-ASEAN Summit held in Manila in November that ASEAN’s 50th anniversary also marked the 25th year of the India-ASEAN dialogue partnership. He went on to say, “India’s Act East Policy is shaped around the ASEAN, and its centrality in the regional security architecture of the Indo-Pacific region….” He also highlighted maritime links – but in trade rather than security terms. Earlier, in October, newly appointed Indian Defense Minister Nirmala Seetharaman made her first overseas trip after taking office to attend the fourth ASEAN Defense Ministers’ Meeting Plus gathering in Manila where she focused on counterterrorism rather than maritime issues. On a symbolic note, he concluded his address to the ASEAN leaders by formally inviting all the ASEAN leaders to a January 2018 summit in India saying, “The 1.25 billion people of India are keen to welcome the ASEAN Leaders as our Chief Guests at India’s 69th Republic Day Celebrations.” This will be the first time that multiple leaders from a region will be chief guests at an Indian Republic Day parade.

**India-Myanmar relations**

The major event of India-Myanmar relations in 2017 was the state visit of Prime Minister Modi in early September. This was his first bilateral engagement in the neighboring country, though he had attend the ASEAN Summit and the EAS there in November 2014. Modi’s visit builds on the 2016 visits to India of Myanmar President Htin Kyaw and of State Councilor Aung San Suu Kyi. During the visit, 11 MoUs were signed, including three on maritime cooperation.

Prime Minister Modi’s visit occurred just after the outbreak of violence in Rakhine State following the Aug. 25 attack on Myanmar security forces and subsequent violence against the Rohingya minority leading to the exodus of almost 650,000 to neighboring Bangladesh. Indian policy has been to respond by preventing their migration into India, treating the issue largely from a security perspective and by maintaining close ties with the Myanmar government and security forces. Over the past few years, closer security ties have developed between the Indian and Myanmar military forces – largely but not only in connection with insurgencies in northeast India. The May visit of Gen. Bipin Rawat, chief of India’s Army Staff, to Myanmar should be seen in this context of ongoing talks and cooperation along the shared border between northeast India and Myanmar. Rawat’s visit was followed by the commander-in-chief of Myanmar’s Defense Forces, coming to India in August 2017. Such interaction is leading to new forms of cooperation such as the Nov. 20-25 “IMBAX-2017 exercise, the first-ever military training exercise on United Nations Peacekeeping Operations (UNPKO) between the two nations, being conducted on the Indian soil.”

India–Myanmar maritime cooperation is also advancing. In May, the Indian Navy's front-line guided missile destroyer, INS Rajput, entered Yangon for an Operational Turn around (OTR). Following Prime Minister Modi’s September visit, the Commander-in-Chief, Myanmar Navy, Adm. Tin Aung San, visited India’s naval facilities in Mumbai and Kochi before arriving in New Delhi for calls with all three chiefs of India’s military services and Ministry of Defense officials. As the three maritime–related agreements signed during Modi’s visit indicate, Myanmar has emerged as a partner in India’s maritime outreach to neighbors in East Asia.
India–Philippines relations

In 2017, Prime Minister Modi became the first Indian leader to visit the Philippines for a bilateral visit in 36 years. (Former Prime Minister Manmohan Singh visited Cebu in 1996, but not for a bilateral visit). Modi of course also was in the country to attend the various ASEAN and East Asia Summit meetings the Philippines was hosting. During the visit, four agreements were signed. One focused on defense cooperation and logistics including in the area of HA/DR. There were also agreements on agriculture; micro-, small-, and medium-size enterprises; and finally on cooperation between the Indian Council of World Affairs and the Philippines Foreign Service Institute. Modi and President Duterte also acknowledged the importance of cooperation in terrorism but no bilateral agreement on the subject was signed during the visit. During a press conference an Indian official explained the MoU on defense cooperation and logistics as “intended to permit logistics cooperation between armed forces for HDR purposes.”

India–Malaysia relations

Prime Minister Najib Razak’s early–April visit to India, including to the two states of Tamil Nadu and Rajasthan, was the key event in bilateral relations and marked the 60th anniversary of diplomatic relations. Prime Minister Modi, in his remarks to the press, referred several times to a bilateral “strategic partnership,” though no new defense cooperation agreements were among the seven MoUs signed. Modi stated that a “wide-ranging defense partnership has already brought our armed forces together in areas such as training and capacity–building, maintenance of equipment and military hardware, maritime security, and disaster response.”

Defense cooperation has included training on Sukhoi-30s in Malaysia, but not since 2010 according to an Indian official. The two countries also held their first military exercises in 2012 and their first naval exercises in 2016, which was only a tabletop exercise. According to the joint statement of the visit, additional cooperative activities are being planned. For example, the Royal Malaysian Air Force (RMAF) and Indian Air Force (IAF) are working on the terms of reference for setting up an Aircraft Safety and Maintenance Forum; there are plans for Navy-to-Navy field exercises, and increased defense exchanges and dialogues. The Indian director general of the Defense Intelligence Agency visited Malaysia in February 2017, during which a mechanism for operationalizing information sharing for HA/DR and white shipping was reportedly completed. Earlier in the year, in April, Adm. Sunil Lamba, chief of the Naval Staff and chairman of the Chiefs of Staff Committee (COSC) visited Malaysia to expand maritime cooperation. Two Indian Navy ships subsequently visited Malaysia in May – reinforcing India’s naval diplomacy in Southeast Asia.

India–Vietnam relations

India–Vietnam relations featured a visit by Deputy Prime Minister and Minister of Foreign Affairs Pham Binh Minh to India in July to mark 45 years of diplomatic relations. The visit was notable in specifically referring to the Arbitral Tribunal Award decision of July 2016 on the South China Sea. There was also reference to the signing of a “Plan of Action to implement the comprehensive strategic partnership for the period 2017–2020...” though no additional public details were provided about the elements of this plan. Therefore, it is not clear what if any commitments the two countries have made to defense purchases and the utilization of lines of credit for such purposes that India has extended over the past few years. Other notable visits during 2017 included visits to Vietnam by Adm. Sunil Lamba, India’s chairman, Chiefs of Staff Committee and chief of the Naval Staff in early October and Air Chief Marshal Birinder Singh Dhanoa, chief of the Air Staff, in early November.
India–Singapore relations

At the end of October, Singapore's Foreign Minister Vivian Balakrishnan traveled to India for the Joint Ministerial Committee meeting. He also traveled to Assam State in India's northeast to sign a MoU to establish a Skills Development Center with assistance from Singapore. Singapore has been one of the countries that India has sought to engage in state-level relations within India and especially in the northeast.

A significant defense ministers’ meeting occurred on Nov. 29, following the foreign ministers’ discussions. A key outcome was the signing of an India–Singapore Bilateral Agreement for Navy Cooperation, which according to an Indian statement, “...will lead to increased cooperation in maritime security, joint exercises, temporary deployments from each other’s naval facilities [emphasis added] and mutual logistics support.” Some media reports and analyses speculated that India might seek access Singapore’s Changi naval facility. A statement following the visit indicated Singapore was receptive to “...India's proposal for continuous and institutionalized naval engagements in their shared maritime space, including establishing maritime exercises with like-minded regional/ ASEAN partners.” In addition to watching whether India seeks regular access to the Changi facility, it will also be worth watching if India–Singapore maritime engagements are “networked” with other East Asian countries. India’s chief of Naval Staff visited Singapore in May for Singapore’s International Maritime Review (IMR) and was reported to have met several Southeast Asian navy chiefs. In 2018, the countries will mark the 25th anniversary of the Singapore–India Maritime Bilateral Exercise (SIMBEX).

India–South Korea relations

Though there were no leader-to-leader meetings in 2017, India–Korea relations were notable for two reasons. First, newly-elected President Moon Jae-in dispatched a special envoy, Chung Dongchea, to New Delhi for a meeting with Prime Minister Modi on June 17, 2017. Second, India and Korea appear to have made progress on defense industry cooperation by signing an inter-governmental MoU for defense industry cooperation on shipbuilding. The MoU reportedly “was conceived under the overall umbrella of the ‘Special Strategic Partnership’ between both sides as declared in the Joint Statement of the Prime Minister of India and the President of RoK in May 2015.” According to Ashok Kumar Gupta, secretary (defence production), in India’s Ministry of Defense, “The cooperation with the Korean Shipyard would enable HSL to upgrade and modernize its facilities and execute naval shipbuilding projects in a timely and cost effective manner. HSL would be able to imbibe best practices in shipbuilding leading to effective project management.” There were also press reports that an Indian and Korean shipyard would collaborate on the construction of Mine Counter Measure Vessels (MCMCs) for the Indian Navy.

India–Australia relations

During Prime Minister Malcom Turnbull’s April visit to Delhi, his first visit to India, Modi gave a plug to security relations saying, “Our cooperation in the area of defense and security has reached new heights. Our maritime exercises and exchanges have been productive. Our bilateral mechanisms on counter-terrorism and trans-national crimes are functioning well. I am particularly pleased that we have been able to conclude an MOU on Security Cooperation during this visit.” However, there is no public evidence the two countries signed a new agreement to supersede a Framework for Security Cooperation signed in 2014, which appears to still guide mutual defense and security ties. As a sign of deepening ties, the first India–Australia “2 + 2” between foreign and defense secretaries was held in New Delhi in December.

India–East Asia relations and US–India relations

The Trump administration’s strong bilateral support for India plus its advocacy for trilateral and quadrilateral arrangements with India, Japan, and Australia in the context of its “Indo-Pacific” policy provided the connective tissue between US–India and India–East Asia relations in 2017. The trend toward overlapping US–India and India–East Asia ties has been ongoing for years and mapped in previous iterations of this article. The Trump administration has used the framing of the “Indo-Pacific” to pursue essentially the same convergence that the Obama administration termed a US–India Joint Vision for the Asia Pacific and Indian Ocean Region.
How receptive India will be to this convergence remains uncertain. Despite excitement in some circles about the “revival” of the “Quad,” Foreign Secretary Jaishankar was notably cool, describing it as “really [a] meeting of middle level officials...,” saying US-India discussions on it during the meeting between Trump and Modi could be described as “just a very passing mention.” Anyway, the quadrilateral was “not much different from other we do [sic] many pluri-lateral, multilateral meetings with a number of countries.”

While India’s East Asia relations are increasingly part of US-India relations and the US and India are beginning to think and act in the region with greater convergence, it would be a mistake to think that India’s East Asia relations are a function of US-India ties. India remains a modest player when compared to the US, China, Japan, and other countries in East Asia. However, it now is a multilateral and bilateral partner of many countries in the vast Indo-Pacific region. It will likely remain so – separate but parallel from the trajectory of US-India relations.
CHRONOLOGY OF INDIA-EAST ASIA RELATIONS

SEPTEMBER – DECEMBER 2017

Feb. 22, 2017: A “restructured” India-China strategic dialogue is held in Beijing.

March 6–7, 2017: Vice President Hamid Ansari visits Jakarta to participate in the first-ever leaders summit of the Indian Ocean Rim Association (IORA) on its 20th anniversary. He also meets President of Indonesia Joko Widodo separately.

March 30–April 4, 2017: Malaysia’s Prime Minister Najib Razak visits India for the 60th anniversary of bilateral relations.

April 9–12, 2017: Australia’s Prime Minister Malcolm Turnbull makes a state visit to India.

May 2, 2017: PM Modi telephones PM Turnbull to express “concern about the possible impact of the recent changes in Australian regulations for the skilled professionals’ visa programme.”

May 13, 2017: India’s Ministry of External Affairs explains its policy on China’s Belt and Road Initiative Forum.

May 29, 2017: Fiji’s Minister of Defense and National Security Ratu Inoke Kubuabola visits India and meets Minister of Defense, Finance and Corporate Affairs Arun Jaitley to discuss an expanded defense partnership in maritime security and naval cooperation. They sign an MoU on defense cooperation.

June 12–15, 2017: INS Sahyadri makes a port visit to Port Moresby Papua New Guinea.

June 17, 2017: Special South Korean Envoy Chung Dongchea visits India and meets PM Modi.


July 3–6, 2017: Deputy Prime Minister and Minister of Foreign Affairs of Vietnam Pham Binh Minh visits India.

July 7, 2017: PM Modi joins Brazil, Russia, India, China, and South Africa (BRICS) meeting on the sidelines of the G20 Summit in Hamburg, Germany.

July 8, 2017: PM Modi meets PM Abe for a 35-minute bilateral on the sidelines of the G20 Summit in Hamburg, Germany.

July 10–17, 2017: The 21st edition of the naval exercise, MALABAR-17, is conducted in the Bay of Bengal with participation by the US, Japan, and India.

July 18–19, 2017: Australian Foreign Minister Julie Bishop visits India for the 11th India-Australia Foreign Ministers Framework Dialogue (FMFD) described as the “main institutional bilateral mechanism between the two countries.” A notable development is Australia joining the India-initiated International Solar Alliance.

July 20, 2017: India-Japan agreement on Peaceful Uses of Nuclear Energy enters into force.


Sept. 3–5, 2017: PM Modi travels to Xiamen for ninth BRICS Summit and meets President Xi Jinping separately.

Sept. 5–7, 2017: India’s Defense Minister Shri Arun Jaitley visits Japan for annual defense ministerial dialogue with Defense Minister Itsunori Onodera.

Sept. 5–7, 2017: PM Modi makes a state visit to Myanmar.

Sept. 13–14, 2017: PM Abe visits India to review the “Special Strategic and Global Partnership.”
**Oct 24, 2017**: India’s Defense Minister Nirmala Sitharaman makes first overseas visit since assuming office to participate in the ASEAN Defense Ministers Meeting Plus in Manila.


**Oct. 31–Nov. 1, 2017**: Singapore Foreign Minister Vivian Balakrishnan visits India for the Joint Ministerial Committee meeting.

**Nov. 12–14, 2017**: PM Modi travels to Manila to attend the 15th ASEAN–India Summit, the East Asia Summit, and meets Philippine President Duterte separately.

**Nov. 12, 2017**: India–Australia–Japan–US consultations on the Indo-Pacific are held on sidelines of the East Asia Summit in Manila.

**Nov. 27–29**: Singapore’s Defense Minister Ng Eng Hen visits India for the second iteration of a new defense minister’s dialogue.

**Dec. 5, 2017**: India’s Foreign Secretary S. Jaishankar hosts first meeting of the Coordination Forum on Development of Northeast Region.

**Dec. 7, 2017**: India’s MEA issues an explanation of a lost drone along the Sino–Indian border.

**Dec. 11–12, 2017**: India–ASEAN Connectivity Summit is held in New Delhi. Japan is only non-ASEAN country with official representation at the summit.

**Dec. 11, 2017**: India hosts the 15th Russia–India–China (RIC) Foreign Ministers Dialogue.

**Dec. 12, 2017**: Inaugural India–Australia “2+2” Foreign Secretaries and Defense Secretaries Dialogue is held in New Delhi

**Dec. 13, 2017**: Fourth India–Japan–Australia Trilateral Dialogue is held in New Delhi.

**Dec. 22, 2017**: Yang Jiechi, state councilor of the People’s Republic of China and special representative of China on the boundary question, meets PM Modi following the 20th round of Talks between Special Representatives of China and India on the Boundary Question.
Carl Baker is the director of programs and co-editor of *Comparative Connections* at Pacific Forum, CSIS and an adjunct professor with the International Studies Department at Hawaii Pacific University. Previously he was on the faculty at the Asia-Pacific Center for Security Studies. He has extensive experience in the Republic of Korea, having served with the UN Military Armistice Commission and as a political and economic intelligence analyst. He also served seven years in a variety of military staff assignments in Japan, the Philippines and Guam. A graduate of the Air War College, he has an M.A. in public administration from the University of Oklahoma and a B.A. in anthropology from the University of Iowa.

David G. Brown is a visiting scholar in the China Studies Program at the Johns Hopkins School of Advanced International Studies (SAIS). From 1999 to 2016, he served first as Associate Director of Asian Studies and then as an adjunct professor in the China Studies program at SAIS. His 30-year diplomatic career focused on Asia and included assignments in Tokyo, Beijing, Taipei, Hong Kong, and Saigon as well as tours in Vienna and Oslo. After leaving government in 1996, Mr. Brown served as senior associate at the Asia Pacific Policy Center, a nonprofit institution in Washington DC. During 1996-2000, Mr. Brown served concurrently as the Chair of the East Asian Area Studies course at the State Department’s Foreign Service Institute. He joined SAIS in 1999. He has a degree in East Asian Studies from Princeton University.

See-Won Byun is a visiting assistant professor of politics at Bates College (2017–2018). Her research centers on Chinese politics and the international relations of Asia. Previously, she was a research associate at The Asia Foundation’s Center for US–Korea Policy in Washington, and non-resident Kelly Fellow of Pacific Forum CSIS. She holds a PhD in political science and MA in international affairs from The George Washington University, MA in international studies from Yonsei University, and BA in economics from Brown University. She has provided research and program support to the Freeman Chair in China Studies at the Center for Strategic and International Studies and the Center for Northeast Asian Policy Studies at The Brookings Institution. She was a Brent Scowcroft Award Fellow of the Aspen Institute’s Aspen Strategy Group in spring 2007. She studied international politics at Peking University in Beijing.

Aidan Foster-Carter is an honorary senior research fellow in Sociology and Modern Korea at Leeds. He is also a freelance analyst and consultant: covering the politics and economics of both South and North Korea for, amongst others, the *Economist Intelligence Unit, Oxford Analytica*, and *BBC World Service*. Between 1991 and 1997 he lectured on sociology at the universities of Hull, Dar es Salaam (Tanzania), and Leeds. A prolific writer on and frequent visitor to the Korean Peninsula, he has lectured on Korean and kindred topics to varied audiences in 20 countries on every continent. He studied Classics at Eton, Philosophy, Politics, and Economics at Balliol College Oxford, and Sociology at Hull.

Kyuri Park is a PhD student in the Political Science and International Relations program at the University of Southern California. Her research revolves around international relations in East Asia, hierarchy, and democratic accountability in foreign policy. Kyuri received her M.A. in Asian Studies at Georgetown University and her B.A. in International Relations from Ewha Womans University in Seoul, South Korea.

Ralph A. Cossa is President of the Pacific Forum CSIS in Honolulu, a non-profit, foreign policy research institute affiliated with the Center for Strategic and International Studies (CSIS) in Washington, D.C. He is senior editor of the Forum’s quarterly electronic journal, *Comparative Connections*. Mr. Cossa is a member of the ASEAN Regional Forum (ARF) Experts and Eminent Persons Group. He is a founding member of the multinational track two Council for Security Cooperation in the Asia Pacific (CSCAP). He co-chairs the CSCAP study group aimed at halting the proliferation of weapons of mass destruction in the Asia Pacific region and also serves as Executive Director of the US Member Committee (USCSCAP). He also serves on the Board of the Council on US–Korean Security Studies and the National Committee on US–China Relations (NY) and is a member of the International Institute for Strategic Studies.
Dreyer received her BA from Wellesley College and her MA and PhD from Harvard, and has lived in China and Japan and paid numerous visits to Taiwan. She has served as a United States Information Agency lecturer, speaking in fourteen Asia-Pacific states. Professor Dreyer has published widely on the Chinese military, Asian-Pacific security issues, China-Taiwan relations, Sino-Japanese relations, ethnic minorities in China, and Chinese foreign policy. In 2017, she received the University of Miami’s faculty senate award as Distinguished Research Professor.

Bonnie Glaser is a senior adviser for Asia and the director of the China Power Project at CSIS, where she works on issues related to Asia-Pacific security with a focus on Chinese foreign and security policy. She is concomitantly a non-resident fellow with the Lowy Institute in Sydney, Australia and a senior associate with CSIS Pacific Forum. Ms. Glaser has worked for more than three decades at the intersection of Asian geopolitics and U.S. policy. From 2008 – mid-2015 Ms. Glaser was a Senior Adviser with the Freeman Chair in China Studies, and from 2003 to 2008, she was a senior associate in the CSIS International Security Program. Prior to joining CSIS, she served as a consultant for various U.S. government offices, including the Departments of Defense and State. Ms. Glaser has published widely in academic and policy journals, including The Washington Quarterly, China Quarterly, Asian Survey, International Security, Problems of Communism, Contemporary Southeast Asia, American Foreign Policy Interests, Far Eastern Economic Review, Korean Journal of Defense Analysis, New York Times, and International Herald Tribune, as well as numerous edited volumes on Asian security. Ms. Glaser is a regular contributor to the Pacific Forum quarterly Web journal Comparative Connections. She is currently a board member of the U.S. Committee of the Council for Security Cooperation in the Asia Pacific, and a member of both the Council on Foreign Relations and the Institute of International Strategic Studies. She served as a member of the Defense Department’s Defense Policy Board China Panel in 1997. Ms. Glaser received her B.A. in political science from Boston University and her M.A. with concentrations in international economics and Chinese studies from the Johns Hopkins School of Advanced International Studies.


Graeme Dobell has been reporting on Australian and international politics, foreign affairs and defense, and the Asia Pacific since 1975. He is a journalist fellow with the Australian Strategic Policy Institute and Radio Australia’s associate editor for the Asia Pacific. Previously, he was journalist fellow at the Lowy Institute for International Policy. His writings for ASPI include “Back to the Future” in Scoping Studies – New thinking on security, “Pacific Power Plays” in Australia and the South Pacific – rising to the challenge, and “PNG’s golden era: political and security challenges in PNG and their implications.” He is the author of the book Australia Finds Home — the Choices and Chances of an Asia Pacific Journey, published in 2000.

June Teufel Dreyer is Professor of Political Science at the University of Miami, Coral Gables, Florida, where she teaches courses on China, U.S. defense policy, and international relations. Professor Dreyer has lectured to, and taught a course for, National Security Agency analysts, consults for organizations including the National Geographic and Centra Technology. She is a senior fellow of the Foreign Policy Research Institute and a member of International Institute for Strategic Studies. Formerly senior Far East specialist at the Library of Congress, Dr. Dreyer has also served as Asia policy advisor to the Chief of Naval Operations and as commissioner of the United States–China Economic and Security Review Commission established by the U.S. Congress. Dr Dreyer’s most recent book, Middle Kingdom and Empire of the Rising Sun: Sino–Japanese Relations Past and Present, was published by Oxford University Press in 2016. The tenth edition of her China’s Political System: Modernization and Tradition, is scheduled for publication in 2018. Professor Dreyer received her BA from Wellesley College and her MA and PhD from Harvard, and has lived in China and Japan and paid numerous visits to Taiwan. She has served as a United States Information Agency lecturer, speaking in fourteen Asia-Pacific states. Professor Dreyer has published widely on the Chinese military, Asian-Pacific security issues, China-Taiwan relations, Sino-Japanese relations, ethnic minorities in China, and Chinese foreign policy. In 2017, she received the University of Miami’s faculty senate award as Distinguished Research Professor.

Bonnie Glaser is a senior adviser for Asia and the director of the China Power Project at CSIS, where she works on issues related to Asia-Pacific security with a focus on Chinese foreign and security policy. She is concomitantly a non-resident fellow with the Lowy Institute in Sydney, Australia and a senior associate with CSIS Pacific Forum. Ms. Glaser has worked for more than three decades at the intersection of Asian geopolitics and U.S. policy. From 2008 – mid-2015 Ms. Glaser was a Senior Adviser with the Freeman Chair in China Studies, and from 2003 to 2008, she was a senior associate in the CSIS International Security Program. Prior to joining CSIS, she served as a consultant for various U.S. government offices, including the Departments of Defense and State. Ms. Glaser has published widely in academic and policy journals, including The Washington Quarterly, China Quarterly, Asian Survey, International Security, Problems of Communism, Contemporary Southeast Asia, American Foreign Policy Interests, Far Eastern Economic Review, Korean Journal of Defense Analysis, New York Times, and International Herald Tribune, as well as numerous edited volumes on Asian security. Ms. Glaser is a regular contributor to the Pacific Forum quarterly Web journal Comparative Connections. She is currently a board member of the U.S. Committee of the Council for Security Cooperation in the Asia Pacific, and a member of both the Council on Foreign Relations and the Institute of International Strategic Studies. She served as a member of the Defense Department’s Defense Policy Board China Panel in 1997. Ms. Glaser received her B.A. in political science from Boston University and her M.A. with concentrations in international economics and Chinese studies from the Johns Hopkins School of Advanced International Studies.

Brad Glosserman is a visiting professor at the Tama University Center for Rule Making
Charles McClean is a PhD student in the Department of Political Science at the University of California, San Diego. His research interests include Japanese politics, comparative institutions, voting and elections, and political behavior. Prior to UCSD, Charles was a research associate at the Council on Foreign Relations (2011–14) where he conducted research on Japan's domestic politics and foreign policy, Asia-Pacific international relations, and US policy toward Asia. He previously worked on Asia-Pacific issues at the Institute for Foreign Policy Analysis (2010–11) and the Center for Strategic and International Studies (2010). He spent a year in Japan as a Fulbright fellow at Kobe University (2008–09), and was selected for the Presidential Management Fellowship (2011). He is also a member of the Pacific Forum CSIS Young Leaders program. Charles earned his BA in International Relations and Japanese from Tufts University (summa cum laude) and his MA from the Regional Studies East Asia program at Harvard University.

Stephen Noerper is a Korea Society senior director, Columbia University professor, and Weatherhead East Asia Institute fellow. He served prior as an associate professor of international relations at New York University. He taught at American University, the National University of Mongolia—where he was a Fulbright Senior Scholar—and Waseda University. Professor Noerper was a fellow at the EastWest Institute, East West Center, Korea's IFANS, and the Edward R. Murrow Center for Public Diplomacy. The author of more than sixty publications on US policy and Northeast Asia, he appears widely on media, to include the BBC, Bloomberg, CNN and VOA. He holds higher degrees from the Fletcher School of Law and Diplomacy and London School of Economics. Dr. Noerper sits on the board of the Van Fleet
Foundation, is a member of the National Committee on North Korea, and was awarded Mongolia’s State Friendship Medal.

Collin Norkiewicz is a program manager and research associate with the China Power Project at CSIS, where he focuses on Chinese foreign and security policy, U.S.-China bilateral relations, and cross-strait relations. Prior to joining CSIS, he was a research assistant at the Carnegie-Tsinghua Center for Strategic Studies, where he assisted in researching U.S.-China bilateral relations and emerging disruptive technologies. Mr. Norkiewicz graduated with an M.A. in Law and Diplomacy, focusing on International Security Studies and Pacific Asia from Tufts University’s Fletcher School of Law and Diplomacy in 2017. He received a B.A. in International Relations and Global Studies with a focus on International Security and East Asian Studies from The University of Texas at Austin.

Kevin C. Scott is an independent researcher. His substantive interests include the history of US relations with Taiwan and Asia, and he has written previously on political relations between China and the Vatican. He holds a B.A. in government from the University of Notre Dame and an M.A. in Asian studies from the University of Pittsburgh.

Sheldon W. Simon is professor in the School of Politics and Global Studies at Arizona State University and a faculty associate of ASU’s Center for Asian Research. He is a senior adviser to The National Bureau of Asian Research and has been a consultant to the Departments of State and Defense. Currently, he is also an academic associate of The National Intelligence Council. Simon is the author or editor of ten books and 200 scholarly articles and book chapters dealing with Asian security in such journals as Asian Survey, Pacific Affairs, Asian Security, Asian Forum, Pacific Affairs, NBR Analysis, and The Pacific Review. He has held a number of visiting professorships in the United States and Canada, most recently in 2010 at the U.S. Naval War College.

Sheila A. Smith, an expert on Japanese politics and foreign policy, is senior fellow for Japan studies at the Council on Foreign Relations (CFR). She is the author of Intimate Rivals: Japanese Domestic Politics and Rising China (Columbia University Press, 2015) and Japan’s New Politics and the U.S.-Japan Alliance (Council on Foreign Relations, June 2014). Her current research focuses on how geostrategic change in Asia is shaping Japan’s strategic choices. In the fall of 2014, Smith began a new project on Northeast Asian Nationalisms and Alliance Management. Smith is a regular contributor to the CFR blog Asia Unbound, and frequent contributor to major media outlets in the United States and Asia. She joined CFR from the East–West Center in 2007, where she directed a multinational research team in a cross-national study of the domestic politics of the US military presence in Japan, South Korea, and the Philippines. She was a visiting scholar at Keio University in 2007–08 and has been a visiting researcher at two leading Japanese foreign and security policy think tanks, the Japan Institute of International Affairs and the Research Institute for Peace and Security, and at the University of Tokyo and the University of the Ryukyus. Smith is vice chair of the US advisors to the U.S.-Japan Conference on Cultural and Educational Exchange (CULCON), a bi-national advisory panel of government officials and private sector members. She teaches as an adjunct professor at the Asian Studies Department of Georgetown University and serves on the board of its Journal of Asian Affairs. She earned her MA and PhD degrees from the department of political science at Columbia University.

Scott Snyder is senior fellow for Korea studies and director of the program on US–Korea policy at the Council on Foreign Relations (CFR). His program examines South Korea’s efforts to contribute on the international stage, its potential influence and contributions as a middle power, and the implications of North Korean instability. He is also a contributor for the blog, “Asia Unbound” and previously served as the project director for the CFR’s Independent Task Force on policy toward the Korean Peninsula. Previously, Snyder was a senior associate at The Asia Foundation, where he founded and directed the Center for US–Korea Policy and served as The Asia Foundation’s representative in Korea. He was also a senior associate at Pacific Forum CSIS. Mr. Snyder has worked in the research and studies program of the US Institute of Peace and as acting director of Asia Society’s contemporary affairs program. Mr. Snyder has authored numerous books including The U.S.–South Korea Alliance: Meeting New Security Challenges (editor, forthcoming, Lynne Rienner Publishers), China’s Rise and the Two Koreas: Politics, Economics, Security (2009), Paved with Good Intentions: The NGO Experience in
North Korea (co-editor, 2003), and Negotiating on the Edge: North Korean Negotiating Behavior (1999). He serves on the advisory council of the National Committee on North Korea and Global Resource Services. Snyder received a B.A. from Rice University and an M.A. from the regional studies East Asia program at Harvard University. He was a Thomas G. Watson fellow at Yonsei University in South Korea, a Pantech visiting fellow at Stanford University’s Shorenstein Asia–Pacific Research Center during 2005–06, and received an Abe fellowship, administered by the Social Sciences Research Council, in 1998–99.

Robert G. Sutter is Professor of Practice of International Affairs at the Elliott School of George Washington University. His earlier fulltime position was Visiting Professor of Asian Studies at Georgetown University (2001–2011). A Ph.D. graduate in History and East Asian Languages from Harvard University, Sutter has published 21 books, over 200 articles and several hundred government reports dealing with contemporary East Asian and Pacific countries and their relations with the United States. His most recent book is U.S.–China Relations: Perilous Past, Uncertain Present (third edition: Rowman & Littlefield 2018). Sutter’s government career (1968–2001) saw service as the director of the Foreign Affairs and National Defense Division of the Congressional Research Service, the National Intelligence Officer for East Asia and the Pacific at the US Government’s National Intelligence Council, and the China division director at the Department of State’s Bureau of Intelligence and Research.

Yu Bin is Professor of Political Science and Director of East Asian Studies at Wittenberg University (Ohio, USA), and senior fellow of the Shanghai Association of American Studies. Yu is the author and co-author of six books and more than 100 book chapters and articles in journals including World Politics, Strategic Review, China and Eurasia Forum Quarterly, Asia Policy, Asian Survey, International Journal of Korean Studies, Journal of Chinese Political Science, Harvard International Review, Asian Thought and Society, etc. A senior writer of Asia Times and co-editor of the Beijing based Foreign Affairs Observer (外交观察), Yu has also published numerous opinion pieces in many leading English and Chinese language media outlets around the world such as International Herald Tribune (Paris), People’s Daily (Beijing), Foreign Policy In Focus (online), Yale Global (online), the BBC, Public Radio, Radio Beijing, Radio Australia, etc. Previously, he was a fellow at the East–West Center in Honolulu, president of Chinese Scholars of Political Science and International Studies, a MacArthur fellow at the Center of International Security and Arms Control at Stanford and a research fellow at the Center of International Studies of the State Council in Beijing. He received a B.A. from the Beijing University of Foreign Studies, a M.A. from the Chinese Academy of Social Sciences, and his Ph.D. from Stanford.