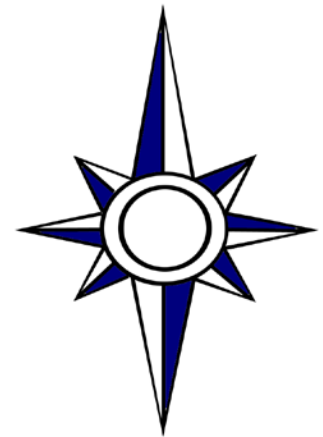




P a c i f i c F o r u m C S I S



Comparative Connections



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

edited by

Carl Baker
Brad Glosserman

January – April 2015
Vol. 17, No.1
May 2015

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

Pacific Forum CSIS

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

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

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A Triannual Electronic Journal on East Asian Bilateral Relations

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

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

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

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

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

2015 opened with high-level exchanges in preparation for the Strategic and Economic Dialogue, scheduled for early summer, and Xi Jinping's state visit in September. Visits to China were made by Deputy Secretary of State Tony Blinken, Treasury Secretary Jacob Lew, Commerce Secretary Penny Pritzker, and Homeland Security Secretary Jeh Johnson. Chinese State Councilor Yang Jiechi met National Security Adviser Susan Rice in New York. Military exchanges included dialogues, ship visits, joint drills, and video calls. The South China Sea remained a source of friction as evidence mounted that China is building military outposts on reefs in the Spratly Islands. In response to the issuance of the revised US-Japan Defense Guidelines, China voiced concerns and called the alliance outdated. Despite US objections, a total of 57 countries signed up to be founding members of the Chinese-led Asian Infrastructure Investment Bank. China held its annual meetings of the National People's Congress and the Chinese People's Political Consultative Congress, announcing an economic growth target of around 7 percent and an increase in its defense budget of 10.1 percent in 2015.

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by Stephen Noerper, The Korea Society

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by Sheldon Simon, Arizona State University

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

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

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by Aidan Foster-Carter, University of Leeds, UK

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

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Gaining Traction

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

Despite ongoing discussions of history and present-day issues related to the Senkaku/Diaoyu Islands, there was a general sense in both Tokyo and Beijing that relations were slowly moving in the right direction. Meetings took place between senior diplomats and political leaders. Slowly gaining traction, engagement culminated in the April 22 Xi-Abe meeting in Bandung, Indonesia, featuring smiles, handshakes, and a 25-minute talk – a far different picture of the relationship than that presented at the November meeting in Beijing. However, Xi and other Chinese officials consistently made it clear that progress in restoring relations would depend significantly on Japan's proper understanding of history, in particular Prime Minister Abe's much anticipated statement commemorating the 70th anniversary of the end of the war.

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The Art of Politics and the Politics of Art

by David Kang and Jiun Bang, University of Southern California

At the end of 2014, there were both stern warnings but also cautious optimism for what 2015 held in store for Japan and South Korea in anticipation of the 50th anniversary in June of the restoration of diplomatic relations and the upcoming 70th anniversary of the end of World War II. The early months of 2015 did not bring any new explosive point of contention to the surface, but issues such as talks on comfort women/sex slaves and territorial sovereignty over Dokdo/Takeshima remained the focus of relations. The most visible manifestation came with Prime Minister Abe's visit to the US in late April. Clearly playing to his audience, he reassured Americans but disappointed Koreans. While governments were fine-tuning their art of politics, a group of nongovernmental actors – academics, large corporations, and the art community – got swept away by the politicization of bilateral relations.

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All Still Quiet in the East

by Yu Bin, Wittenberg University

China-Russia relations were quite uneventful in the first four months of 2015. Instead, Moscow and Beijing seemed on divergent paths as the former continued to be plagued by geopolitics (Ukraine, Iran, etc.), while the latter was busy with geoeconomics (Asian Infrastructure Investment Bank (AIIB), Belt and Road Initiative, etc.). Beneath the surface calm, however, preparations were in high gear for the coming months in both symbolic (70th V-Day anniversary) and substantive areas such as strategic consultation, aerospace cooperation, and military sales.

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Back in the Same Orbit and Back on Earth

Satu Limaye, East-West Center

Given the drift and depths to which the US-India relationship has succumbed throughout much of 2013 and the early part of 2014, visits by the two heads of government in the span of a few months constituted something of a return to the same orbit, symbolized by the fact that the two countries' Mars orbiters (*Mangalyaan* and *Maven*) had entered the planet's orbit within a couple of days of each other. Prime Minister Modi visited Washington in late September 2014, just four months after taking office. President Obama followed up with an important visit to India in January 2015 as the "Chief Guest" for India's Republic Day, the first US president to be accorded this honor. But as always with US-India relations, positive symbols are suffused with caution. In the event, there were no major run-ins during the period of US-India relations covered by this article. Though, there were few major breakthroughs either.

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Abe Opens New Fronts

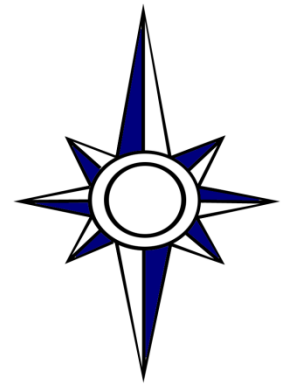
By Catharin Dalpino, Seton Hall University

In the early months of 2015 Tokyo has stepped up its engagement with Southeast Asia. Increasingly concerned with tensions in the South China Sea and the potential for their spillover, Japan has worked with Vietnam and the Philippines to strengthen coast guard and naval capacity. A new defense agreement with Indonesia, and the establishment of a high-level dialogue on maritime security, underscores a broader worry about China. To counter China's economic reach and political influence in the poor states of mainland Southeast Asia, Tokyo has stepped up with a variety of initiatives, including a strategic partnership with Laos. Although polls indicate very positive views of Japan in Southeast Asia, Tokyo must nevertheless implement new policy initiatives in the region with care, in view of Japan's own complicated relations with China and a more positive, but no less complicated, relationship with the US.

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Regional Overview:

A Frustrating Start to 2015 for the US

Ralph A. Cossa, Pacific Forum CSIS
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President Obama initiated his long-awaited (and long overdue) quest for “fast track” or Trade Promotion Authority (TPA) from the US Congress, understanding that final negotiations and eventual passage (or not) of his Asian “rebalance” economic centerpiece, the Trans-Pacific Partnership (TPP) free trade agreement, rests upon achieving TPA. To be blunt, without TPP, Obama’s already tarnished leadership image will be severely damaged (especially since it is his own Democratic Party that presents the primary obstruction), his “lame duck” status will be solidified at home and abroad, and his Asian pivot will be seen not as the multidimensional strategy it was intended to be but largely a unidimensional (security) single-focused (China) strategy. Meanwhile, China continued to tarnish American and ASEAN leadership through its accelerated island-building projects in the South China Sea, (although these actions may yet prove counterproductive for Beijing) while Washington’s badly managed response to China’s Asian Infrastructure Investment Bank initiative provided another (self-inflicted) wound. Ironically, Washington’s questions were the right ones, but its seemingly “choose between us and China” approach resulted in most US partners and allies (other than Japan) choosing Beijing. Finally, US-DPRK and North-South relations went through cycles of hope and despair during the first four months of the year with no real progress in sight or anticipated, as speculation runs rampant as to why Kim Jong-Un decided not to go to Moscow.

TPP edges forward

The biggest Asia-Pacific economic story this year, at least from Washington’s perspective, has been the fate of the Trans-Pacific Partnership (TPP). Eyes are on the US to see if Congress will give President Obama the “fast track” Trade Promotion Authority that is key to his negotiating credibility. No country will reach a final agreement with the US if Congress can subsequently modify key provisions. Obama made little push for TPA in the first six years of his term, but he has made it a priority now that his administration is winding down and the GOP controls both houses of Congress – a situation that, ironically, makes it easier for him to get the bill passed. Democratic skepticism of trade agreements is strong and even the prospect of undermining a president from their own party might not get them to swallow their distaste for such a deal. At present, bills are winding their way through Congress to give Obama TPA: passage is by no means assured, however. Since GOP support for such deals can’t be taken for granted, Obama is going to have to twist arms among his own party to get the legislation secured.

TPA is not the only holdup, however. In addition to talks among the 12 TPP parties, there are bilateral negotiations among various governments and one of the most important of those is between Washington and Tokyo. Japanese negotiators are tough, and they are holding out for a

TPA deal before they put their final offers on the table, a point made plain during Prime Minister Abe Shinzo's state visit to Washington in late April. The US-Japan talks focus on longstanding sticking points such as agriculture and autos.

This year, there have been three TPP officials meetings. The first was in New York City, Jan. 26-Feb. 1. Reportedly they made progress on market access for goods. Topics discussed included intellectual property, investment, non-conforming measures, state-owned enterprises, rules of origin, environment, and financial services. The second round convened in Hawaii March 9-15, and there negotiators took up technical issues regarding market access, intellectual property, rules of origin, state owned enterprises, and textiles. Lower level negotiations followed. The third TPP officials meeting took place in Maryland, April 23-26, and many of the same topics were on the table. Talks occurred in every possible format – bilateral to plurilateral – with the goal of finalizing treaty text.

Quick progress is critical. If Congress doesn't get TPA passed soon, there is little chance that TPP will be concluded before the end of summer. If it takes that long to get agreement among the 12, there is the real danger that Congressional deliberations will drag on through 2015, at which point it will become an issue in the 2016 campaign, effectively pushing back ratification a year – and the prospect of a rejection is real. If administration officials are correct that TPP is as important for its strategic as its economic interests – a position with which we agree – then delay and denial would be a serious blow to US credibility, authority, and leadership.

China flexes its economic muscle

The second story dominating the media narrative of the first four months of 2015 was the launch of the Asian Infrastructure Investment Bank (AIIB). This proposal by Beijing is designed to help plug the estimated \$8 trillion dollar infrastructure investment gap in Asia. Many Western nations, the United States among them, saw the AIIB as a challenge to the World Bank and the Asian Development Bank. They feared that it would provide money on different terms, and in so doing undermine those institutions' authority as well as the rules and norms that guide their lending. In short, the AIIB would be the cornerstone of an alternative regional financial architecture, one that challenged the system set up by Washington and like-minded governments after World War II.

Officially, the US was not opposed to the bank so much as cautious about its operating procedures. Washington was merely waiting for answers to questions about how the AIIB would work before making a decision on whether to join (although the prospects of the US Congress allocating money to a Chinese-led institute seemed slim). Unofficially, however, there were reports that the US actively opposed the new bank and was pressing other governments to stay away. That strategy crumbled in late March when the United Kingdom agreed to join as a founding member, a decision that spurred other Western governments to follow suit: Germany, France, Italy, Australia and South Korea also made the March 31 deadline. (New Zealand had joined the bank in early January, a move that didn't seem to have the same impact as the British decision.) Fifty-seven nations in total joined as prospective founding members.

The flood of applicants was roundly portrayed as a “defeat” for the US. (Japan was one of the other holdouts.) Since China’s push for new lending institutions was thought to have stemmed from frustration over the slow pace of reform at the World Bank and the International Monetary Fund – a result of the US Congress’ refusal to back agreed changes to voting shares of members – it was seen as an own goal. Coming on the heels of US complaints that China was refusing to do more to provide international public goods, US policy was criticized for being incoherent and self-defeating. It’s hard to disagree.

China flexes its military muscle; ASEAN (meekly) responds

While Beijing was winning friends and influencing countries with its still booming (if somewhat slower) economy, it was also flexing its muscle in the South China Sea. China’s activities there are well documented elsewhere in this report. Comprehensive details regarding its island building efforts – dubbed “the great wall of sand” by the commander of the US Pacific Fleet (and soon to be PACOM commander) Adm. Harry Harris – can be found via the [CSIS Asia Maritime Transparency Initiative](#).

ASEAN, which normally does a good lot of burying its head in the sand when it comes to egregious Chinese behavior, finally took notice, if somewhat meekly, during the ASEAN Summit on April 26-27 in Kuala Lumpur and Langkawi, Malaysia. The Chairman’s Statement noted that ASEAN members “share the serious concerns expressed by some Leaders on the land reclamation being undertaken in the South China Sea, which has eroded trust and confidence and may undermine peace, security and stability in the South China Sea.” Given the seriousness of the issue, the assembled heads of state “instructed our Foreign Ministers to urgently address this matter constructively including under the various ASEAN frameworks such as ASEAN-China relations, as well as the principle of peaceful co-existence.” This was as close as the leaders came to naming China as the source of the problem. They also called on all signatories “to ensure the full and effective implementation of the Declaration on the Conduct of Parties in the South China Sea in its entirety” and “urged that consultations be intensified to ensure the expeditious establishment of an effective COC [code of conduct].”

If ASEAN was slow to blame China, Beijing had no problem accusing Vietnam and the Philippines, by name, for violating the spirit and intent of the DOC. Guilty as charged! All the claimants have made modifications since the DOC that violated the spirit and intent of the DOC and Hanoi is pursuing a land reclamation effort of its own, although the scope pales in comparison with that undertaken by Beijing.

Bandung 60 years on

Earlier in April, Jakarta hosted 21 heads of state and representatives from over 100 countries from Asia, Africa, and the Middle East at the 60th anniversary of the Asian African Conference. The original Bandung conference, as it is generally known, brought together 25 countries from Asia and Africa in an attempt to forge a coalition of nonaligned states among newly independent nations. It focused on peace, security, and development as the Cold War was heating up.

The 60th anniversary shindig sought to increase the economic and political power of emerging countries. Attendees railed against income inequality and terrorism, calling for more trade and investment among developing nations. While there has been explosive growth in two-way trade between the regions – it went from \$2.8 billion in 1990 to \$270 billion by 2012 – there is room for improvement. For their enthusiasm, however, the conference was long on rhetoric and short on deals. The final declaration also condemned terrorism and transnational crime, and called for the peaceful resolution of disputes, without providing any means to do so or penalties for failure. The meeting was also notable for the presence of Japanese Prime Minister Abe Shinzo, who heralded the Bandung spirit of “live and let live,” promised to continue Japan’s 70-year history of contributing to regional peace, and pledged to step up Japan’s support for economic development among emerging nations. Chinese counterpart Xi Jinping also promised aid, with no strings attached, and urged the countries of Asia and Africa to step up to do take more responsibility for their collective future. Abe and Xi met on the sidelines of the meeting, another sign that the Japan-China relationship has bottomed out and is on the rebound.

Six-Party Talks prospects: somewhere between hopeful and completely hopeless

We have tried in this Regional Overview over the years to track the progress (or lack thereof) of the Six-Party Talks aimed at denuclearization of the Korean Peninsula. There was a glimmer of hope early in the reporting period after a track-two meeting in Singapore involving several former US negotiators (Steven Bosworth and Joe DeTrani) that once the obligatory round of US-ROK winter/spring exercises – and equally obligatory round of DPRK short- and medium-range missile launches – were over, dialogue would resume. It was not meant to be. The North is willing to come to talks if the US and others treat it as a bonafide nuclear weapon state; they won’t and shouldn’t.

The most interesting side issue (or sideshow) revolved around Kim Jong Un’s declared intention to attend World War II 70th Anniversary celebrations in Moscow (an event many Western leaders planned to boycott). However, the North announced on April 30 that the Young General would in fact not be going on his first overseas trip after all, citing “internal Korean affairs.” This has raised speculation (for the umpteenth time) that Kim’s grasp on power is tentative and that a power struggle could soon ensue, if not already underway. Lending credence to this speculation was a ROK intelligence report indicating that the North’s Minister of the People’s Armed Forces Hyon Yong Chol (the second-most senior military officer in the DPRK), had been put to death by firing squad on April 30, for plotting against the government and for falling asleep during a military parade. If true – it’s certainly credible but then again few things about the North, regardless of how bizarre, still seem credible – it could either mean that Kim is showing off his ultimate power or that he is increasingly unstable and insecure; we tend toward the latter but, when it comes to North Korea, we’re all guessing.

There is also a much less sinister and equally plausible reason for the trip’s cancellation: since Kim Jung Un is neither head of state nor head of government, protocol would dictate that he be lined up after all those who are. How could the “living God” explain being in the back row of the group photo, rather than standing between Putin and Xi Jinping, his obvious “rightful place.”

To end this segment where it started, as our reporting period was drawing to a close, there was a report from Seoul that the other five parties might be willing to meet with the North, without

preconditions, to discuss a resumption of talks, i.e., to talk about talks. We'll have to wait and see on this one.

Regional Chronology

January – April 2015

Jan. 5, 2015: Chinese and South Korean foreign and defense ministries meet to discuss bilateral and regional security issues. They agree to bolster cooperation to promote regional peace and reaffirm their “zero tolerance” toward North Korea's nuclear weapons program.

Jan. 7, 2015: US and Indonesia sign a Defense Institution Reform Initiative to begin the process of enhancing the performance of Indonesia's defense establishment.

Jan. 9, 2015: North Korea offers to suspend future nuclear tests temporarily if Washington suspends all upcoming military exercises in South Korea and its vicinity.

Jan. 10, 2015: US State Department spokesperson calls North Korea's offer to suspend nuclear tests as an “implicit threat,” saying it was “inappropriately” linking routine military exercises between Washington and Seoul to the possibility of a nuclear test.

Jan. 12-19, 2015: China and the United States conduct a joint military exercise and symposium on humanitarian assistance and disaster relief (HA/DR) in Guangzhou and Haikou.

Jan. 13, 2015: North Korea offers to hold direct talks with the US on its proposal to suspend nuclear tests, and says dialogue could pave the way to changes on the Korean Peninsula.

Jan. 14, 2015: US State Department spokesperson reiterates US rejection of North Korea's offer to suspend nuclear tests in exchange for scrapping joint military exercises with South Korea.

Jan. 18, 2015: Ri Yong-ho, North Korea's chief negotiator for the long-stalled Six-Party Talks meets former US special envoy for North Korea policy Stephen Bosworth and other US experts in Singapore.

Jan. 20-21, 2015: Fifth US-Philippines Bilateral Strategic Dialogue (BSD) is held in Manila. They express “concern over developments in the South China Sea that are inconsistent with the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea (DOC) and international law....”

Jan. 21, 2015: China's Foreign Ministry confirms that 155 Chinese citizens are being detained in Myanmar for illegal logging, denying reports that they were trapped by an armed conflict in northern Myanmar.

Jan. 22-23, 2015: US and Vietnam hold seventh annual political, security, and defense dialogue in Hanoi.

Jan. 25, 2014: Forty-nine Philippine police commandos are killed in what Interior Secretary Mar Roxas describes as a “misencounter” with Moro Islamic Liberation Front (MILF) soldiers in the Mindanao province of Maguindanao.

Jan. 25-27, 2015: President Barack Obama visits India to participate in the annual Republic Day celebrations and meets Prime Minister Narendra Modi.

Jan. 26-Feb. 1, 2015: Trans-Pacific Partnership (TPP) officials meet in New York.

Jan. 28, 2015: Chinese government accuses 15 Communist party officials in Tibet of joining underground Tibetan independence organizations, providing intelligence to the Dalai Lama and his supporters, or participating in activities deemed harmful to China’s security.

Jan. 30, 2015: US-ROK Disarmament and Nonproliferation Consultation is held in Seoul.

Feb. 2, 2015: Seventh US-China Security Dialogue is held in Beijing.

Feb. 2, 2015: 13th Russian, Indian, and Chinese Foreign Ministers Meeting is held in Beijing.

Feb. 2-3, 2015: US Agency for International Development launches a new [Sustainable Mekong Energy Initiative](#) at a meeting of the Friends of the Lower Mekong – a coordination group of major donor countries and organizations – with representatives from Cambodia, Laos, Myanmar, Thailand, and Vietnam in Pakse, Laos.

Feb. 4, 2015: Philippines accuses China of ramming Filipino fishing boats off Scarborough Shoal (Philippines: Bajo de Masinloc, China: Huangyan) in the South China Sea and demands China respect its sovereignty over the territory. It also protests Beijing’s land reclamation at Mischief Reef (Philippines: Panganiban Reef, China: Meiji Reef).

Feb. 5, 2015: China responds to Philippine protests over activities near Scarborough Shoal, saying Philippine fishermen ignored instructions from Chinese patrols to leave the area.

Feb. 5-7, 2015: Chinese Defense Minister Chang Wanquan visits Bangkok. China and Thailand agree to increase military cooperation over the next five years.

Feb. 8, 2015: North Korea fires five short-range missiles off its east coast.

Feb. 9-13, 2015: Seventh round of Regional Comprehensive Economic Partnership (RCEP) negotiations are held in Bangkok.

Feb. 9-14, 2015: New US Deputy Secretary of State Anthony Blinken visits East Asia with stops in South Korea, China, and Japan. He delivers remarks on US economic policy while in Tokyo. (<http://www.state.gov/s/d/2015/237511.htm>)

Feb. 9-20, 2015: *Cobra Gold 2015*, with military personnel from 24 countries participating, is held in Thailand.

Feb. 10, 2015: South Korea agrees to repatriate the remains of 68 Chinese soldiers killed during the Korean War.

Feb. 10, 2015: Second Japan-US Development Dialogue is held in Tokyo.

Feb. 11-13, 2015: US and South Korea hold an annual tabletop exercise on political and military responses to a North Korea nuclear threat.

Feb. 16, 2015: South Korea and Japan agree to allow a bilateral currency swap agreement established in 2001 to expire on Feb. 23, 2015.

Feb. 16, 2015: Andrew Hsia (Li-yan) is appointed minister of Taiwan's Mainland Affairs Council (MAC), which handles cross-strait policy with counterpart, Taiwan Affairs Office.

Feb. 16-18, 2015: US-Japan Extended Deterrence Dialogue is held in Japan.

Feb. 17, 2015: President Thein Sein declares a state of emergency in the Kokang region of Myanmar, following intense fighting between ethnic-minority rebels and the army.

Feb. 17, 2015: Ashton Carter is sworn in as US secretary of defense.

Feb. 23, 2015: Philippines suspends oil exploration in Reed Bank in the South China Sea.

Feb. 24, 2015: US deactivates its Joint Special Task Force-Philippines which was established in 2002 to help the Philippine military fight Abu Sayyaf and other terrorist groups.

Feb. 28-Mar. 1, 2015: The 21st ASEAN Economic Ministers Retreat is held in Malaysia. Discussion topics include the ASEAN Economic Community and the Post-2015 Economic Vision and Strategic Action Plan.

March 2, 2015: North Korea fires two short-range ballistic missiles from Nampo into the West Sea (Sea of Japan) without designating any no-sail zones prior to the launches.

March 2-April 24, 2015: US and South Korea conduct annual military exercises *Key Resolve*, lasting until March 13, and *Foal Eagle*.

March 3, 2015: North Korea ends its four-month Ebola quarantine.

March 5, 2015: US Ambassador to South Korea Mark Lippert is injured in an attack by a knife-wielding assailant in Seoul.

March 9-15, 2015: TPP negotiators meet in Honolulu Hawaii.

March 12, 2015: North Korea fires seven surface-to-air missiles into the sea off its east coast.

March 12, 2015: US voices concerns to Vietnam about Hanoi's permission for Russia to use Cam Ranh Bay to refuel nuclear-capable bomber flights.

March 13, 2015: A bomb released by a Myanmar jet kills four Chinese people near the border city of Lincang. Nine others are injured." China's Foreign Ministry calls on Myanmar to "thoroughly investigate the case and inform the Chinese side of the result."

March 16, 2015: The 9th ASEAN Defense Ministers Meeting (ADMM) is held in Langkawi, Malaysia. Member countries sign a joint declaration underscoring their commitment to address common security challenges.

March 18, 2015: Li Jinjun is appointed as the Chinese ambassador to the DPRK.

March 19, 2015: Chinese and Japanese foreign and defense ministers meet in Tokyo for the first time since January 2011.

March 21, 2015: The foreign ministers of South Korea, China and Japan meet in Seoul for the first time in nearly three years.

March 22-28, 2015: Indonesian President Joko Widodo (Jokowi) visits Japan and China.

March 23, 2015: Deputy foreign ministers of China, Russia, and Mongolia hold the second round of trilateral meetings in Beijing.

March 23-28, 2015: Gen. Martin Dempsey, chairman of the US Joint Chiefs of Staff, visits Japan and South Korea.

March 24, 2015: China's Special Representative for Korean Peninsula Affairs Wu Dawei meets Russian counterpart Igor Morgulov in Beijing where they "exchanged views on the resumption of the Six-Party Talks."

March 26-29, 2015: Boao Forum for Asia is held in Hainan Province under the theme, "Asia's New Future: Towards a Community of Common Destiny." President Xi Jinping attends the opening ceremony with 15 other world leaders.

March 27, 2015: South Korea applies to join the Asian Infrastructure Investment Bank.

March 31, 2015: Government of Myanmar and armed ethnic groups issue a joint statement on a finalized nationwide ceasefire agreement.

April 2-3, 2015: DPRK test-fires four short-range missiles into its western waters.

April 6, 2015: China hosts the first senior officials meeting of the Lancang-Mekong River Dialogue and Cooperation forum with representatives from Cambodia, China, Laos, and Myanmar participating.

April 7-9, 2015: General Secretary of Vietnam Communist Party Nguyen Phu Trong visits China and meets General Secretary Xi Jinping and other Chinese Communist Party officials.

April 8-12, 2015: Secretary of Defense Ashton Carter visits Japan and South Korea to “affirm defense relationships with allies and build upon key initiatives of the rebalance to the region.”

April 10, 2015: 16th China-ASEAN Joint Cooperation Committee meeting is held in Jakarta.

April 14-15, 2015: Annual US-ROK Integrated Defense Dialogue is held in Washington.

April 16-17, 2015: US, ROK, and Japan hold Defense Trilateral Talks in Washington.

April 20-24, 2015: Sixth Asian African Conference is held in Jakarta with representatives from 77 countries and 34 heads of state in attendance.

April 20-29, 2015: US and Philippines conduct their annual bilateral military exercise *Balikatan* (*Shoulder-to-Shoulder*) at various locations in the Philippine.

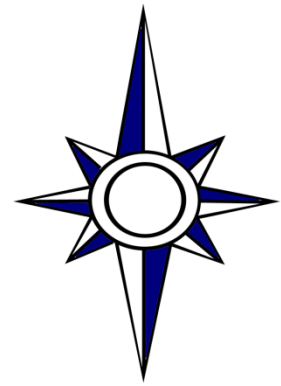
April 22, 2015: US and ROK announce a new agreement on the civil nuclear relationship.

April 23-26, 2015: TPP negotiators meet in Maryland.

April 27, 2015: US-Japan Security Consultative Committee (2+2) meeting, hosted by Secretary of State John Kerry and Secretary of Defense Ash Carter with Foreign Minister Fumio Kishida and Japanese Defense Minister Gen Nakatani is held in New York City.

April 27, 2015: The 26th ASEAN Summit is held in Kuala Lumpur.

April 30, 2015: Russia announces that it was informed that North Korean leader Kim Jong Un has cancelled his planned May visit to Moscow.



US-Japan Relations: Strategic Alignment

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Benefiting from a window of political stability, the Abe government continued to focus on the twin pillars of economic strategy and defense policy reform. Bilateral engagement on security, trade, and regional and global issues informed the agenda for the prime minister's official visit to Washington in late April, the first by a Japanese leader in nine years. Abe also became the first Japanese leader to address a joint session of Congress and relayed the main themes from his summit with President Obama by reflecting on the 70th anniversary of the end of World War II, celebrating the evolution of the US-Japan alliance, and outlining a strategic vision for the future.

Abe's domestic agenda

Fresh off a snap election victory in December 2014 that secured his political footing, Prime Minister Abe Shinzo entered a new year committed to pressing forth with his domestic policy agenda centered on economic revitalization and defense policy reform. His Cabinet approved a \$29 billion supplemental budget to stimulate the economy and offset some of the pain associated with a consumption tax increase that went into effect last fall. This was soon followed by a record-high \$814 billion draft budget blueprint for fiscal year 2015 that included a 2 percent increase in defense spending year-on-year consistent with his emphasis on acquiring new defense capabilities and expanding opportunities for security cooperation with the United States and other partners. The Diet approved a roughly \$810 billion budget in April, signifying that fiscal spending, one of the three "arrows" of Abe's growth plan known as "Abenomics," would remain a fixture going forward. Monetary easing measures, another of the policy arrows, also remained in place and Abe also introduced policies under the third arrow of structural reform such as a labor reform bill encouraging increased overtime pay, paid leave, and performance-based evaluation systems. Agricultural reform was also featured in an agreement with the Central Union of Agricultural Cooperatives (JA-Zenchu) to encourage competition by stripping the union of its power to audit and supervise local cooperatives. A downturn in consumer spending forced the government to revise its annualized growth projection for the fourth quarter of 2014 from 2.2 percent to 1.5 percent, which the government also introduced as the growth forecast for the coming fiscal year. Analysts generally consider structural reform the key to sustainable growth in Japan and Abe sought to reassure audiences at home and abroad of his commitment to reform, especially during a visit to the US in April.

Defense policy also took center stage as the ruling Liberal Democratic Party (LDP) and junior coalition partner Komeito began deliberations on requisite legislation for reform measures including Abe's decision in July 2014 to reinterpret the constitution and exercise the right of collective self-defense, or come to the aid of allies under attack. The two political parties

released a joint statement in March that outlined a broad agreement for a legislative package including the general conditions under which Japan might exercise collective self-defense ranging from direct threats to Japan's survival to activities that threaten the Japanese people's right to life and liberty as prescribed in the Japanese constitution. The agreement also included other measures such as expanded participation in peacekeeping operations and logistics support for foreign militaries operating under UN resolutions. The details would be subject to additional consultations prior to formal submission of legislation for parliamentary debate in late spring. Liberal Democratic Party (LDP) Vice President Komura Masahiko visited Washington at the end of March and met Defense Secretary Ash Carter and other officials to provide an update on this process. Komura also explained the government's decision to reinterpret the constitution in an address to the Center for Strategic and International Studies that underscored Japan's interest in expanding security cooperation with the United States and other countries in the Asia Pacific region. Prime Minister Abe and President Obama would later emphasize this theme during a summit in Washington designed to reaffirm the vitality of the US-Japan alliance.

Teeing up the alliance agenda

This period was marked by extensive bilateral diplomacy to facilitate coordination on central themes in the alliance. Bilateral trade talks linked to the Trans-Pacific Partnership (TPP) took place regularly in both capitals, culminating in a meeting between the chief negotiators, US Trade Representative Michael Froman and Minister for Economic and Fiscal Policy Amari Akira, in Tokyo in April to try to reach the finish line. Those talks did not produce an agreement due to market access issues in the agricultural and automobile sectors, but the introduction of Trade Promotion Authority (TPA) legislation in the Congress, widely considered a symbol of US resolve in Japan, generated some optimism about the prospects for a breakthrough on trade in the near future. Deputy Secretary of State Antony Blinken visited Tokyo in February for consultations with senior Japanese government officials and delivered a public address outlining US economic policy in the Asia-Pacific region. In April, Blinken hosted his counterparts from Japan and South Korea in Washington for trilateral consultations on North Korea that were preceded by working level meetings in Japan focused on North Korea policy. Defense Secretary Ash Carter also visited Japan for discussions on the US strategic rebalance to Asia and Japan's defense policy reforms in advance of a bilateral Security Consultative Committee on April 27, where the two governments released new guidelines for US-Japan defense cooperation and a joint statement outlining key bilateral, regional and global objectives. Bilateral dialogue on issues including development and education, the core theme of First Lady Michelle Obama's visit to Japan in March, also revealed a shared interest in promoting cooperation on global issues as another strategic pillar of alliance cooperation.

These interactions helped shape the agenda for Prime Minister Abe's official visit to Washington in late April centered on joint leadership in maintaining security and prosperity in a regional and global context. The 70th anniversary of the end of World War II also served as an important backdrop for the summit where Prime Minister Abe and President Obama would reflect on the tragedies of the past, celebrate the remarkable evolution of the US-Japan alliance, and outline a strategic framework for the future.

The Abe-Obama summit

President Obama hosted Prime Minister Abe at the White House on April 28 for an official visit, the first by a Japanese leader in nine years. The summit was anchored by four main themes: security cooperation, TPP, cooperation on global issues, and history.

With respect to security, the two leaders endorsed the new bilateral guidelines for defense cooperation meant to update alliance roles and missions in response to changes in the security environment. The new guidelines are meant to impact security cooperation in three ways. First, the guidelines stipulate that the two governments will stand up an Alliance Coordination Mechanism to enhance policy and operational coordination related to activities conducted by the two militaries from peacetime to contingencies. Second, the guidelines build on the Abe government's decision to allow Japan's Self-Defense Forces (SDF) to exercise collective self-defense and broaden the scope of functional cooperation to include a range of areas such as intelligence, surveillance and reconnaissance, air and missile defense, maritime security, space and cyber, peacekeeping operations, partner capacity building, humanitarian assistance and disaster relief, and noncombatant evacuation operations. Third, the guidelines also are intended to deepen bilateral security cooperation by further integrating the operations of Japan's Self-Defense Forces (SDF) and the US military and enhancing coordination with third countries.

Though details regarding SDF operations will be reflected in legislation subject to parliamentary debate later this year, the new guidelines reflect provisions in the legislative framework on collective self-defense developed by the LDP and Komeito, namely the ability of the SDF to respond not only to an armed attack against Japan but also an armed attack against a foreign country that is in a close relationship with Japan if it threatens Japan's survival and the Japanese people's right to life, liberty, and the pursuit of happiness as prescribed in the Japanese constitution. Possible examples of SDF operations referenced in the guidelines include asset protection (during noncombatant evacuation operations, for example), search and rescue, maritime operations (minesweeping; escort operations; interdiction), intercepting ballistic missiles and logistics support. The guidelines also emphasize joint research, development and production of defense equipment to reflect the Abe government's decision last year to relax restrictions on arms exports with the potential to enhance economic efficiency and interoperability between the two militaries, an important capability in the context of strengthening deterrence.

Though unable to showcase a bilateral agreement on trade, the two leaders issued a joint vision statement for the alliance including a shared commitment to regional economic prosperity based on efforts to promote high standards for trade and investment through TPP. The statement welcomed "significant progress" in bilateral trade negotiations linked to the broader agreement and reiterated a commitment to bring negotiations with the other parties to a successful conclusion. During a joint press conference President Obama and Prime Minister Abe reiterated the economic and strategic significance of TPP in terms of shaping the rules and norms that would govern economic activity in the Asia-Pacific region. President Obama also referenced the politics of trade, and while his increased advocacy for TPP in the weeks prior to the summit and the introduction of TPA legislation in Congress appeared to generate momentum on trade inside the Beltway, the prospects for seeing this project through remained murky in the face of

sensitivities in both political parties. Prime Minister Abe reassured official Washington of his commitment to TPP in a joint address to Congress the next day but did not indicate how quickly the bilateral negotiations might progress.

In addition to reaffirming a shared commitment to security and economic cooperation, the joint vision statement issued by the two governments also emphasized cooperation on global issues such as climate change, energy security, sustainable development, global health, disaster relief, human rights, girls education and women's empowerment. A separate fact sheet issued at the summit also listed initiatives on bilateral and people-to-people ties, science and technology, space, cyber, energy, maritime security, UN peacekeeping, development cooperation, and countering terrorism and violent extremism. The two governments also released a statement on nuclear security in conjunction with the Nuclear Nonproliferation Treaty Review Conference in New York and committed to strengthening the treaty's three pillars of nuclear disarmament, nuclear nonproliferation, and the peaceful use of nuclear energy. All of this was meant to demonstrate a shared commitment to promoting globally recognized rules and norms and strengthening regional and global institutions.

The joint vision statement also referenced the 70th anniversary of the end of World War II and stated that the US-Japan relationship is a model of the power of reconciliation as one-time adversaries were able to develop an alliance based on shared values and common interests. President Obama accompanied Prime Minister Abe to the Lincoln Memorial on April 27 and Abe also visited Arlington National Cemetery, the Holocaust Museum, and the World War II Memorial to reflect on the past. On April 29, Abe became the first Japanese leader to address a joint session of Congress and used a new phrase – “deep repentance” – to express his sentiments while reflecting on the war at the World War II Memorial. Abe then expressed his condolences to Americans who lost their lives during the war before addressing key issues in US-Japan relations and his vision for the alliance.

The speech was well received in Congress but criticized by some US veterans' groups and was denounced by Korean Americans who called on Abe to issue an apology to Korean “comfort women” forced to provide sexual services to Japanese soldiers during the war. Abe was asked about this issue during his joint press conference with President Obama on April 28 and said he was “deeply pained to think about the comfort women who experienced immeasurable pain and suffering as a result of victimization due to human trafficking.” (He used similar language when asked about this issue during a speech at Harvard University on April 27.) Abe used new language when reflecting on this issue and in his congressional speech stressed the importance of preventing human rights abuses against women in the context of Japan taking responsibility for peace and stability in the world. His treatment of history generally met expectations in the US but not in South Korea or China, where calls for a renewed apology for wartime transgressions will likely intensify ahead of the 70th anniversary of the end of the war on Aug. 15.

Overall, Abe's visit to Washington was important for US-Japan relations and set the tone for this anniversary year in reflecting on the past and celebrating the remarkable transformation of the bilateral alliance. The failure to conclude bilateral trade negotiations notwithstanding, the summit demonstrated how the two governments are aligned strategically and therefore well

positioned to shape the contours of security and prosperity in Asia and continue upholding rules and norms that govern the international system.

The months ahead

The Abe government will focus intently on steering security legislation through the Diet while also highlighting the economic agenda with strategies on energy security, fiscal consolidation and climate change expected mid-year. The Obama administration for its part will be consumed with the congressional debate on trade, the outcome of which could dictate the timing of a bilateral trade agreement that would jumpstart the broader TPP negotiations. Multilateral coordination on regional and global issues will be on display at the Shangri-La Dialogue and G-7 Summit, respectively. And history will come to the fore once again on Aug. 15 when the Abe government issues a statement on the 70th anniversary of the end of the war.

Chronology of US-Japan relations

January – April 2015

Jan. 9, 2015: Abe Cabinet approves a ¥3.5 trillion (\$29 billion) supplementary budget for Japan Fiscal Year 2014.

Jan. 13, 2015: NHK poll finds a 50 percent public approval rating for the Abe Cabinet.

Jan. 14, 2015: Abe Cabinet approves a record-high budget for fiscal year 2015 totaling ¥96.3 trillion (approx. \$814 billion). The defense budget also reached a record high of ¥4.98 trillion, a 2 percent increase year-on-year and the third annual increase in a row.

Jan. 26, 2015: Members of the US Marines and Japan's Ground Self-Defense Forces begin the annual bilateral training exercise *Iron Fist*, to include amphibious operations, at Camp Pendleton in Southern California.

Jan. 27, 2015: United States Trade Representative Ambassador Michael Froman testifies before the Senate Finance Committee and House Ways and Means Committee on US trade policy.

Jan. 28, 2015: Sung Kim, US special envoy for North Korea policy, Ihara Junichi, director general for Asian and Oceanian affairs, Japan Ministry of Foreign Affairs, and Hwang Joon-kook, South Korean special representative for peace and security on the Korean Peninsula, meet in Tokyo to discuss North Korea policy.

Jan. 29-30, 2015: Under Secretary of State for Political Affairs Wendy Sherman visits Tokyo to discuss a range of bilateral, regional, and global issues with senior Japanese government officials and political figures.

Feb. 2-3, 2015: Acting Deputy US Trade Representative Wendy Cutler and Chief Agricultural Negotiator Darci Vetter host Ambassador Oe Hiroshi and Ministry of Agriculture, Finance and Fisheries Director General Osawa Makoto to discuss market access issues related to the Trans-Pacific Partnership. Cutler also meets Ambassador Mori Takeo regarding motor vehicle trade.

Feb. 3, 2015: Government of Japan's supplemental budget for JFY 2014 is approved by the Diet.

Feb. 6, 2015: National Security Adviser Susan Rice announces in a speech that Prime Minister Abe Shinzo would be invited to Washington for an official visit within the year.

Feb. 9, 2015: The Central Union of Agricultural Cooperatives in Japan (JA-Zenchu) accepts the Abe government's plan to reform agricultural cooperatives, stripping the Central Union's power to audit and supervise local cooperatives.

Feb. 9, 2015: A public opinion survey by *Yomiuri Shimbun* reveals a 58 percent approval rating for the Abe Cabinet and a disapproval rating of 34 percent.

Feb. 10, 2015: Government of Japan revises official development assistance charter to allow funding on a case-by-case basis for non-military activities of another nation's armed forces such as disaster relief.

Feb. 10, 2015: Second Japan-US Development Dialogue is held in Tokyo, Japan focused on global health, women's empowerment, disaster risk reduction, and other issues.

Feb. 12, 2015: Prime Minister Abe delivers a policy speech to the Diet with particular emphasis on the government's economic growth strategy.

Feb. 12, 2015: Government of Japan Economic Outlook predicts Japanese economy will grow 1.5 percent in Fiscal Year 2015.

Feb. 12-14, 2015: Deputy Secretary of State Antony Blinken visits Tokyo to meet senior government officials and deliver an address on US economic policy in the Asia-Pacific region.

Feb. 16, 2015: Government of Japan declares the Japanese economy grew at an annualized rate of 2.2 percent in the fourth quarter of 2014.

Feb. 19, 2015: US congressional delegation led by House Ways and Means Committee Chairman Paul Ryan (R-WI) visits Tokyo and meets Prime Minister Abe, Foreign Minister Kishida, Economic and Fiscal Policy Minister Amari, as well as senior members of the Japanese Diet and business leaders.

Feb. 23-27, 2015: Assistant Secretary of State for Arms Control, Verification and Compliance Frank Rose visits Tokyo to meet Japanese officials on space security, strategic stability, extended deterrence and multilateral arms control.

March 5, 2015: Acting Deputy US Trade Representative Wendy Cutler visits Tokyo to continue bilateral negotiations linked to TPP.

March 9, 2015: Government of Japan revises its estimate for annualized GDP growth in the fourth quarter of 2014 from 2.2 percent to 1.5 percent, citing a decline in consumer spending.

March 9-15, 2015: US hosts a meeting in Hawaii among chief negotiators of the TPP.

March 18-20, 2015: First Lady Michelle Obama visits Japan to promote the Let Girls Learn international girls education initiative.

March 20, 2015: Liberal Democratic Party of Japan (LDP) and coalition partner Komeito reach an agreement on the parameters for implementing legislation based on the Abe government's decision to reinterpret the constitution to exercise collective self-defense.

March 23, 2015: Public opinion survey by *Yomiuri Shimbun* finds 51 percent of the Japanese public supports revising the constitution with 46 percent opposed. Forty percent said Article 9 of the constitution should not be revised but could be reinterpreted if necessary.

March 23, 2015: Acting Deputy US Trade Representative Wendy Cutler hosts Ambassador Mori Takeo for bilateral trade talks in Washington.

March 26-27, 2015: LDP Vice President Komura Masahiko meets Defense Secretary Ash Carter in Washington and delivers an address on Japanese security policy at the Center for Strategic and International Studies (CSIS).

April 3, 2015: The Abe government submits a labor reform bill to the Diet addressing such issues as increased overtime pay, paid leave, and performance-based evaluation systems.

April 3-8, 2015: Assistant Secretary of State for Economic and Business Affairs Charles Rivkin visits Japan to discuss the digital economy, trade and global economic cooperation with senior Japanese government officials and business leaders.

April 4-7, 2015: Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel visits Tokyo for consultations with Japanese officials.

April 7, 2015: A public opinion poll on US-Japan relations published by the Pew Research Center finds 75 percent of Japanese and 68 percent of Americans trust the other country.

April 8, 2015: Defense Secretary Carter and Japanese Defense Minister Nakatani Gen meet in Tokyo to discuss the US strategic rebalance and bilateral defense cooperation. Carter also visits Prime Minister Abe and Chief Cabinet Secretary Suga Yoshihide.

April 9, 2015: Japanese Diet approves a record \$810 billion budget for Japan Fiscal Year 2015 including record-high defense spending.

April 9, 2015: Deputy Secretary of State Blinken hosts Japanese Vice Foreign Minister Saiki Akitaka and Republic of Korea Vice Foreign Minister Cho Tae-yong for trilateral consultations in Washington and also meets each of his counterparts bilaterally.

April 14, 2015: Deputy Secretary of State Blinken leads a town hall discussion on the US-Japan relationship at the State Department in Washington.

April 15, 2015: Acting Deputy US Trade Representative Wendy Cutler and Chief Agricultural Negotiator Darci Vetter meet Ambassador Oe Hiroshi and Ambassador Mori Takeo for bilateral trade talks linked to TPP.

April 16, 2015: US Congress introduces Trade Promotion Authority (TPA) legislation to establish rules for international trade negotiations.

April 19-20, 2015: US Trade Representative Ambassador Michael Froman and Minister for Economic and Fiscal Policy Amari Akira meet in Tokyo to discuss bilateral negotiations linked to the Trans-Pacific Partnership (TPP).

April 26, 2015: Prime Minister Abe visits the John F. Kennedy Library in Boston and attends a dinner hosted by US Secretary of State John Kerry.

April 27, 2015: US-Japan Security Consultative Committee convenes in New York and issues new guidelines for bilateral defense cooperation and a joint statement on the US-Japan alliance.

April 27, 2015: Prime Minister Abe visits site of the 2013 Boston Marathon bombing, delivers a speech at Harvard University, and visits the Massachusetts Institute of Technology for an exchange with faculty and researchers. Abe later arrives in Washington, DC, and is accompanied to the Lincoln Memorial by President Obama.

April 28, 2015: President Obama hosts Prime Minister Abe at the White House for a bilateral summit meeting followed by a joint press conference. The two leaders issue a joint vision statement for the US-Japan relationship, a fact sheet on US-Japan cooperation and a joint statement on the Nuclear Nonproliferation Treaty (NPT). Abe also attends a luncheon at the State Department hosted by Vice President Joseph Biden and a State Dinner at the White House.

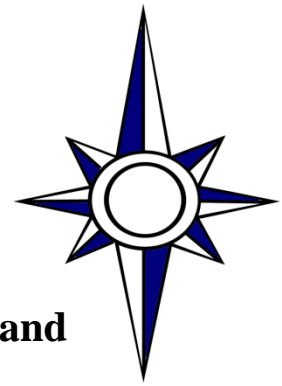
April 29, 2015: Prime Minister Abe visits the World War II Memorial, addresses a joint session of Congress and attends a roundtable with US business leaders.

April 30, 2015: Prime Minister Abe travels to San Francisco to meet entrepreneurs and venture capitalists and participate in a public forum at Stanford University.

April 30, 2015: A *Kyodo News* survey posts a 52 percent approval rating for the Abe Cabinet. Thirty-five percent of respondents supported the revised guidelines for US-Japan defense cooperation and 47 percent opposed.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



US-China Relations:

China Makes Strides with AIIB and a Great Wall of Sand

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2015 opened with high-level exchanges in preparation for the Strategic and Economic Dialogue, scheduled for early summer, and Xi Jinping's state visit in September. Visits to China were made by Deputy Secretary of State Tony Blinken, Treasury Secretary Jacob Lew, Commerce Secretary Penny Pritzker, and Homeland Security Secretary Jeh Johnson. Chinese State Councilor Yang Jiechi met National Security Adviser Susan Rice in New York. Military exchanges included dialogues, ship visits, joint drills, and video calls. The South China Sea remained a source of friction as evidence mounted that China is building military outposts on reefs in the Spratly Islands. In response to the issuance of the revised US-Japan Defense Guidelines, China voiced concerns and called the alliance outdated. Despite US objections, a total of 57 countries signed up to be founding members of the Chinese-led Asian Infrastructure Investment Bank. China held its annual meetings of the National People's Congress and the Chinese People's Political Consultative Congress, announcing an economic growth target of around 7 percent and an increase in its defense budget of 10.1 percent in 2015.

Preparing for the S&ED and President Xi's September visit

In an unusual move, the US and China announced seven months in advance that Chinese President Xi Jinping will make a state visit to the US later this year. The visit was publicized on Feb. 6, at the same time that the US announced that Prime Minister Abe Shinzo of Japan would also make a state visit, and that South Korea's President Park Geun-hye and Indonesia's President Joko Widodo would be welcomed in the White House in 2015. Together, the planned visits by four leaders from leading Asian nations appeared designed to emphasize the priority that the Obama administration continues to attach to Asia. Although an exact date for Xi's visit was not made public, it is certain to occur either before or after Xi attends the UN General Assembly meeting to mark the 70th anniversary of the founding of the UN in mid-September.

The annual Strategic and Economic Dialogue (S&ED) is expected to take place in early summer. Preparations for the Strategic Track began with the visit of Deputy Secretary of State Tony Blinken to Beijing on Feb. 11. At the Chinese Foreign Ministry, Blinken met with Foreign Minister Wang Yi and Vice Foreign Minister Zhang Yesui. Wang called for both countries to "timely carry out strategic communication, jointly plan the major agendas within the year, deepen practical cooperation in various fields, and constructively manage, control, and handle differences, and ensure President Xi Jinping's smooth and successful state visit to the United States." Achieving these goals, he said, would "promote new and continuous progress in the construction of the new model of major country relations between China and the US." The issues discussed included a broad range of regional and global challenges, including North

Korea, Iran, and the threat posed by violent jihadism, including by the Islamic State extremists. In a Twitter Q&A before his departure, Blinken said that the US appreciates the strong solidarity in the P5+1, including China, to prevent Iran from acquiring nuclear weapons. A month prior to Blinken's visit, Under Secretary of State for Political Affairs Wendy Sherman traveled to Beijing to discuss the negotiations between the P5+1 and Iran.

Two weeks later, National Security Adviser Susan Rice met Chinese State Councilor Yang Jiechi in New York. According to a National Security Council spokesperson, the two officials agreed to strengthen coordination on regional and global challenges, including North Korea, Iran, Afghanistan, global health security, and counterterrorism. Rice underscored the importance of expanding "tangible cooperation on shared interests" while "addressing areas of disagreement, including cyber issues." A Chinese Foreign Ministry account of the meeting noted that Rice and Yang exchanged views on the series of commemorations for the 70th anniversary of the founding of the UN, the post-2015 development agenda, climate change, counterterrorism, the fight against the Ebola epidemic, and other issues. Yang highlighted the phone conversation between President Xi Jinping and Barack Obama on Feb. 10, saying that both leaders had "put forward important guiding ideas on further building the new model of major country relationship between China and the US." Yang also reiterated that China and the US should "respect each other's core interests and major concerns," expand practical cooperation, enhance communication and coordination, properly handle differences and sensitive issues, carefully plan and carry out bilateral exchanges, and push bilateral relations for greater progress in the new year.

US Treasury Secretary Jack Lew traveled to Beijing March 28-31 to "hold discussions with senior Chinese officials on the US, Chinese, and global economies," and to prepare for the upcoming S&ED. In a meeting with Chinese Premier Li Keqiang, Lew reportedly stressed his hope that progress will be achieved in the Bilateral Investment Treaty (BIT) negotiations between the two nations, especially on the "negative list," which denotes sectors and items barred to investment by the other side. According to China's state-run media agency, *Xinhua*, Li expressed his government's wishes that the US would relax limits on exports of high technology to China, approve IMF reforms to give China more sway in the organization, and support the adoption of the RMB as a global reserve currency.

In his meeting with Chinese Vice Premier Wang Yang that same day, Lew re-stated the longstanding US position that China should move to a more transparent and market-determined exchange rate policy. He also conveyed US concerns with several recently drafted Chinese laws, including a counterterrorism regulation and a new law on the banking industry, both of which could hinder foreign competition in the Chinese market. Lew shared US "concerns regarding forced technology transfer and other attempts to bar technological competition," echoing a strong statement by President Obama earlier that month. In a March 2 interview with *Reuters*, Obama charged that the draft counterterrorism law "would essentially force all foreign companies, including US companies, to turn over to the Chinese government mechanisms where they can snoop and keep track of all the users of those services." The draft banking law will similarly require companies to turn over sensitive information to Beijing. Stating that he has spoken directly with President Xi on the matter, Obama emphasized that he has made it "very clear to [the Chinese] that this is something they are going to have to change if they are to do business with the United States."

On March 12, the White House Cybersecurity Coordinator Michael Daniel stated that the Chinese “decided to suspend the third reading” of the counterterrorism law. Four days later, however, Chinese Foreign Ministry Spokesman Hong Lei told the media that the “third round [of negotiations] is yet to come,” indicating that the government will continue to move ahead with the drafting process, despite international concerns. One month later, frustrated trade groups from the US, Japan, and Europe penned a letter to Beijing which claimed that, “Chinese banks are continuing to implement new procurement practices . . . creating urgent challenges for companies whose products and services are affected by them.” The letter called on Beijing to suspend the implementation of the new laws. In reply, Foreign Ministry Spokesman Hong Lei said it was “utterly necessary for China to enhance information security of the banking industry,” and said he hoped that others could “understand and respect” China’s efforts. In response to increasing pressure from the US and others, the Chinese government once again agreed to delay the review and implementation of the controversial regulations on April 13. It remains unclear how long this latest delay will be in effect.

On the way back from Beijing, Secretary Lew stopped at the Asia Society Northern California and gave a speech about the state of US-China economic relations and the Chinese economy. Lew acknowledged that the Chinese government has loosened its restrictions on its currency, but said that “further liberalization and reform are needed for the [yuan] to meet [the IMF] standard,” indicating that from the US perspective, the RMB is not yet ready to become a reserve currency. Lew also criticized China for delaying its efforts to open up the Chinese economy and reiterated US calls for Beijing to take action to remove barriers to foreign technology, provide enhanced protection of intellectual property, and adopt a market-determined exchange rate policy. Speaking about the BIT, Lew maintained that a successful deal will “need to have ambitious standards for investment and include real opportunities for [US] workers and firms.” He underscored that it is “critical that the negative list be short, limited in scope and narrowly defined.” China apparently has its own concerns about the negative list. On April 21, Lou Jiwei, China’s finance minister, said China is “uncomfortable with” the negative list provided by the US. In an interview with *Xinhua*, Lou stated, that the list “increases the uncertainty for Chinese investors in the United States.”

US Commerce Secretary Penny Pritzker led a delegation with representatives from 24 US companies to Beijing, Shanghai, and Guangzhou on a clean energy trade mission from April 11-17. In a meeting with Chinese Premier Li Keqiang, Pritzker expressed US willingness to increase cooperation on environmental protection and clean energy, said that the US welcomes more Chinese investment in the United States, and reiterated the US commitment to making progress on BIT talks. Pritzker also reinforced US concerns over new Chinese counterterrorism and banking regulations. Speaking at a roundtable on April 14 with Chinese and foreign media, she said “the approach that we’ve taken with the Chinese government is, one, to first of all aggressively talk about the challenges that some of the regulations might do to impede trade.” Li reportedly echoed Pritzker’s commitments to clean energy and environmental cooperation, and encouraged progress on “high-level and balanced” BIT. In addition, he pledged that China “will continue to open wider to the world and will have a more transparent and predictable market.” Li also reiterated calls for the US to lift controls on the export of high-technology products to China. According to one participant, the premier threatened to take Chinese business elsewhere

unless the US eases its current restrictions. Speaking to the press on April 14, Pritzker defended US regulations saying, “export controls are not an impediment to US trade in high technology ... we have to remember why export controls exist, and it’s really for our national security.”

In early April, US Secretary of Homeland Security Jeh Johnson visited China for the talks with Chinese Minister of Public Security (MPS) Guo Shengkun. The visit marked the first-ever ministerial meeting between the US Department of Homeland Security (DHS) and the Chinese MPS. According to a fact sheet issued by DHS after the visit, the two sides agreed to establish cyber discussions between DHS and MPS to “achieve concrete cooperation and set a path to reestablishing a full government to government cyber dialogue.” They also decided to increase information sharing on the cross-border movement of foreign terrorist fighters through appropriate international databases. Agreement was reached to improve cooperation on repatriation and fugitive cases, which is a high priority for Xi Jinping as he executes a high-profile anti-corruption campaign. In addition, the two sides pledged to enhance information sharing aimed at targeting enforcement of intellectual property cases and stemming proliferation of illicit precursor chemicals and improvised explosive devices. Finally, it was agreed that Minister Guo Shengkun would visit the US before the end of 2015.

Dalai Lama visit is a minor blip

For the first time, the Dalai Lama attended the National Prayer Breakfast in Washington on Feb. 5. President Obama, who has continued the tradition of presidents speaking at the annual event that began with Dwight Eisenhower in 1953, welcomed the spiritual leader as a “good friend.” In a personal gesture, the president pressed his hands together in a prayer-like position and bowed his head in the Dalai Lama’s direction, then gave him a big smile. In his speech, Obama lauded His Holiness as “a powerful example of what it means to practice compassion” and praised him as someone “who inspires us to speak up for the freedom and dignity of all human beings.”

Obama did not meet separately with the Dalai Lama in the White House, however, which he has done on three prior occasions since becoming president. Nevertheless, Beijing was incensed, probably due to the public nature of the event. Chinese Foreign Ministry spokesman Hong Lei charged the Tibetan spiritual leader with working to overthrow Chinese rule over the Himalayan region under the cover of religion. “We oppose any other country’s decision to allow Dalai to visit, and we oppose any country’s interference in China’s internal politics by exploiting the Tibet issues,” Hong said at a news conference. He also voiced China’s opposition to any country’s decision to provide platforms for the Dalai Lama, as well as any foreign leaders’ meeting with the Dalai Lama.

China’s official *Xinhua News Agency* warned in an editorial that a “meeting” or “encounter” between President Obama and the Dalai Lama would have “negative consequences” and “reverse the positive trends” in US-China relations. The episode appeared to have little, if any, fallout for the bilateral relationship, however.

Tensions rise over China’s “great wall of sand”

The South China Sea remained a top item on the US agenda with China in the first four months of 2015 as satellite and aerial images revealed China’s dredging was accelerating and expanding.

China's construction of artificial islands is taking place on seven of the eight reefs that China occupies in the Spratly Archipelago. New images released by *IHS Janes Defense Weekly* in February showed that China has built an island the size of 14 football fields that includes two piers, a cement plant, and a helipad at Hughes reef, which lies about 210 miles from the Philippines and 660 miles from China. New land reclamation activity also apparently took place at Johnson South Reef and Gaven Reef. At Fiery Cross Reef, Chinese dredgers have created a land mass that "spans the entire existing reef and is approximately 3,000 meters long and 200-300 meters wide," according to the Asia Maritime Transparency Initiative (AMTI) at the Center for Strategic and International Studies. AMTI images also revealed Chinese dredging activity on Mischief Reef, a submerged feature situated inside the Philippines exclusive economic zone.

Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel expressed US concerns about China's land reclamation activities during a visit to Beijing in February. Russel told the *Los Angeles Times* that China's reclamation work "is destabilizing and is at odds with the commitments the Chinese made" to members of ASEAN. While acknowledging that claimants Vietnam, the Philippines, Taiwan, and Malaysia have also engaged in some dredging, Russel maintained that "the sheer acreage of China's land reclamation work over the past two to three years dwarfs anything and everything other claimants have done by many times over."

US concerns were expressed publicly by Assistant Secretary of Defense for Asian and Pacific Security Affairs David Shear in early March. Shear told reporters that China has "added more land to features it occupies over the last five months than other claimants have added there over the last five years." He warned Beijing against building military facilities on the reclaimed features, saying, "It will have potentially negative effects on security and stability in the region." China immediately rejected US criticism of its land reclamation activities. Foreign Minister Wang Yi insisted that its construction "does not target or affect anyone" and is "lawful and justified." Wang also stated "we are not like some countries who engage in illegal construction in another person's house and we do not accept criticism from others when we are merely building facilities in our own yard."

Adm. Harry Harris, commander of the US Pacific Fleet, told a naval conference in Australia on March 31 that "China is creating a Great Wall of sand with dredges and bulldozers." The pace and extent of China's construction "raises serious questions about Chinese intentions," he added. Other US military officers also made comments that revealed growing US concerns about stability in the South China Sea. In late January, Vice Adm. Robert Thomas, commander of the Seventh Fleet, told *Reuters* that the US would welcome a Japanese decision to extend its air patrols from the East China Sea into the South China Sea. Two months later, Thomas said the US would support a combined ASEAN maritime patrol in the South China Sea.

In an effort to prod the Obama administration to take action, Senators John McCain, Jack Reed, Robert Menendez, and Robert Corker penned a letter to Secretary of Defense Ashton Carter and Secretary of State Kerry on March 19. In the letter, they described the pace and scope of China's land reclamation as "alarming" and warned that attempts by China to militarize the artificial islands would hold "serious consequences for peace and stability in the region." The senators called for a "formal policy and clearly articulated strategy" to address Chinese coercion in the South China Sea.

Also, in mid-March, Chinese Coast Guard vessels attempted to block two Filipino civilian vessels from resupplying marines deployed on Second Thomas Shoal. A State Department spokesperson said the US was “troubled” by China’s action and called it a “provocative move that raises tensions.” A month prior, the US signaled its interests in the maintenance of peace of stability by flying a *P-8A Poseidon*, its most advanced naval surveillance plane, over disputed areas of the South China Sea. The flight originated from a former US airbase about 80 km north of Manila.

Speaking to reporters after meeting Japanese Defense Minister Nakatani Gen in Tokyo on April 9, Defense Secretary Ashton Carter said the US prioritizes stability in the Asia-Pacific and wants to ensure “no changes in the status quo are made coercively and that territorial disputes, which are long-standing, are not militarized.” Carter later told the *Yomiuri Shimbun*: “We are concerned by the scope and pace of China’s land reclamation activities, which are inconsistent with China’s own past commitments to ASEAN countries. We are especially concerned at the prospect of militarization of these outposts. These activities seriously increase tensions and reduce prospects for diplomatic solutions. We urge China to limit its activities and exercise restraint to improve regional trust.”

The torrent of criticism from the US prompted the Chinese Foreign Ministry to provide the most detailed explanation so far of China’s motivation for carrying out its massive land reclamation activities in the South China Sea. On April 9, the ministry’s spokesperson acknowledged for the first time that the construction is aimed in part at “satisfying necessary military defense requirements.” She emphasized, however, that China’s main purpose is to provide “civilian facilities such as typhoon shelters, navigation aids, search-and-rescue centers, marine meteorological forecasting stations, fishing services, and civil administration offices” for China, its neighbors, and international vessels sailing in the South China Sea.

President Obama weighed in the following day while on a trip to Jamaica, voicing concern that China is using its “sheer size and muscle” to push around smaller nations in the South China Sea. “Just because the Philippines or Vietnam are not as large as China doesn’t mean that they can just be elbowed aside,” Obama added. China’s Foreign Ministry spokesperson quickly shot back, saying that “everyone can see very clearly who it is in the world who is using the greatest size and muscle.” She called for the US to do more to show that it wants to play a constructive, responsible, and positive role in the South China Sea.

The South China Sea was a prominent issue in hearings held by the House Armed Services Committee in mid-April. Adm. Samuel Locklear, commander of the US Pacific Command, warned that China’s island garrisons would give the ability for greater presence, increase dwell time for military and coast guard assets, and expand the areas covered by surveillance and area-denial systems. He also indicated that China could eventually deploy radar and missile systems on the outposts that could be used to enforce an air exclusion zone over the disputed territory. US Undersecretary of Defense Christine Wormuth, who also testified before the committee, called for China “to clarify the meaning of its ambiguous nine-dash line claim as a starting point to reducing tensions and creating greater transparency.”

China objects to the strengthening of the US-Japan alliance

In late April, Japanese Prime Minister Abe made a historic visit to the United States that included the release of new Guidelines for US-Japan Defense Cooperation and a US-Japan Joint Vision Statement. Although neither document mentioned China, it was no secret that a key impetus behind the strengthening of the US-Japan alliance was a shared view that Chinese intentions and behavior pose growing threats to US and Japanese interests. Speaking at a joint news conference in the White House Rose Garden, President Obama accused China of “flexing its muscles” to advance its maritime claims against Asian neighbors and assured Abe of the US commitment to defense Japanese territory, including the islands that are disputed with China in the East China Sea. At the same time, however, Obama said that the new defense guidelines and a strong US-Japan alliance should not be seen as a provocation to China.

Asked about China’s response to the revised defense guidelines, which remove the geographical limits from the US-Japan security cooperation, the Foreign Ministry spokesperson said that the US and Japan “have the responsibility to ensure that their alliance does not harm a third party’s interests, including those of China, nor undermine peace and stability in the Asia-Pacific. He dubbed the alliance a “bilateral arrangement formed during the Cold War” and called for close attention to its development in a “world where the Cold War has long gone.” China’s Defense Ministry spokesperson stressed that a military alliance is outdated and goes against the world trends of peace, development, cooperation, and common prosperity.

China’s unexpected AIIB success

Frustrated with a lack of influence in global financial institutions commensurate with its enhanced economic status, China took matters into its own hands and on Oct. 24, 2014 signed an agreement to establish the Asian Infrastructure Investment Bank (AIIB) along with representatives from 21 Asian nations. The AIIB was spearheaded by China as a much-needed effort to fund development projects in the Asia-Pacific region. The bank, however, is seen by many in the US as a challenge to existing Western-led institutions, as well as a potential opportunity for China to expand its influence in the region at the US expense.

In a long overdue move, US Department of Treasury Undersecretary for International Affairs Nathan Sheets officially articulated the government position on the AIIB for the first time in a commentary published on Jan. 7 by *CNBC*. Sheets wrote, “The United States stands ready to welcome new institutions into the international development architecture, provided that they share the international community’s strong commitment to complementing the existing institutions and maintaining time-tested, and ever-improving, principles and standards.” In his State of the Union address later that month, however, President Obama signaled persistent US concerns about a Chinese effort to undermine international rules and norms that have been in place since World War II. “China wants to write the rules for the world’s fastest-growing region,” Obama charged, adding “that would put our workers and our businesses at a disadvantage.... We should write those rules. We should level the playing field.” Obama’s tougher remarks were a calculated push to persuade Congress to approve Trade Promotion Authority and the Trans Pacific Partnership, but they also reflect underlying worries about Chinese intentions behind establishing new institutions like the AIIB.

According to media reports that surfaced as early as last October, US officials quietly but actively discouraged several US allies, including Australia and South Korea, from joining the bank, citing concerns about governance including critical social and environmental safeguards. Their efforts, however, failed miserably. On March 12, the British government declared its intention to join the AIIB as a founding member, opening the door for other US allies to follow suit. Demonstrating its frustration, an Obama administration official anonymously accused London of “constant accommodation” of China. By the March 31 deadline, AIIB founding members numbered 57 and included Australia, Israel, South Korea, Germany, France, and Italy. At a hearing held by the House Committee on Financial Services on March 17, Treasury Secretary Lew further explained the US position on the AIIB: “Our concern has always been ... will it adhere to the kinds of high standards that the international financial institutions developed.... Will it protect the rights of workers, the environment, deal with the corruption issue appropriately?” Lew also encouraged Congress to move forward with its approval of IMF reforms. “Our international credibility and influence are being threatened,” he said. “To preserve our leadership role at the IMF, it is essential that these reforms be approved. The alternative will be a loss of US influence and our ability to shape international norms and practices.”

On March 22, several days after some of its strongest allies announced their support for the AIIB, the US began to soften its rhetoric. Sheets spoke on the subject once again, proposing collaboration between the AIIB and existing multilateral lending institutions. “The US would welcome new multilateral institutions that strengthen the international financial architecture,” Sheets said. “Co-financing projects with existing institutions like the World Bank or the Asian Development Bank will help ensure that high quality, time-tested standards are maintained.” A week later, Treasury Secretary Lew reportedly told Chinese Premier Li Keqiang in their meeting in Beijing that the US is looking forward to cooperating with the AIIB and that it welcomes and supports proposals that are helpful to infrastructure construction, marking a shift in the US stance on the new bank.

President Obama voiced conditional support for the AIIB for the first time in a joint press conference with Prime Minister Abe on April 28. Saying that he wanted to “dispel this notion that we were opposed or are opposed to other countries participating in the Asia Infrastructure Bank,” Obama added: “if, in fact, the Asia Infrastructure Bank that is being set up ends up having ... safeguards, is run in a way that ultimately is actually going to lead to good infrastructure and benefit the borrowing countries, then we’re all for it.”

In a statement on March 31, the Chinese Foreign Ministry spokesperson called the AIIB “a constructive action taken by China to assume more international obligations and complement the current international economic order ... [and] a useful supplement to the existing multilateral development banks,” suggesting perhaps that the bank will indeed work within the existing global financial structure rather than compete with it. Overall, the Chinese seemed delighted with the initial success of the AIIB. Ultimately, how the bank is run will be a test of Chinese willingness to truly work within the current international system and uphold high governance standards. Chinese Minister of Finance Lou Jiwei said on March 20 that the AIIB would begin operations by the end of the year.

US-China military exchanges

The US and Chinese militaries held their 10th Disaster Management Exchange (DME) in Guangzhou and Haikou, Hainan on Jan. 18-19. The DME included an expert academic discussion, a tabletop simulation, and a practical field exchange in the area of humanitarian assistance/disaster response. Approximately 70 US participants and PLA counterparts examined how to respond to a large-scale disaster following a typhoon in a fictional third country. US participants came from US Army Pacific, 8th Theater Sustainment Command, US Army Corps of Engineers, 18th Medical Command, Special Operations Command Pacific, US Center for Excellence in Disaster Management and Humanitarian Assistance, Hawaii Army National Guard, US Marine Corps, US Air Force, and the State Department. Site visits included the Guangdong Provincial Television Propaganda Center, the Guangzhou Center Observatory, the Provincial Disaster Management Command, and Dashatou Pier.

At the end of January, Under Secretary of Defense for Intelligence Michael Vickers visited Beijing and met Vice Chairman of China's Central Military Commission Fan Changlong. In a brief readout of the talks, China's military spokesman said that the US "totally agrees with China in pushing forward the new type of relations between the two countries, both sides should maintain high-level dialogues and promote pragmatic cooperation so as to jointly maintain strategic stability." Fan lauded the positive developments in US-China military relations and called for the US to "respect China's core interests and major concerns and appropriately handle Taiwan-related issues."

Surface Warfare Officers School (SWOS) at Naval Station Newport, Rhode Island, hosted 29 officers from the People's Liberation Army Navy (PLAN) for an exchange visit Feb. 2-4. Cmdr. Justin Kubu, SWOS director for fleet division and international training, said the visit enabled officers from both countries to gain a better understanding of their counterparts' methods for training and educating prospective commanding officers. The military exchange included an "encounter exercise" between US and Chinese navies staged in ship handling simulators that allowed the two sides to practice basic maneuvering skills and standard procedures for communicating at sea.

On Feb. 23, the littoral combat ship *USS Fort Worth* practiced implementing the Code for Unplanned Encounters at Sea (CUES) with the PLAN frigate *Hengshui*. The two ships apparently seized the opportunity since both were conducting routine training and operations in international waters of the South China Sea. Cmdr. Matt Kawas described the encounter as "safe and routine," and commended the professionalism displayed by both sides.

Two US-Chinese military dialogue mechanisms convened in February and March. The Defense Policy Coordination Talks were co-chaired by Deputy Assistant Secretary of Defense David Helvey and Deputy Director of the Chinese Ministry of National Defense Foreign Affairs Office Rear Adm. Li Ji at the Pentagon on Feb. 5. The following month, on March 10, the two sides held the inaugural meeting of the Asia-Pacific Dialogue led by Assistant Secretary of Defense for Asian and Pacific Security Affairs David Shear and Rear Adm. Guan Youfei, director of the Defense Ministry's Foreign Affairs Office. Neither side provided details about the contents of the meetings. The Pentagon stated only that Shear and Guan discussed "security interests of

mutual concern” during their full day dialogue. According to a reliable source, Afghanistan and North Korea figured prominently in those talks.

On April 10, the first-ever a video call between senior US and Chinese military officers took place between Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey and counterpart Gen. Fang Fenghui. According to Chinese media, Dempsey described the call as evidence of the development of relations between the two militaries and of progress in building a bilateral mutual trust mechanism. Later that month, the chief of China’s Navy, Adm. Wu Shengli, held a video call with US counterpart Adm. Jonathan Greenert. They discussed China’s land reclamation work in the South China Sea.

On April 20, the US Seventh Fleet flagship *USS Blue Ridge* arrived in Zhangjiang for a five-day port visit with the PLAN’s South Sea Fleet. During the visit, the *Blue Ridge* and the Chinese amphibious dock landing ship *Jinggangshan* held a joint search and rescue exercise in the South China Sea. They also practiced implementing CUES procedures. This was the second visit to China by the *Blue Ridge* is just over a year, with the prior trip being to Qingdao to visit the PLAN’s North Sea Fleet.

The Defense Department reportedly rejected a request from PLAN chief Adm. Wu Shengli for a US carrier visit to China that was backed by Adm. Greenert. A DoD spokesman told reporters on Feb. 6 that the Pentagon has no plans to send a nuclear-powered aircraft carrier to China this year. Sen. John McCain, chairman of the Senate Armed Services Committee, weighed in against such a visit, sending a letter to the Pentagon leadership voicing his opposition. In the letter, McCain said, “I am concerned that as we have increased our engagements in recent years, China’s actions in the East and South China Seas have only become more bold and coercive.”

The annual “two meetings”

The third annual session of China’s 12th National People’s Congress (NPC) came to a close on March 15, just as the Chinese People’s Political Consultative Congress (CPPCC) wrapped up its corresponding session. Amid slowing economic growth and an intensifying anticorruption campaign there was less optimism at the “two meetings” than in years prior. At the opening of the NPC meeting, Premier Li Keqiang announced a GDP growth target of around 7 percent for this year and told the approximately 3,000 delegates that “downward pressure on China’s economy is intensifying. He openly admitted that “Deep-seated problems in the country’s economic development are becoming more obvious” and left open the possibility that the difficulties that China is facing this year “could be bigger than last year.” Pushing ahead with reforms of state-owned enterprises and liberalizing the banking system and financial markets were identified as top priorities. Despite sluggish growth, China announced an increase in the defense budget of 886.9 billion yuan (\$141.45 billion), or 10.1 percent. Explaining China’s defense modernization priorities in his report to the NPC, Li Keqiang said that China “will comprehensively strengthen modern logistics, step up national defense research and development of new- and high-technology weapons and equipment, and develop defense-related science and technology industries.”

In his closing press conference Li stated that the government would employ “more short-term measures to boost market confidence,” if the growth rate should fall below the targeted 7 percent, which the government sees as necessary to maintain current employment goals. China pledged to loosen restrictions on foreign investment by 50 percent, a move welcomed by international businesses. Chinese Minister of Commerce Gao Hucheng detailed China’s “One Belt, One Road” plan, and laid out Xi Jinping’s vision for enhanced economic relations with the region. The two sessions also announced plans to comprehensively advance the rule of law in Chinese governance, emphasized the enforcement of intellectual property rights, and discussed the significant challenges in implementing environmental regulations.

Looking ahead

Three major events in US-China bilateral ties in the next four months will be the seventh S&ED and visits to the US by Vice Chairman of the Central Military Commission Fan Changlong and by the head of the Central Commission for Discipline Inspection Wang Qishan. Preparations will continue for President Xi’s visit in September. China’s maritime activities will undoubtedly be a focus of attention at the Shangri-La Dialogue in Singapore at the end of May.

The 2016 US presidential campaign will begin to pick up steam in the coming months. On April 12, Hillary Rodham Clinton announced that she will run for president. Other declared contenders so far include Ted Cruz, Rand Paul, Marco Rubio, Ben Carson, and Bernie Sanders. In the coming months more candidates are likely to throw their hat into the ring. China is likely to be a prominent topic in the campaign. Stay tuned.

Chronology of US-China Relations* **January – April 2015**

Jan. 5, 2015: Chinese Foreign Ministry protests to the US after the Taipei Economic and Cultural Representative Office (TECRO) hoisted a Republic of China flag during a ceremony held at the Twin Oaks Estate on New Year’s Day in Washington, urging the US to respect the “One China” policy.

Jan. 8, 2015: China bans all imports of all poultry products from the US, citing worries over pathogenic strains of avian influenza found in the Pacific Northwest.

Jan. 12-19, 2015: Chinese and US militaries hold joint humanitarian assistance/disaster relief exercises in Guangzhou and Haikou involving about 150 engineering and medical personnel.

Jan. 15, 2015: Individuals from China’s Ministry of Public Security and Supreme People’s Procuratorate meet with representatives from the US Department of Justice and Department of Treasury to discuss cooperation in the hunt for fugitives and asset recovery, aimed at capturing Chinese fugitives hiding in the US.

* Chronology compiled by CSIS intern Brittney Farrar

Jan. 20, 2015: US advocacy group Human Rights Watch urges China to revise draft legislation aimed at combating terrorism, saying it is “a license to commit human rights abuses.”

Jan. 20, 2015: President Barack Obama says during his State of the Union address that the US and not China must write trade rules for Asia and calls on Congress to give him a freer hand to close trade deals.

Jan. 21, 2015: US International Trade Commission rules US industry is materially injured from imports of photovoltaic products from China, paving the way for punitive duties on the products.

Jan. 21, 2015: At a press conference in Manila following the US-Philippines Bilateral Security Dialogue, US Assistant Secretary of State Daniel Russel says that “bigger nations can’t bully the small” in the South China Sea and that China’s actions are “an ongoing concern.”

Jan. 25-28, 2015: US Undersecretary of Defense for Intelligence Michael Vickers visits China and meets with Vice Chairman of the Central Military Commission Fan Changlong.

Jan. 27-28, 2015: Under Secretary of State for Political Affairs Wendy Sherman meets senior officials in Beijing to discuss cooperation, including the P5+1 negotiation with Iran.

Jan. 28, 2015: Group of US trade associations submit a letter to the CCP Central Leading Group for Cyberspace Affairs urging dialogue on the growing trend of Chinese government policies requiring the use of “secure and controllable” or Chinese-developed and/or controlled Internet and information communications technology (ICT) products, solutions, and services based on “cybersecurity” justifications.

Jan. 28, 2015: Tao Kaiyuan, vice president of China’s Supreme People’s Court, exchanges views with US Supreme Court Justice Ruth Bader Ginsburg and retired Justice Sandra Day O’Connor in Washington on enhancing judicial cooperation between the two countries.

Jan. 28, 2015: US-China Economic and Security Review Commission holds “Hearing on the Foreign Investment Climate in China: Present Challenges and Potential for Reform.”

Jan. 29, 2015: US Special Representative for North Korean Policy Ambassador Sung Kim meets Chinese Special Representative for Korean Peninsula Affairs Wu Dawei in Beijing.

Feb. 2, 2015: Chinese Vice Foreign Minister Li Baodong and US Under Secretary of State for Arms Control and International Security Affairs Rose Gottemoeller co-chair the seventh consultation on strategic security and multilateral arms control in Beijing.

Feb. 2-4, 2015: Surface Warfare Officers School (SWOS) at Naval Station Newport, Rhode Island, hosts 29 mid-grade officers from the Chinese navy’s surface, submarine, and aviation units for an exchange visit.

Feb. 5, 2015: The Dalai Lama attends the National Prayer Breakfast in Washington. President Obama warmly acknowledges him, but does not meet separately with the Dalai Lama.

Feb. 9-12, 2015: Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel meets Vice President Li Yuanchao and other senior officials in Beijing to discuss a range of bilateral, regional and global issues.

Feb. 10, 2015: President Obama and President Xi talk by phone. They discuss how to narrow differences on cyber and reaffirm their commitment to coordinate closely on security challenges.

Feb. 10-12, 2015: Deputy Secretary of State Tony Blinken visits Beijing and meets senior officials to discuss cooperation on a range of bilateral, regional and global issues.

Feb. 12, 2015: Obama administration files a case at the World Trade Organization (WTO) accusing Beijing of subsidizing services like information technology, product design, and worker training for industries that aim their products at the export market.

Feb. 12, 2015: Assistant to the US President for Homeland Security and Counterterrorism Lisa Monaco delivers a speech in Washington, saying that US cyber “threats come from nations with highly sophisticated cyber programs including China.”

Feb. 16, 2015: Vice Premier Wang Yang holds a phone conversation with Secretary of Treasury Jacob Lew to discuss issues including Sino-US economic ties and the global economic situation.

Feb. 17, 2015: US Navy flies a *P-8A Poseidon*, its most advanced surveillance plane, over disputed areas of the South China Sea.

Feb. 18, 2015: US-China Economic and Security Review Commission holds “Hearing on China’s Space and Counterspace Programs.”

Feb. 20, 2015: Assistant Secretary of State for Arms Control, Verification, and Compliance Frank Rose calls for a frank and open dialogue with China on how each nation defines and views strategic stability and each other’s nuclear posture during a speech in Washington.

Feb. 23, 2015: *USS Fort Worth* practices use of the Code for Unplanned Encounters at Sea (CUES) with the PLAN frigate *Hengshui* in the international waters of the South China Sea.

Feb. 25, 2015: US National Security Advisor Susan Rice and Chinese State Councilor Yang Jiechi meet in New York City for consultations on US-China cooperation on global issues.

Feb. 26, 2015: In testimony to the Senate Armed Services Worldwide Threat Assessment Hearing, Director of National Intelligence James Clapper discusses threats emanating from China’s persistent cyber economic espionage, military modernization, and maritime behavior.

March 2, 2015: In an interview with *Reuters*, President Obama sharply criticizes China’s plans for new rules on US tech companies.

March 7, 2015: Chinese Commerce Minister Gao Hucheng says negotiations on the text of the China-US Bilateral Investment Treaty (BIT) are advancing to the stage of exchanging negative lists in which foreign investments are restricted by host countries.

March 12-13, 2015: US and Chinese militaries hold talks at the Pentagon chaired by Assistant Secretary Dave Shear and Director of the Foreign Affairs Office of the Ministry of National Defense Guan Youfei in a newly established dialogue mechanism on Asia-Pacific issues.

March 18, 2015: Chinese Foreign Ministry spokesperson says China hopes the US will stop making irresponsible remarks on maritime disputes between China and other countries in response to the US Navy's "A Cooperative Strategy for 21st Century Seapower" report.

March 18, 2015: US-China Economic and Security Review Commission holds "Hearing on Looking West: China and Central Asia."

March 19, 2015: US Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey opens a photo exhibit at the Pentagon highlighting the friendship and cooperation between the US and Chinese servicemen during World War II.

March 19, 2015: Senators John McCain, Jack Reed, Bob Corker and Bob Menendez, write a letter to Secretary of Defense Carter and Secretary of State Kerry voicing concern about China's maritime strategy and the alarming scope and pace of land reclamation in South China Sea.

March 20, 2015: At a press briefing in Beijing after meetings with senior Chinese officials to discuss strengthening cooperation on climate change, US Special Envoy for Climate Change Todd Stern says US-China climate change cooperation is "closer than ever before."

March 20, 2015: Foreign Minister Wang Yi holds a telephone conversation with Secretary of State John Kerry to discuss Sino-US relations and the Iranian nuclear issue.

March 23, 2015: *USS Blue Ridge*, flagship for the US Navy Seventh Fleet, begins a port visit in Hong Kong after finished a six-month maintenance period in Japan.

March 30, 2015: In a meeting with Premier Li Keqiang in Beijing, Treasury Secretary Lew says the US is looking forward to cooperating with the Asian Infrastructure Investment Bank (AIIB), and the US welcomes and supports proposals that are helpful to infrastructure construction.

March 31, 2015: US Admiral Harry Harris tells a naval conference in Australia that China is "creating a great wall of sand" through land reclamation in the South China Sea, causing serious concerns about its territorial intentions.

March 31, 2015: In a speech to the Asia Society Northern California, Treasury Secretary Lew cites Chinese policies that he says are fueling US unease, including its managed exchange rates, barriers to foreign technology, poor intellectual property rights protection, cybercrime, and cross-border investment controls which are harmful to global growth.

April 2, 2015: Foreign Ministry spokesperson expresses anger over two US fighter jets making an emergency landing in Taiwan on April 1, saying “China demands that the United States strictly abide by the ‘one-China policy’ and cautiously and appropriately handle this incident.”

April 3, 2015: Foreign Minister Wang and Secretary of State Kerry hold a phone conversation to discuss enhancing their cooperation on the Iranian nuclear negotiations.

April 9, 2015: Secretary of Homeland Security Jeh Johnson meets Chinese counterpart Meng Jianzhu in Beijing; they pledge to enhance law-enforcement and security cooperation.

April 9, 2015: President Obama says Washington is concerned that China is using its “sheer size and muscle” to push around smaller nations in the South China Sea.

April 10, 2015: Chief of the General Staff of the PLA Fang Fenghui and Chairman of the Joint Chiefs of Staff Martin Dempsey hold their first-ever video call.

April 13, 2015: The first US presidential trade mission under the Obama administration led by Secretary of Commerce Penny Pritzker meets Premier Li Keqiang in Beijing.

April 13, 2015: Trade groups, including the American Chamber of Commerce and organizations from Europe and Japan, send a letter to a Chinese leading small group on cybersecurity led by Chinese President Xi Jinping urging China to suspend the implementation of a new rule encouraging banks to buy crucial server and mainframe technology from Chinese companies.

April 15, 2015: Adm. Samuel Locklear, commander, US Pacific Command, and Christine Wormuth, undersecretary of defense for policy, raise concern about Chinese activities in the South China Sea at a House Armed Services Committee hearing.

April 16, 2015: Vice Minister of Finance Zhu Guangyao informs Treasury Undersecretary Nathan Sheets of China’s decision to temporarily suspend rules calling for companies that sell computer equipment to Chinese banks to turn over intellectual property and submit source code.

April 18, 2015: Finance Minister Lou Jiwei says in an interview with *Xinhua* that China welcomes the US and Japan to join the AIIB, and has provided with all relevant information.

April 20-24, 2015: US Seventh Fleet flagship *USS Blue Ridge* makes a port visit to Zhanjiang to build relationships and reinforce positive exchanges with the PLAN’s South Sea Fleet.

April 21, 2015: President Obama notifies Congress that the administration intends to renew a nuclear cooperation agreement with China allowing Beijing to buy more US designed reactors and pursue a facility or the technology to reprocess plutonium from spent fuel.

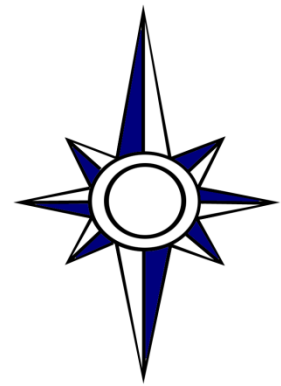
April 27, 2015: Agriculture Secretary Tom Vilsack asks China to drop a ban on imports of US poultry. Vilsack relays that China’s agriculture minister said he would consider the request, but linked the issue to US limits on imports of poultry raised and processed in China.

April 28, 2015: At a joint news conference with Japanese Prime Minister Abe, President Obama says a strong US-Japan alliance should not be seen as a provocation to China. He also accuses China of “flexing its muscles” to advance its maritime claims against Asian neighbors.

April 29, 2015: In a video call with Chief of Naval Operations Adm. Jonathan Greenert, China’s navy chief Adm. Wu Shengli says when conditions are ripe the US and other countries are welcome to use the facilities China is building on artificial islands in the South China Sea.

April 30, 2015: Defense Ministry spokesperson voices concern about the new US cyber strategy, saying “We are following the new U.S. cybersecurity strategy and are concerned about it. The report makes groundless accusations about China, and we resolutely oppose it.”

April 30, 2015: In response to the new US-Japan Defense Guidelines, Chinese Defense Ministry spokesperson warns that “All parties should pay much attention to the impact of a stronger U.S.-Japan military alliance and the effect expansion of their defense cooperation to include the whole world will have on the world peace and regional stability.”



US-Korea Relations:
DPRK Nuclear and Missile Threat Looms

Stephen Noerper, The Korea Society

The early months of 2015 saw little change in US-DPRK relations while there were several positive developments in US-ROK relations. There were new US sanctions on North Korea over the Sony Pictures cyber-hacking incident and increased concern about North Korean advances in nuclear and missile technology as the US and others continued to criticize the DPRK's human rights record. Meanwhile, South Korea and the US held their annual military exercises and concluded a new civilian nuclear agreement. Distractions from the positive trajectory in US-ROK relations included the debate over the value of deploying the THAAD system in South Korea and the unfortunate attack on US Ambassador Mark Lippert.

Answering the Sony attacks

In response to the cyberattack on Sony Pictures Entertainment, on Jan. 2, the White House announced an executive order calling for new sanctions on three North Korean companies and 10 individuals. These sanctions were not aimed specifically at DPRK cyber capabilities, but the individuals named are linked to DPRK financial interests in China, Russia, Iran, Namibia, and Syria, suggesting a targeting of officials engaged in nuclear proliferation, human rights, and cyber warfare. Inside the Beltway, there were calls for relisting the DPRK as a state sponsor of terrorism, but these efforts were muted by counter-arguments that North Korea simply is not a state sponsor of terrorism. In mid-January, the House Committee on Foreign Affairs convened a briefing on *The North Korean Threat: Nuclear, Missiles and Cyber*, with Chair Ed Royce (R-CA) underscoring cyberattack and human rights concerns. Witness testimony addressed the Sony break-in and implications of the executive order on sanctions against the DPRK.

In a Feb. 7 address at the International Conference on Cyber Security in New York, FBI Director James Comey stated "very high confidence" in the DPRK's central role in the Sony attacks. He said the FBI's attribution stemmed from hackers failing to mask their locations with decoy servers and routing attacks and messages directly from known DPRK internet addresses. Hackers appeared quick to recognize their error in signing into Facebook accounts and Sony servers with North Korean addresses and then attempted to reroute using decoys. Comey's comments came three weeks after President Obama publicly named the North Koreans as being responsible. Preceding Comey's comments, Director of National Intelligence James Clapper suggested at the Fordham University event that "we have to push back ... if they get global recognition with no consequence they'll do it again and again."

On Jan. 18, *The New York Times* reported that the National Security Agency (NSA) had breached DPRK networks long before the Sony attack. Since 2010, US intelligence drilled into PRC networks connecting the DPRK, explored DPRK hacker connections in Malaysia, and

penetrated into DPRK systems with the assistance of the ROK and other allies. The *Times*' David Sanger and Martin Fackler concluded that the evidence provided by "early warning radar" of US monitoring software persuaded President Obama to make his Dec. 19 call on North Korean culpability with certainty.

North Korean human rights

Marking the one-year anniversary of the release of the United Nations Commission of Inquiry (COI) report on North Korean human rights, US and Korean experts gathered in Washington for two days of discussion in mid-February. The gathering co-hosted by the Center for Strategic and International Studies (CSIS), George W. Bush Institute, Committee for Human Rights in North Korea (HRNK), and Yonsei University's Center for Human Rights and Liberty featured the members of the United Nations Commission of Inquiry, as well as ROK Ambassador for Human Rights Lee Jung-hoon. The event elicited strong condemnation from North Korea's Mission to the United Nations in New York, a denunciation widely covered in national media.

At the event, National Endowment for Democracy President Carl Gershman focused on three of the report's recommendations: 1) to form a contact group of donors and other countries with ties to North Korea to raise human rights concerns in ongoing bilateral relations; 2) to have states in the region initiate something like a Helsinki Process for collective security; and 3) to establish a structure for accountability. Research fellow Han Dong-ho, writing in a Korea Institute for National Unification release, hailed the event for providing an "international setting for the actual improvement of North Korean human rights after the publication of the COI report."

On Feb. 22, *The Washington Post* Editorial Board, in the wake of the DC event, suggested that "rarely does a United Nations investigation produce such clarity and impact as did the Commission of Inquiry on human rights violations in North Korea" and asked, "But now what? What can be done to get concrete help for the victims? There is a danger that as pressing concerns about North Korea accumulate – nuclear weapons, missiles, cyberattacks – the world will lose interest in the human rights disaster. The United States must not let this happen." The editorial urged a UN Security Council referral of North Korea's leaders to the International Criminal Court (ICC) for investigation of crimes against humanity, and exposure of Russia and China as "protectors of leader Kim Jong Un and his circle of thugs" in the event of their veto at the Security Council. It also urged adequate financial resources for the UN Office of the Special Rapporteur for Human Rights in North Korea.

US perceptions of North Korea

On Feb. 23, Gallup released its findings of Americans' ratings of North Korea, which remain "highly negative." North Korea was the least favorable country for Americans for a second year in a row. Fifteen percent of US respondents described the DPRK as the "greatest enemy," and most American perceive the DPRK military as a "critical threat." Eighty-seven percent of Americans view North Korea unfavorably and only nine percent favorably. When asked to name the country they perceive to be the greatest threat to the United States, 15 percent named North Korea, only slightly behind Russia at 18 percent.

Gallup conducted its World Affairs poll from Feb. 8-11 and described the strong US perceptions as influenced by reports of DPRK culpability in the high-profile attack on Sony Pictures Entertainment, as well as reports of the DPRK seizing wages of workers it sends abroad as a counter to the impact of economic sanctions. Gallup suggested that “this bad publicity has clearly reinforced 12 years of already negative attitudes toward North Korea rather than causing any major shift in opinions.”

Heightened concerns about DPRK nuclear and missile programs and THAAD

A February US-Korea Institute at SAIS report by Joel Wit and Sun Young Ahn – *North Korea’s Nuclear Futures: Technology and Strategy* – elicited significant press coverage as it posited three scenarios for DPRK nuclear development. The first, minimal growth and minimal modernization suggests a low of 10-20 weapons by 2020; the second, moderate growth and moderate improvement, sees levels at 50 weapons by 2020, with heightened yields; and the third, rapid growth and rapid improvement, suggests an alarming 100 weapons by 2020, with significant advances in design and yield. February also saw release of an update of the Arms Control Association’s *Chronology of US-North Korean Nuclear and Missile Diplomacy*.

On March 4, the US described advances in the DPRK’s nuclear program and the increased range and accuracy of its missiles to be “of great concern.” The US Mission to International Organizations in Vienna said a DPRK restart of a graphite-moderated reactor could enable the manufacture of additional weapons-grade plutonium, which the US deemed “clear violations of multiple resolutions.” Commander of the US Army in the Pacific Gen. Vincent Brooks warned in Washington of “increased militarization” of North Korea’s nuclear program. Brooks added “it’s a difficult time, it’s a dangerous time, and the potential for miscalculation is high.” He emphasized the need for nations to cooperate on missile defense.

A day earlier, DPRK Foreign Minister Ri Su Yong told the UN Conference on Disarmament that the DPRK had the power to deter an “ever-increasing nuclear threat” by the US with a pre-emptive strike. On March 20, North Korea’s Ambassador to the UK, Hyun Hak Bong, told *Sky News* that Pyongyang would use weapons in a response to a nuclear attack by the US, suggesting “it is not the United States that has a monopoly on nuclear weapons strikes.” In response to a question on whether North Korea has the capability to fire a nuclear missile now, he added “any time, anytime, yes.”

On April 7, Adm. William Gortney, commander of NORAD and US Northern Command, held a press briefing at the Pentagon on DPRK nuclear and missile progress. Gortney assessed that the DPRK has the ability to miniaturize a nuclear warhead for a *KN-08* ICBM, but has not tested this technology. The three-stage, liquid-fuel missile, first paraded in 2012, is believed to have a range capable of hitting the West Coast of the US. Gortney underscored that the US requires greater intelligence to deal with a DPRK mobile, re-locatable target.

As Seoul moved toward potential deployment of a Theater High-Altitude Area Defense (THAAD), several high-level Chinese officials took issue. Seoul cushioned its decision relative to the DPRK’s continued enhancements in its ballistic missile capabilities. US observers pointed out that China risks backlash and a disintegration of trust in South Korea over its pressure.

Seoul's decision to join the Asia Infrastructure Investment Bank (AIIB) was aimed in part at placating China with an economic bow where it perceived a security loss relative to THAAD.

China's opposition eventually might be muted by reports that its senior nuclear experts have increased their estimates of DPRK nuclear weapons production well above US figures. An April 22 *Wall Street Journal* report revealed PRC estimates – offered at a February closed-door session with US nuclear specialists – that North Korea has 20 warheads and may have another 20 by next year, with an ability to produce another 8 to 10 annually.

ROK Defense White Paper and US-ROK exercises

South Korea picked up on the cyber threat as well as proliferation and other concerns as it issued its Ministry of National Defense 2014 White Paper – the first published by the Park Geun-hye administration. South Korea formally acknowledged North Korea as possessing nuclear weapons, referencing the “nuclear weapons of North Korea,” Pyongyang's highly enriched uranium program, and the DPRK's “considerable” technical enhancements in mounting warheads. The MND White Paper described the DPRK as crossing a threshold with warhead miniaturization, as well as the possibility of long range-missiles threatening the US and advancing sea-launched ballistic missile capability. The White Paper also suggested that the DPRK employs 6,000 hackers under the command of its Reconnaissance General Bureau – a figure far greater than that in any earlier estimates.

In mid-January, the US and ROK held two days of joint naval drills, with two US *Aegis* destroyers and several ROK vessels operating off Korea's eastern coast. The two navies shared in communication drills, antisubmarine warfare exercises, ship maneuvers, and liaison-officer exchanges. Two DPRK missile launches followed soon after, on Feb. 6 and 8. The latter event involved North Korea launching five missiles into the East Sea off Wonsan in a northeasterly direction for some 50 minutes and with a range of 200km. DPRK official media described the missile-type as an “ultra-precision anti-ship rocket,” appearing to be of Russian origin. Whether supplied by Russia or reverse engineered, integration would mark an upgrade in the threat to US and ROK vessels.

On March 2, South Korea and the US began eight weeks of joint military drills. *Key Resolve*, a computer simulated command exercise, ran March 2-13. *Foal Eagle* continued until April 24 and included ground, air, naval, and special operations field exercises. A day earlier, North Korea fired two short-range missiles into the East Sea to register its opposition to the joint exercises. The DPRK Workers' Party newspaper, *Rodong Sinmun*, lambasted the US and ROK, stating “the whole course of *Key Resolve* and *Foal Eagle* is aimed to occupy the DPRK through preemptive strikes.” The US-ROK Combined Forces Command underscored that it had informed the North Korean Army of the dates and “non-provocative nature” of the exercises.

North Korea's Army vowed “merciless strikes,” and North Korean Foreign Minister Ri Su Yong described the US-ROK exercises as “unprecedentedly provocative in nature and having an extremely high possibility of sparking war.” A DPRK editorial said dialogue and diplomatic solutions were “scuppered” and urged a bolster of “war deterrence to the maximum,” yet the much anticipated spike in rhetoric was in the end somewhat muted, at least relative to its 2013

war of words and declaration of the armistice as “invalid.” The US responded then with over flights of B-2 bombers to underscore its long range, precision strike capabilities. On the final day of the first exercise, March 13, North Korea fired seven ground-to-air missiles into the sea. The SA-2 or SA-3s, with a range dozens of kilometers, and the SA-5, with a range of 200km, were launched off the eastern coast, with DPRK leader Kim Jong Un reportedly present.

Washington and Seoul agree to a new 123 Civil Nuclear Agreement

On April 22, the US and ROK announced a new 123 agreement on the decades-long civil nuclear relationship allowing positive cooperation on nuclear energy going forward. Replacing a 1972 agreement, the new deal is valid for two decades. The two nations underscored the agreement as unique and mutually beneficial and ensuring a supply of enriched fuel to ROK nuclear power reactors. The agreement, signed by US Ambassador to Korea Mark Lippert and ROK Ambassador for Nuclear Energy Cooperation Park Ro-byug, allows South Korea to permit removal of spent nuclear fuel to third countries. The ROK estimates its capacity for spent fuel will be full within a decade. The agreement also tackled the acrimony over advanced consent for reprocessing or enrichment by mandating future discussion by a senior bilateral management mechanism. Accordingly, the new US-ROK 123 agreement addresses nonproliferation risks without specifically requiring South Korea to always forgo a sovereign right to certain technical capabilities. A senior ROK Foreign Ministry official suggested the agreement is “meaningful (as) we have opened the pathway for uranium enrichment, albeit not in the foreseeable future.”

Negotiations ran a half decade given ROK insistence on US approval to make its own fuel for its 23 civilian nuclear reactors. The US had resisted given concerns over Northeast Asia nuclear proliferation.

Attack on US Ambassador Lippert

On March 5, Ambassador Lippert was attacked in Seoul by a knife-wielding assailant at a public event. Lippert sustained wounds to the face and hand. Officials and the public offered an outpouring of support in the aftermath of the attack. Koreans rallied outside the hospital where Lippert was treated, and polling continued to show strong support for the US among the citizenry. The attack prompted a review of US Embassy security procedures around the ambassador in public venues, and Lippert and his family are receiving increased protection. Lippert returned to his office and resumed a full schedule with jocularly and enjoying widespread popularity in Korea for his handling of the situation, as well as frequent Tweets, walkabouts with his dog in central Seoul, and attempts with the Korean language.

Seoul joins the AIIB

On March 26, despite US pressure, South Korea announced it would join the China-led Asian Infrastructure Investment Bank (AIIB). In joining the bank as a founding member prior to the end-of-March deadline, the ROK publicly recognized that it could generate construction projects conducive to its own economic interests and placate China – concerned on the aforementioned THAAD front. Britain and other European nations had already joined, making the decision easier. Despite pressuring Seoul against the decision, Washington seemed to come round to the

argument about Korea in the end, urging coordination with like-minded nations to negotiate transparency, good governance and best practices in the Bank's articles and operations.

Chronology of US-Korea Relations

January – April 2015

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

Jan. 2, 2015: White House announces a new executive order imposing sanctions on 10 individuals and three companies engaged in DPRK financial activity.

Jan. 6, 2015: Seoul issues its 2014 Defense White Paper, warning of the “nuclear weapons of North Korea” – a first-time description – and “considerable” advances in warhead technology.

Jan. 7, 2015: US FBI Director James Comey confirms DPRK was responsible for the attacks on Sony Pictures, with hackers “sloppy” in covering their tracks.

Jan. 9, 2015: North Korea offers to suspend future nuclear tests temporarily if Washington suspends all upcoming military exercises in South Korea and its vicinity.

Jan. 10, 2015: US State Department spokesperson calls North Korea's offer to suspend nuclear tests as an “implicit threat,” saying it “inappropriately” links routine military exercises between Washington and Seoul to the possibility of a nuclear test.

Jan. 12, 2015: ROK President Park Geun-hye's New Year press conference emphasizes labor, free trade agreement (FTA) benefits, and economic innovation to grow employment and per capita income. On North Korea, Park calls for family reunions and expressed openness to an inter-Korean summit.

Jan. 13, 2015: US House of Representatives Committee on Foreign Affairs hosts a briefing on DPRK nuclear, missile, and cyber threats.

Jan. 13, 2015: North Korea offers to hold direct talks with the United States on its proposal to suspend nuclear tests, and says dialogue could pave the way to changes on the Korean Peninsula.

Jan. 14, 2015: US State Department spokesperson reiterates US rejection of North Korea's offer to suspend nuclear tests in exchange for scrapping joint military exercises with South Korea.

Jan. 13-14, 2015: *USS Martin* and *USS John McCain* join *Gwanggaeto the Great* and several ROK vessels in joint naval exercises.

Jan. 16, 2015: US and ROK officials launch a new division under Eighth US Army composed of the 2nd Infantry Division and a ROK mechanized infantry brigade. The combined division is under the command of US Maj. Gen. Thomas Vandal and ROK Brig. Gen. Ahn Sung-hwan.

Jan. 18, 2015: Ri Yong-ho, North Korea's chief negotiator for the Six-Party Talks meets former US special envoy for North Korea policy Stephen Bosworth and other US experts in Singapore.

Jan. 21, 2015: US Special Envoy for North Korean Human Rights Issues Robert King addresses the European Parliament Subcommittee on Human Rights in Brussels, noting that the DPRK "has few supporters left," that the UN Commission of Inquiry report was a "critical step," not an end, and that increasing the flow of information in and out of North Korea is of great importance.

Jan. 27-28, 2015: US Special Representative for North Korea Policy Sung Kim visits Tokyo and Seoul and meets counterparts Junichi Ihara and Hwang Joon-kook to discuss North Korea policy. Sydney Seiler, special envoy for the Six-Party Talks, and National Security Council Director for Korea Allison Hooker joined the Tokyo discussions.

Jan. 29, 2015: US Undersecretary of State for Political Affairs Wendy Sherman meets ROK Foreign Affairs Minister Yun Byung-se in Seoul to discuss bilateral cooperation on regional and global security.

Jan. 30, 2015: ROK Deputy Minister for Multilateral and Global Affairs Shin Dong-ik and US Undersecretary of State for Arms Control and International Security Rose Gottemoeller lead the 2015 ROK-US Disarmament and Nonproliferation Consultation in Seoul.

Feb. 3, 2015: UN Food and Agriculture Organization releases its assessment of North Korea, showing that DPRK food production remained steady in 2014, contrary to the hopes of some US experts that sanctions might check economic progress and force denuclearization.

Feb. 4, 2015: In confirmation hearings, Defense Secretary-designate Ashton Carter describes the DPRK as "one of the most intractable security problems for the United States and our allies."

Feb. 5, 2015: US State Department issues its latest fact sheet on US-South Korea relations, which are described as a "deep, comprehensive global partnership."

Feb. 7, 2015: US Secretary of State John Kerry and ROK Foreign Minister Yun Byung-se meet on the sidelines of the 51st Munich Security Conference to discuss the US-ROK Civil Nuclear Cooperation Agreement, North Korea, Northeast Asia tensions, and global issues.

Feb. 8, 2015: North Korea launches five missiles with a range of 200km into the East Sea.

Feb. 8-10, 2015: US Deputy Secretary of State Anthony Blinken visits South Korea, meeting First Vice Minister Cho Tae-yong and Defense Minister Han Min-koo.

Feb. 11-13, 2015: Korea Institute for Defense Analysis hosts fourth annual US-ROK tabletop exercise, with US Deputy Assistant Secretaries of Defense Elaine Bunn and David Helvey and ROK Deputy Minister for National Defense Policy Ryu Je-seung leading the delegations.

Feb. 17, 2015: A conference co-hosted by CSIS marks the one year anniversary of the UN Commission of Inquiry Report on North Korean human rights violations, eliciting strong condemnation from the DPRK Mission to the United Nations.

March 2, 2015: North Korea fires two *Scud-C* or *Scud-D*-type missiles from Nampo some three hundred miles over the peninsula and into the East Sea.

March 2-13, 2015: Annual US-ROK military exercise *Key Resolve* takes place in South Korea.

March 2-April 24, 2015: Annual US-ROK military exercise *Foal Eagle* takes place in the ROK.

March 2-27, 2015: UN Human Rights Council convenes its 28th regular session in Geneva. ROK Vice Foreign Minister Cho Tae-yul delivers a March 3 keynote at the high-level segment.

March 3, 2015: DPRK Foreign Minister Ri Su Yong warns in Geneva that North Korea has the power to deter an “ever-increasing nuclear threat” by the US with a preemptive strike.

March 5, 2015: US Ambassador to the ROK Mark Lippert is attacked by a knife-wielding extremist in Seoul. As Lippert recovers, Koreans demonstrate strong support for him.

March 12, 2015: DPRK launches seven ground-to-air missiles into the sea off its eastern coast.

March 15, 2015: ROK and US mark the third anniversary of implementation of the Korea-US Free Trade Agreement (KORUS FTA). Trade continues to grow, with total volume at an all-time high of \$145.2 billion, up from \$126.5 billion in 2011.

March 15-17, 2015: Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel visits Seoul and meets Deputy Foreign Minister Lee Kyung-soo, Vice Foreign Minister Cho Tae-yong, and senior Blue House officials to discuss a summer Obama-Park summit.

March 16, 2015: US Department of Treasury Financial Crimes Enforcement Network issues an update of nations, including North Korea, that fail to comply with the Anti-Money Laundering and Counter-Terrorist Financing standards, mandating that US financial systems respond.

March 20, 2015: DPRK Ambassador to the UK Hyun Hak Bong warns of DPRK capabilities to respond with nuclear missiles “any time,” if attacked by nuclear weapons.

March 27, 2015: South Korea announces its intention to join the PRC-led Asian Infrastructure Investment Bank (AIIB), despite US concerns.

March 26-28, 2015: Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey visits Korea.

April 2-3, 2015: US House of Representatives delegation visits the ROK. The group meets the ROK president, deputy prime minister, minister of strategy and finance, foreign minister and National Assembly speaker.

April 2-3, 2015: North Korea fires five short-range *KN-02* missiles with a range of 140 km.

April 6, 2015: DPRK declares a no-sail, no fly zone in the East Sea, but fails to notify the International Maritime Organization (IMO), as it has in the past.

April 7, 2015: NORAD and US Northern Command Commander Adm. William Gortney raises concerns about DPRK nuclear and missile advances.

April 9-11, 2015: US Secretary of Defense Carter visits South Korea and meets Minister of National Defense Han Min-koo and visits the ROK Navy's 2nd Fleet Command to honor those lost in the 2010 sinking of the *Cheonan*.

April 14-15, 2015: Korea-US Integrated Defense Dialogue (KIDD) is held in Washington.

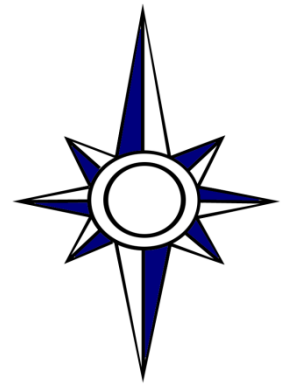
April 16-17, 2015: US, ROK and Japan hold Defense Trilateral Talks (DTT) in Washington.

April 22, 2015: US and ROK announce a new agreement on the civil nuclear relationship.

April 22, 2015: *The Wall Street Journal* reports top Chinese nuclear experts estimate that the DPRK may have 20 warheads and may double that by 2016, with an ability to produce as many as 10 more annually. This exceeds most US estimates.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



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US-Southeast Asia Relations: South China Sea Wariness

In the first four months of 2015, senior State and Defense Department officials as well as flag-rank military officers visited Southeast Asia, all emphasizing ASEAN's importance for the Obama administration's rebalance policy. The US is building a rotational force deployment capacity in the region along with military assistance to allies and partners, especially for increasing their maritime security capabilities. Washington and Manila await a Supreme Court decision regarding the constitutionality of the April 2014 Enhanced Defense Cooperation Agreement (EDCA), which will permit better access for US forces. Washington has also emphasized Vietnam's importance to the rebalance, currently concentrating on improving coast guard relations. However, the US was dismayed that Hanoi permitted Russian tanker aircraft to fly out of Cam Ranh Bay to refuel bombers that flew near US bases in Guam. The Indonesian Navy has shown interest in more naval exercises with the US around the Natuna Islands. Problems persist in US-Thai relations as the military consolidates its rule. Although the annual *Cobra Gold* exercise took place in February, Washington scaled back US participation and significantly reduced the kinetic component. Planning for next year's exercise is in limbo. Finally, Japan and India have shown support for maritime security buildups and an enhanced naval presence in the South China Sea.

Rebalance emphasized

Over the past four months, high-level visitors from the Obama administration to Southeast Asia emphasized the importance of the rebalance to the region despite continued US attention to the turmoil in the Middle East and problems with Russia over its actions in Crimea and eastern Ukraine. Summing up Washington's ongoing commitment to Asian security in an address at Bangkok's Chulalongkorn University on Jan. 26, Assistant Secretary of State for Asian and Pacific Affairs Daniel Russel averred: The US "system of alliances and security partnerships is not a legacy of the 20th century. It is an investment in the 21st century.... [O]ur alliance system is the backbone of cooperation in the region [and] that applies, for example, to problematic actions to unilaterally change the status quo in the South China Sea. We work regularly with our allies to make sure that our forces can operate together in a crisis at a moment's notice." Russel was implicitly responding to China's insistence that the US alliances in Asia are a relic of the Cold War and should be replaced by the PRC's vision of Asian security as the exclusive responsibility of Asian states. In a Feb. 4 talk on "US Policy Priorities for the East Asian and Pacific Region in 2015," Russel also cited the 8 percent increase in foreign aid to the region that expands funding for democracy promotion and maritime capacity building.

The United States is building its rotational deployment of navy and air force assets in Southeast Asia that include four littoral combat vessels to Singapore and new agreements to rotate forces to Australia and the Philippines. As Secretary of Defense Ashton Carter put it in an April 6 address at Arizona State University, these deployments will lead to “an increased tempo of training and exercises” that will “reinforce the partnerships and alliances that are the bedrock of everything we do in the Asia-Pacific.” Specifying Southeast Asia, Carter referred to US military assistance for maritime security in the Philippines, Vietnam, Malaysia, Singapore, and Indonesia “to provide them with additional assets for maritime security and disaster relief operations.” He went on to note that the most modern equipment in the US defense inventory is being deployed to the Asia-Pacific, including the *P-8 Poseidon* maritime patrol aircraft, the *F-22* and *F-35* combat jets, the *Zumwalt* destroyer, and additional *Aegis*-equipped warships – all for the purpose of keeping the sea lines of communication (SLOCs) open for maritime commerce. US officials were insisting that the rebalance is alive and well despite commitments to other parts of the globe.

Attention to South China Sea challenges

China’s reclamation activities on a number of reefs and shoals among the Spratly and Paracel islands have elicited particular concern from the Philippines and Vietnam as well as suggestions that the United States should become more directly involved in assisting the littoral states to protect their territorial waters. Recall that last year Washington proposed that the South China Sea claimants “freeze” their building activities on the features they controlled to which China responded that this constituted outside interference unfairly targeting Beijing and undermining the code of conduct negotiations. One Philippine legislator in mid-March urged his government to ask for help from the US to take control of the islands in the “West Philippine Sea” [the Philippine name for its exclusive economic zone to the west of its main islands] where the PRC has built large facilities on Mischief Reef, only 41 km away from Second Thomas Shoal, where Philippine soldiers are stationed on board a beached rusting hulk of a WWII vessel.

Over the past several months in regional and global venues, Philippine diplomats have urged broad international support against China’s reclamation activities. The efforts probably reflect Manila’s conclusion that divisions within ASEAN preclude the Association from explicitly criticizing the PRC for violating the 2002 Declaration of Conduct, which requires that no unilateral actions be taken to alter the status quo in the South China Sea, and placing the blame on Beijing for blocking any progress toward a code of conduct that would legally bind its signatories not to interdict other claimants. At the 26th ASEAN Summit in Malaysia on April 27, the assembled leaders released a statement prompted by Vietnam, the Philippines and Indonesia that implicitly called out the PRC: “We share the serious concerns expressed by some leaders on the land reclamation being undertaken in the South China Sea, which has eroded trust and confidence and may undermine peace, security, and stability.”

On March 17 at the Langkawi International Maritime and Aerospace Exhibition in Malaysia, the commander of the US 7th Fleet, Vice Adm. Robert Thomas called on Southeast Asian nations to form a combined maritime force to patrol areas of the South China Sea. For the past several years, Singapore, Malaysia, Indonesia, and Thailand have been engaged in a Malacca Strait Patrol (MSP) arrangement designed to detect and deter piracy. The MSP is a coordinated rather than a combined patrol. Each country’s maritime force operates within its own territorial waters,

notifying partners of suspicious activities heading in their direction. Thomas's proposal seems to call for a closer linking of the ships involved. At the end of April, the Southeast Asian states have not formally commented on the proposal, though prospects seem dim largely because Indonesia appears uninterested in expanding MSP deployments and particularly opposes any "jointness" that would allow the navies of other countries to enter Indonesian waters.

In a late March, a bipartisan letter from US Senate leaders to President Obama and Secretary of State Kerry described China's reclamation activities as a "direct challenge" to US interests. Philippine Foreign Minister Albert del Rosario praised the senators' letter as being "very helpful," noting the difference between "what is being said [by China] and what is happening on the ground." Moreover, on a visit to Japan in early April, Secretary of Defense Carter stated that China's actions "seriously increase tension and reduce prospects for diplomatic solutions."

A long-time interlocutor for ASEAN, most recently after the 2012 Cambodian ASEAN Summit when no final communique was issued, then Indonesian Foreign Minister Marty Natelegawa subsequently visited all ASEAN states to craft a substitute statement on the South China Sea. Indonesia's President Joko Widodo (Jokowi) entered the debate in late March when he stated that China's nine-dash line had no legal basis, though insisting he was not challenging the PRC's overall claims in the South China Sea. Jokowi went on to reiterate his country's offer to continue serving as an "honest broker" in the dispute, since Jakarta was not a claimant. In fact, China's nine-dash line does cut across Indonesia's EEZ north of the Natuna Islands, so Jakarta clearly has a stake in any outcome.

Upgrading the US-Philippine relationship

In April 2014, President Obama and President Aquino initialed an Enhanced Defense Cooperation Agreement (EDCA). The agreement provides for the rotation of US forces to Philippine military bases – yet to be jointly determined, though in late April some eight possible locations were mentioned in the media. EDCA is being challenged by opposition parties in the Philippine Congress as unconstitutional and awaits a decision by the country's Supreme Court. Meanwhile, the Obama administration continues to assist in the modernization of the Philippine armed forces. In January, the US sold two refurbished *C-130* cargo aircraft to help build the country's territorial defense and maritime capabilities, according to a US embassy statement on Jan. 10. The *C-130* was instrumental in moving people and material in the wake of Super typhoon *Yolanda* last year in the Visayas. In accepting the aircraft, the Philippine Armed Forces announced that Manila will spend more than 90 billion pesos (\$2 billion) for the second phase of its modernization program from 2015-2017. In February, the US began flying its most advanced surveillance aircraft, the *P-8A Poseidon* from the Philippines out over the South China Sea, promising to share "real time" information. One of these inaugural *Poseidon* flights had Philippine military personnel on board for familiarization. While the *P-8A* will not be stationed in the Philippines, it will rotate regularly to the country for patrols.

In a January visit, Assistant Secretary of State Russel and Assistant Secretary of Defense David Shear promised to hold joint military exercises focusing on maritime security and domain awareness. While reiterating that the South China Sea is an "ongoing concern," Russel said the US and the Philippines would exercise "maximum restraint" in favor of diplomacy.

In a significant change, the US Special Operations training mission in the southern Philippines came to an end in late February. For 13 years, US Special Operations had trained the Philippine military in counterinsurgency to fight Islamic separatists, notably the Abu Sayyaf. The deactivation of the command means that US advice and assistance on counterterrorism shifts from the tactical level to higher echelons of command. The Philippine Constitution prohibits foreign forces from engaging in direct combat, though training missions have been declared within the approved range of foreign actions. US Special Forces appeared to have been indirectly involved in an operation in Mamasapano, Mindanao, in February that led to the death of 44 police commandos. A March 17 Philippine Senate report on the botched operation concluded that no US forces were involved in combat, though they did provide training, intelligence, and medical assistance. Some Philippine commentators expressed dismay that US forces were involved in the operation because neither the Philippine interior secretary nor the acting national chief of police knew anything about a US role.

This year's *Balikatan (Shoulder-to-Shoulder)* joint exercise, held from April 20-30, is the largest in history with more than 11,500 troops; it also included 61 Australians for the first time. The total number of personnel is more than double that of the 2014 exercise. Deployed equipment included nearly 80 aircraft and three warships. *Balikatan* covers both territorial defense and humanitarian assistance/disaster relief. Much of this year's event took place in Zambales province opposite the disputed Scarborough Shoal. There was also some activity in Palawan, which is opposite the Spratly Islands.

Vietnam in the rebalance

US officials visiting Vietnam in early 2015 have emphasized the country's importance in the rebalance. At the Seventh Vietnam-United States Political, Security, and Defense Dialogue on Jan. 22-23 in Hanoi, Assistant Secretary of State Puneet Talwar said that building maritime ties constitutes the crux of the defense relationship. Washington advocates increasing the tempo of port visits and joint exercises. However, US Navy ships are currently limited to one port call of up to three ships per year and still may not enter the deep water port of Cam Ranh Bay, a centerpiece of the US Vietnam War naval deployment in the 1960s and 1970s. Washington's Ambassador Ted Osius has stated that this year defense relations will focus on cooperation between the coast guards to enhance maritime domain awareness and search and rescue operations. Toward this end, the *Voice of Vietnam News* on March 6 announced that Washington "for the first time granted an aid package of \$18 million to help Vietnam improve its naval capacity." On April 6, in remarks at Arizona State University prior to his East Asian visit, Secretary of Defense Carter praised the new defense relationship with Vietnam: "In the waters off Danang, a US guided missile destroyer and a littoral combat ship are scheduled to engage with Vietnamese Navy vessels...." While this is a low-level exercise, it includes a Code for Unplanned Encounters at Sea (CUES) event, an arrangement that Washington would like to see all Asian navies adopt to reduce the prospect of accidental ship encounters.

These positive security activities encountered a glitch, however, in March when Gen. Vincent Brooks, commander of the US Army in the Pacific, told the media that Russian bombers engaged in a show of strength over the Asia-Pacific were being refueled out of Cam Ranh Bay and were

conducting “provocative flights” around the US territory of Guam, home of a major US air base and naval port. A State Department official took a somewhat less alarmed position, though, saying that Washington respected Hanoi’s right to enter agreements with other countries. Nevertheless, “We have urged Vietnamese officials to ensure that Russia is not able to use its access to Cam Ranh Bay to conduct activities that could raise tensions in the region.” Australian Vietnam specialist [Carl Thayer in *The Diplomat*](#) cited US officials who interpreted the Russian flights as part of a global pattern of assertiveness toward the United States and Europe in response to the economic sanctions against Russia resulting from Moscow’s annexation of Crimea and destabilization of eastern Ukraine. Thayer noted that Vietnam’s permission for the Russians to use Cam Ranh Bay to fly over a US airbase in the mid-Pacific could be seen to contradict Hanoi’s 2009 Defense White Paper which states that no third country could use Vietnamese territory “to carry out military activities against other countries.”

There is no doubt that the Russians hold a special position at Cam Ranh Bay. Moscow is building a submarine fleet for Vietnam’s expanding navy, and Russian experts are reportedly stationed at Cam Ranh Bay to train Vietnamese submariners. Indeed, Russia remains Vietnam’s largest arms supplier going back to the Vietnam War era. Discussing the US complaint on March 13, a Russian Defense Ministry spokesperson mused: “It is strange to hear [complaints] from representatives of the state whose armed forces are permanently stationed in a number of Asia-Pacific countries and which continues to increase its level of military activities in the region.” On the other hand, Vietnam regularly declares that all countries are welcome to help develop Cam Ranh Bay’s infrastructure for an international ship service and repair hub open to all civilian and military users.

Indonesia: new leadership, new policies?

Indonesia has been an ASEAN leader since the Association’s inception. In fact, ASEAN was created in 1967 in part to insure that Indonesia could be “tamed” within a larger Southeast Asian entity. The previous president Susilo Bambang Yudhoyono, established a foreign policy of “a thousand friends, no enemies.” His successor, Joko Widodo – neither a career military officer nor a member of the country’s elite – has a different foreign policy orientation: “making friends with countries that can provide Indonesia with benefits.... What’s the point of making friends if we are always on the losing end?” According to the US Center for Strategic and International Studies analyst Phuong Nguyen in a Jan. 13 [Cogit Asia](#) piece, Jakarta needs to strengthen its economic profile if it is to continue in a leadership role. To do this, it must eradicate illegal fishing in its territorial waters and attract foreign investment to build its deep sea ports and power plants.

Indonesia’s military commander Gen. Moeldoko in a 2014 *Wall Street Journal* interview stated that Jakarta was “dismayed” that the PRC’s nine-dash line seemed to include “parts of the Natuna islands” and that his country would “strengthen its forces” in response. President Widodo added to these muscular statements by insisting that Indonesia could no longer tolerate a situation where over 5,000 ships operate illegally every day in Indonesian waters, leading to an annual loss in fishing resources of over \$20 billion. To reverse this violation of sovereignty, the Indonesian president has ordered the navy to sink captured foreign fishing vessels rather than the previous practice of fining the owners. Fishing boats from Malaysia, Thailand, and Vietnam

have been sunk; even Chinese boats could be included in the future, although none has been sunk so far. Despite the acquisition of new patrol craft, Indonesia acknowledges that it has neither enough boats nor the requisite fuel to effectively police its vast archipelagic waters.

The US supports Indonesian plans to increase its naval capabilities. Amy Searight, the US deputy assistant secretary of defense for South and Southeast Asia, [sees Indonesia's "global maritime axis policy" as a window](#) through which the US can assist Indonesia's maritime capacity building. The two countries' marines are now regularly exercising together, and on April 13 an Indonesian Navy spokesman declared that his country wanted to hold regular naval exercises with the US near the sparsely populated Natuna Islands, adding that Indonesia plans to add more air and naval forces there. In fact, the two countries have conducted sea surveillance exercises since 2012 in the Malacca Strait and around the Natunas.

Thailand: political tension, though *Cobra Gold* continues

The consolidation of military rule in Thailand following the May 2014 coup has created considerable neuralgia in US-Thai relations. In a late January visit to Bangkok's Chulalongkorn University, Assistant Secretary of State Russel averred that although the US "does not take sides in Thai politics," nevertheless, "we are concerned about the significant restraints on freedoms..., including restriction on speech and assembly, and I've been very straightforward about these concerns." Russel went on to criticize the impeachment of deposed Prime Minister Yingluck Shinawatra and the leveling of criminal charges against her. Russel told Thai media that only "the restoration of a credible democratically elected civilian government" will restore the US-Thai relationship. The junta Prime Minister Prayuth Chan-ocha responded by saying he was "saddened" by these remarks which showed that "the US does not understand how we work."

Despite political tensions between Washington and Bangkok, the largest annual Asia-Pacific multinational military exercise organized by the US and hosted by Thailand – *Cobra Gold* – was held from Feb. 9-20, though scaled back in size and focused primarily on humanitarian assistance/disaster relief. The number of countries participating has increased over the past several years to 24 and now includes both China and India, though the US cut the number of its forces involved by 25 percent to 3,600. Thai media have noted that while Washington is criticizing the retreat from democracy in Thailand, Beijing has offered to expand fledgling military exercises with the junta as well as offering a sympathetic understanding of its political situation. Nonetheless, at *Cobra Gold's* conclusion, Thai Defense Forces Chief Gen. Worapong Sanganetra said he was pleased with the exercise and that its goals were achieved. He noted that the participants indicated they would participate again next year and that all agreed that next year's exercise should once again be a "Heavy Year" type event, emphasizing fire power. He concluded by saying that this year's *Cobra Gold* success shows that Thai-US relations remain warm. Although Thai military officials tried to put the best face on this year's exercise, subsequent events seemed less promising. The US Pacific Command indefinitely postponed the first planning meeting for *Cobra Gold* 2016, and officials in Washington said no definite plans had yet been made for next year's exercise.

Myanmar and Malaysia

Despite high hopes over the past three years by the Obama administration for the political liberalization of Myanmar and its armed forces' gradual relinquishing power through democratic elections, those hopes have not been realized. The Tatmadaw's (the military's official name) continued to dominate the political and economic spheres while violence in the border regions with ethnic minorities as well as human rights abuses have disappointed Washington. However, because of the US rebalance policy and strategic need to counter China's significant influence in Myanmar, relations with the government are strengthening despite these concerns.

The US National Defense Authorization Act of 2015 has gradually opened military-to-military relations with the Tatmadaw, involving some training in humanitarian assistance/disaster relief. Senior Pacific Command officers are visiting, though combat training and arms sales are still off limits. Myanmar's military remains the country's most important political actor. Its constitutionally mandated representation in the Parliament as well as the Cabinet guarantees a veto over any future changes in the political system.

Particularly grievous has been the mistreatment of Rohingya Muslims in Myanmar's Rakhine State. On March 31, the Rohingya's temporary identity cards, which gave them the right to vote in the upcoming May election, were revoked. Myanmar's Muslims have been the victim of an ongoing pogrom by the majority Buddhists and have been not protected by the police or the military. In fact, the government has denied the Rohingya Muslims basic government services, including health care and education as well as freedom of movement. On Feb. 12, US Assistant Secretary of State for Democracy, Human Rights, and Labor Tom Malinkowski criticized the Myanmar government's arbitrary disenfranchisement of the Rohingya Muslims as an unconscionable retreat from the government's stated goal of reconciling the Buddhist and Muslim communities. However, Washington's opening to the Tatmadaw leadership seems to privilege the rebalance strategy over US political concerns for democracy and human rights.

* * *

While the United States has no military alliance with Malaysia, President Obama viewed the relationship as sufficiently important to warrant the inauguration of a comprehensive partnership during his April 2014 visit – the first by a US president in almost 50 years. Security cooperation constitutes an important component of this partnership through joint exercises, antiterrorism efforts, and even the use of an airbase from time to time in Sabah for US surveillance of the southern part of the South China Sea. Additionally, Prime Minister Najib Razak has supported Malaysia's joining the Trans-Pacific Partnership (TPP), though Malaysian critics are opposed to the power given to multinational corporations and the loss of special privileges for state-owned enterprises in the proposed TPP.

Human rights issues continue to mar the US-Malaysian relationship – most recently the second conviction of opposition leader Anwar Ibrahim on sodomy charges, generally viewed both within Malaysia and globally as specious and designed to eliminate the popular politician from the country's political life. International human rights organizations such as Amnesty International and Human Rights Watch deemed the verdict “disgraceful,” “a black day,” and

“totally unjust.” In Washington, the White House issued a statement in February saying the United States is “deeply disappointed” and that the trial “raised a number of serious concerns about rule of law and the fairness of the justice system in Malaysia.”

Moreover, the late April legislation working its way through Congress to provide President Obama fast-track authority on the forthcoming TPP contains an amendment on human rights that could derail Malaysia’s participation. The amendment prohibits the US from an expedited trade agreement with any country in the top tier of the State Department’s human trafficking list. Malaysia is in that category.

Enhancing the rebalance: Japan and India

One area of emphasis in the rebalance is Washington’s plan for allies and partners to collaborate with the US in strengthening the security capabilities of the Southeast Asian states. Japan and India have recently undertaken a number of initiatives toward that end. Tokyo’s and Delhi’s strategic interests complement Washington’s. Particularly, under Prime Minister Abe Shinzo, Japan is developing a regional naval power projection capability that contributes to the US Navy’s protection of sea lanes of the South China Sea. In India’s case, recent prime ministers have emphasized a “look east” policy that views South China Sea security as contributing to India’s own defense. Both countries aid the Southeast Asian littorals’ development of maritime domain protection. While there is little evidence that Tokyo and Delhi are directly coordinating their Southeast Asian ship visits and military aid programs, both countries regularly consult with the US military, including Pacific Command, and their activities in the region are compatible with those of the US. Japan and India also exercise trilaterally with the US and Australia; Southeast Asia constitutes Canberra’s frontier.

Tokyo’s support for Southeast Asian defense can be traced back to its 2012 announcement that Japan would provide the Philippines with 10 new patrol boats at which time the *Yomiuri Shimbun* editorialized that it was in “Japan’s national interest to ensure that its sea-lanes remain safe.” In July of that year, the Philippine and Japanese defense ministers inked a bilateral agreement on maritime security followed by a Japanese pledge to provide the Philippine Coast Guard with the boats mentioned above as part of Japan’s Official Development Assistance (ODA). Fast forward to January 2015, and Japan’s Defense Minister Nakatani Gen and Philippine counterpart Voltaire Guzman agreed to conduct joint exercises. In late January, the commander of the US Seventh Fleet, Vice Adm. Thomas, stated in an interview: “I think partners and allies in the region will look to the Japanese more and more as a stabilizing function: and averred “I think that JSDF operations in the South China Sea makes sense in the future.” Thomas’s statement coincides with Japan’s development of a new maritime patrol plane, the *P-1*, with a range of 5,000 miles, double the range of its older patrol aircraft and able to push surveillance deep into the South China Sea. During Nakatani’s visit to Manila in January, the two ministers also agreed to advance the countries’ “strategic partnership” by holding regular consultations between their defense ministries.

Japan extended its ODA purview in February when Prime Minister Abe adopted a foreign aid charter that stated ODA can be used to support foreign armed forces when they are involved in noncombat operations such as disaster relief, infrastructure building, and coast guard activities.

On March 10, Tokyo released a white paper stating that cooperation with ASEAN was important for Japan's national security. Indicative of the ASEAN orientation of this initiative is a new Japan-Indonesia "maritime forum" announced during President Jokowi's visit to Tokyo during which Abe pledged assistance in building Indonesia's port infrastructure and in helping in the capacity building of Indonesia's armed forces for peacekeeping missions and defense equipment development. President Jokowi's own "maritime axis" doctrine calls for eliminating the sources of conflict at sea such as piracy and violation of sovereignty. The latter could be interpreted as a reference to China's ownership claim to most of the South China Sea. Japan has also indicated that it might fund Philippine infrastructure improvements around Palawan Island, the closest major land mass to the Spratly Islands.

In an April visit to Tokyo, US Defense Secretary Carter expressed hope that Japan would assist in US surveillance activities in the South China Sea. A Japanese Defense Ministry official declared that such assistance could lift some of the US burden in light of its defense budget cuts. Nevertheless, Japanese defense specialists acknowledged logistical difficulties for any South China Sea patrols. With the exception of its new *P-1*, Japan's *P-3*s could not cover the South China Sea without inflight refueling.

Finally in late April, Tokyo released an outline of the proposed new Japan-Defense guidelines. For the first time, they contained protection of the sea lanes, including those in the South China Sea as appropriate for Japanese rear guard support, potentially authorizing Japan to provide logistical support for a US defense of the Philippines. Nonetheless, the guidelines still require parliamentary approval for any new operations.

Southeast Asian countries also look favorably on an enhanced Indian role in the region's security. Leaders of Vietnam, the Philippines, and Singapore in recent years have all expressed approval for Delhi's naval presence and military aid. In 2012, former Indian Prime Minister Manmohan Singh stated that "ASEAN centrality is essential in the evolving regional architecture," endorsing the Association's leading role in regional diplomacy. President Obama has also urged India to "act east." In early 2015, he and Prime Minister Narendra Modi in their joint vision statement noted their "bilateral dialogue on ASEAN affairs." Moreover, India is upgrading its air and naval presence on the Andaman and Nicobar Islands near the western entrance to the Malacca Strait. Delhi also has docking rights at Vietnam's Nha Trong port.

India has provided Vietnam with a \$100 million credit line to purchase patrol boats that will probably be used to augment Hanoi's Coast Guard operations in the South China Sea. Hanoi is also seeking India's help in training Vietnam's *Sukhoi* fighter pilots. India is already training Vietnam Navy personnel operating Russian *Kilo-class* submarines. In mid-January, Hanoi's Deputy Minister of Defense General Chi Vinh told Indian media that Delhi should not be concerned about joint exploration for oil because those projects are within Vietnam's EEZ, and Hanoi is ready to protect its legitimate waters.

In his speech at Arizona State University on April 6, Defense Secretary Carter spoke of the updated US-India relationship that included the first expansion of the India-US Defense Framework in a decade. Carter said that the US was now in discussions with Indian defense officials on "high end technologies, for example, jet engines and aircraft carrier design."

Looking ahead

An important component of the Obama administration's rebalance is working with allies and partners; within Southeast Asia the US is focusing on ASEAN institutions. As the current ASEAN chair, Malaysia has broached the subject of a joint maritime peacekeeping force led by ASEAN. The basis for such a force already exists in the Malacca Straits Patrol that brings together the maritime and air components of Singapore, Malaysia, Indonesia, and Thailand (in the air component only) for anti-piracy patrols.

In a recent meeting of ASEAN naval chiefs, Vice Adm. Thomas, commander of the US Seventh Fleet, urged Southeast Asian states to form a multilateral force to monitor the South China Sea beyond the Malacca Strait. Along similar lines, reflecting Washington's emphasis on cooperative security, Adm. Harry Harris of the US Pacific Fleet proposed the establishment of a South China Sea Operations Center in Indonesia. This suggestion would seem to be consistent with President Jokowi's emphasis on Indonesia as an Asian maritime nexus. Moreover, ASEAN as a whole shares similar concerns about the threat to freedom of navigation inherent in the militarization of South China Sea disputes. On the other hand, Richard Bitzinger – a well-known military expert at the Rajaratnam School of International Studies in Singapore – expressed skepticism about these prospects when he stated: The maritime force is “a nice idea, but will never be anything meaningful.” ASEAN military collaboration remains a distant horizon.

Chronology of US - Southeast Asian Relations January – April 2015

Jan. 2, 2015: US Navy vessel using acoustic technology recovers several bodies from the ill-fated Air Asia Flight 8501 that crashed into the Java Sea on Dec. 28.

Jan. 3, 2015: US Embassy in Jakarta issues a security alert urging visitors to be vigilant. Without specifying the cause, Indonesian and US authorities have expressed concern about radicalized Indonesians returning from Iraq and Syria.

Jan. 7, 2015: Indonesian and US defense officials sign an agreement for Washington to assist the Indonesian Ministry of Defense in developing strategies to enhance the latter's performance through institutional reforms.

Jan. 9, 2015: US Embassy in Manila announces the sale of two *C-130s* to the Philippine Air Force to enhance its maritime domain awareness, especially for humanitarian purposes and disaster relief.

Jan. 9, 2015: US Embassy in Laos donates \$6.5 million for people with disabilities through the US Agency for International Development.

Jan. 14-15, 2015: Assistant Secretary of State for Democracy, Human Rights, and Labor Tom Malinowski leads a delegation to Nay Pyi Taw for a dialogue on democratic reform, media freedom, and labor rights; he requests access to conflict areas for humanitarian assistance.

Jan. 18-28, 2015: Assistant Secretary of State for Asian and Pacific Affairs Daniel Russel visits Manila, Kuala Lumpur, Bangkok, and Phnom Penh.

Jan. 20-21, 2015: US and Philippines hold their fifth annual bilateral strategic dialogue in Manila, focusing on the South China Sea disputes.

Jan. 24, 2015: In a press briefing in Kuala Lumpur, Assistant Secretary Russel emphasizes Malaysia's important role as this year's ASEAN chair in addressing South China Sea issues.

Jan. 26, 2015: Secretary Russel in Bangkok at Chulalongkorn University calls on the military government to end martial law, restore civil rights, and hasten Thailand's return to democracy.

Jan. 26, 2015: US Ambassador to Vietnam Ted Osius states that defense cooperation between the two countries will focus on coast guards.

Jan. 27, 2015: Secretary Russel delivers an address on the Obama administration's rebalance policy to the Cambodian Institute for Cooperation and Peace. He criticizes Phnom Penh's failure to push through reforms necessary to promote foreign investment.

Jan. 29, 2015: *Reuters* reports that US Seventh Fleet Commander Vice Adm. Robert Thomas stated the US would welcome the extension of Japanese air patrols into the South China Sea.

Feb. 2-3, 2015: US and Laos co-host a meeting of the Lower Mekong Initiative, including the five lower Mekong countries and major donors from both the public and private sectors.

Feb. 9-20, 2015: *Cobra Gold 2015* is held in Thailand. The US sends a contingent of 3,000, smaller than last year because of political tensions over the May 2014 Thai military coup.

Feb. 13, 2015: In Washington, Singapore and the US agree to increase anti-terror cooperation at the third US-Singapore Strategic Partner Dialogue.

Feb. 17, 2015: US flies its most advanced surveillance plane, the *P-8A Poseidon*, over the South China Sea with Philippine soldiers on board for familiarization.

Feb. 18, 2015: Philippine government announces the US Navy paid \$52 million in reparations for the damage a minesweeper caused to a protected reef two years ago. Additionally, the US government will assist in the upgrade of a Philippine Coast Guard station on the reef.

Feb. 24, 2015: US Joint Special Operations Command in Mindanao ends its 13-year operations, though some US Special Forces remain to provide advice at a higher echelon of command.

March 4, 2015: US Pacific Command Commander-designate Adm. Harry Harris states that the India-US partnership is a "key component" of the US rebalance to Asia and that the US supports India's increased presence in the South China Sea.

March 9-20, 2015: US, Thailand, and Singapore hold the annual *Cope Thunder* joint air exercise in Thailand with 400 American personnel, 1,000 from Singapore and Thailand, and 84 aircraft.

March 11, 2015: Responding to a petition asking the US to make the release of Anwar Ibrahim a top priority for US-Malaysian relations, the White House expresses disappointment in Anwar's jailing but states the US is committed to developing a comprehensive partnership with Malaysia.

March 11, 2015: Gen. Vincent Books, commander, US Army Pacific, states that Russia conducted provocative flights adjacent to Guam. The Russian planes were refueled by tanker aircraft flying from Cam Ranh Bay, Vietnam.

March 12, 2015: US voices concerns to Vietnam about Hanoi's permission for Russia to use Cam Ranh Bay to refuel nuclear-capable bomber flights.

March 16, 2015: US State Department states it is deeply concerned about the arrest of Anwar Ibrahim's daughter, Nara Azzah Anwar for sedition. She made remarks in Parliament protesting the conviction of her father.

March 17, 2015: Commander of the US Seventh Fleet at a military exposition in Malaysia calls on Southeast Asian navies to form a combined naval patrol force for the South China Sea.

March 21, 2015. First Lady Michelle Obama, visiting Cambodia, urges high school girls to finish their education. Prime Minister Hen Sen objects to the cost of such a request, insisting that the US should foot the bill for such continued education.

March 29, 2015: Former President Bill Clinton and former Secretary of State Henry Kissinger attend the funeral of Singapore's founding Prime Minister Lee Kwan Yew, who died at age 91.

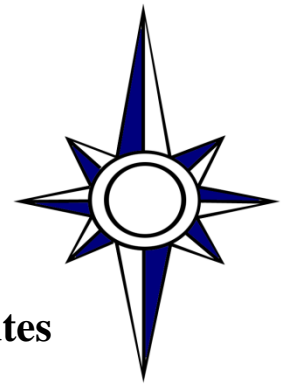
April 6, 2015: In a speech at Arizona State University, Defense Secretary Ash Carter asks the Philippines for eight locations as possible sites for US troops to rotate for joint exercises under the Comprehensive Enhanced Defense Agreement.

April 6-11, 2015: Vietnamese and US navies engage in their annual exercise off Danang, central Vietnam. Maritime security and search and rescue activities are emphasized.

April 8, 2015: US Navy Secretary Ray Mabus meets top Vietnamese Army officials. Deputy Defense Minister Lt. Gen. Do Ba Ty lauds growing defense ties between the two countries, particularly in maritime safety and security.

April 16-18, 2015: Deputy Assistant Secretary of State Scot Marciel visits the Philippines, discussing South China Sea tensions and the Enhanced Defense Cooperation Agreement.

April 20-30, 2015: Annual US-Philippine *Balikatan* Exercise is held adjacent to the South China Sea. One of the largest in the series, it deploys 6,500 Americans and 5,000 Filipinos.



China-Southeast Asia Relations:

Ambitious Economic Initiatives amid Boundary Disputes

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Beijing's recent economic initiatives with neighboring countries focus on a reported \$50 billion Chinese commitment to the Asian Infrastructure Investment Bank (AIIB) and a \$40 billion commitment to the Chinese Silk Road Fund. The initiatives remained at the center of Chinese engagement in Southeast Asia throughout the early months of 2015. Chinese commentary on the initiatives emphasized how Southeast Asian and other neighbors will benefit greatly from Chinese largesse. The annual meetings of the National People's Congress and the Chinese People's Political Consultative Congress in early March highlighted the initiatives. They were also in the spotlight during the China-hosted Boao Forum for Asia Annual Conference in late March. The conference featured a keynote speech by President Xi Jinping emphasizing AIIB and Silk Road Fund support for infrastructure connectivity with neighbors to create a "common destiny" between China and Southeast Asian and other neighbors. Xi underlined similar themes in his speech at the April 22 commemoration celebration of the 60th anniversary of the Afro-Asia Summit of 1955 in Bandung, Indonesia.

Against that positive background, Chinese leaders generally sidestepped the strong language seen at the annual Chinese People's Congress meetings and other venues in the recent past regarding Chinese determination to protect disputed sovereignty and insure peace through strength in dealing with territorial disputes. Senior leaders did respond sharply when Myanmar armed forces killed Chinese civilians in a cross-border air attack in March as the Myanmar military suppressed resistance by an ethnic militia with close historic ties to China. Chinese leaders tended to leave publicizing South China Sea disputes to lower-level officials, using carefully measured language to rebuff complaints made by US, Philippine, and Vietnamese representatives protesting China's rapid creation and expansion of islands through massive dredging and follow-up construction of facilities for surveillance and power projection. In a departure from past practice, ASEAN leaders on April 27 publicly registered serious concern about the land reclamation in the South China Sea.

Assessing AIIB, Silk Road Fund, and China-Southeast Asian relations

The China-initiated AIIB represents a work in progress. Chinese officials reportedly were surprised by the number of states seeking to join, despite reports of opposition by the United States. The Chinese Ministry of Finance announced on April 15 that 57 nations were approved as founding members of the AIIB, including all members of ASEAN. Official media reported China's commitment of \$50 billion to the bank, but the commitments of other nations, the rules and regulations of the body and a host of other issues are in the process of being resolved. Deliberations to decide on the distribution of each country's respective share of decisionmaking

power in the bank and the selection of leading bank officials reportedly are expected in meetings of representatives of the founding members later this year.

By contrast, the \$40 billion China Silk Road Fund is under direct Chinese control and has registered more concrete progress than the AIIB. The Fund was established on Dec. 29, 2014 and began operation on Feb. 16, 2015. The scope of activities involves both the countries included in China's Silk Road Economic Belt (mainly countries west of China going overland as far as Europe) and countries included in China's 21st Century Maritime Silk Road Initiative (mainly countries along the sea routes from China through Southeast Asia and the Middle East to Europe). A map publicized by official Chinese television and print media on April 15 showed that the scope of the Silk Road Economic Belt and the 21st Century Maritime Silk Road involves all Southeast Asian countries as well as neighboring countries of the South Pacific.

Coincident with the Boao Forum on Asia Annual Conference and Xi Jinping's keynote address emphasizing China's common destiny with Southeast Asian and other neighbors, Chinese authorities released a new action plan on March 28 suggesting steps to be taken under the rubrics of the Silk Road Economic Belt and the 21st Century Maritime Silk Road initiatives. The plan was created by the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce with endorsement by the State Council. It was as much a vision statement as a plan for action. The substance of the plan is in sections dealing with "framework" and "cooperation priorities" that detailed a very wide range of proposed or possible policies and practices. The details showed that while China is focused on developing infrastructure projects connecting China with its neighbors, Beijing is open to pursuing a broad range of actions to promote enhanced policy coordination across the Asian continent – financial integration, trade liberalization, and people-to-people connections.

Providing some clarity on what Southeast Asian and other neighbors can expect from the Silk Road Fund, official Chinese media announced the first project supported by the Fund during President Xi Jinping's visit to Pakistan on April 20. It involves providing capital to build the Karot Hydropower project in northeastern Pakistan and is valued at \$1.65 billion. The project is part of a very ambitious Chinese plan to build a \$46 billion 3,000 km China-Pakistan Economic Corridor from China's Xinjiang Uyghur Autonomous Region through the Khunjerab pass (elevation 15,397 feet) in the Karakorum mountain range into Pakistan's Baluchistan region to the Chinese-built Gwadar Port on the far western Pakistan coast, thereby connecting China, Pakistan, and the Arabian Sea. It remains very difficult at this early stage to determine how and if the \$46 billion Chinese plan will be implemented and paid for, but the overall figure is staggering. By comparison, the US has been the main provider of assistance to Pakistan during the long US-led war in Afghanistan since 2001. The total amount of US assistance is about \$31 billion and the assistance is forecast to decline sharply with the US pullback from Afghanistan.

According to official Chinese media, the hydropower project is emblematic of the types of medium- to long-term projects that will be supported by the Fund in Southeast Asia and elsewhere within its broad scope. Specific information on the Pakistan project says that construction of the proposed power station will start at the end of 2015 and should be in operation by 2020. The station will be operated by a Chinese company for 30 years, after which it will be transferred to the Pakistan government.

Chinese media reporting shows a diffusion of Chinese funding mechanisms both supporting the Pakistan power project and supporting the Silk Road Fund. Reporting does not provide a clear figure on how much of the \$1.65 billion cost of the power project actually will be paid by the Fund. It says the Fund will join “a consortium led by the Export-Import Bank of China” which is supplying the funding for the power station, according to a *China Daily* report of April 20. The report also disclosed that the initial capital of the China Silk Road Fund will be \$10 billion from a variety of sources including \$6.5 billion from foreign exchange reserves, \$1.5 billion from the sovereign wealth fund of the China Investment Corporation, \$1.5 billion from the Export-Import Bank of China, and \$500 million from the China Development Bank.

Motives, risks, and implications for China-Southeast Asian relations

Publicity surrounding the Boao Forum and President Xi’s speech there and his subsequent speech in Bandung underlined Chinese motives seeking mutual benefit, peace, development, and greater cooperation and integration with Southeast Asian and other neighbors. Chinese leaders and commentary also repeatedly disavowed seeking advantage in competition for influence with the United States, Japan, and others. Nevertheless, the surge of Chinese commentary also contained remarks by Chinese leaders and lower-level officials and commentators showing specific benefits China seeks from the Silk Road Fund, the AIIB, and related efforts. There are both economic benefits and strategic benefits.

The perceived economic benefits are:

- China’s massive foreign exchange reserves are better employed in infrastructure development and investments abroad in Asia than being employed to purchase US government securities and other low-paying investments abroad.
- Asia’s massive need for infrastructure meshes well with China’s massive overcapacity to build it after 30 years of rebuilding China. It will allow competitive Chinese construction companies to continue productive growth in building Chinese-funded infrastructure in neighboring countries.
- Connecting remote western and southern regions of China with neighbors through modern infrastructure will serve to develop these regions more rapidly and help bridge the wide economic development gap between interior and coastal provinces in China.
- The infrastructure will allow many Chinese industries with excess capacity, or facing higher wage demands, or more stringent environmental restrictions in China to relocate to nearby Asian countries and continue to prosper and develop.
- Connecting with neighbors will facilitate trade and the increased use of the Chinese currency in international transactions.
- Developing trade routes including road, rail, and pipeline connections to China from the Arabian Sea through Pakistan, from the Bay of Bengal through Myanmar, and overland

through Central Asian states and Russia will reduce China's vulnerability to possible interdiction of sea-borne shipments of oil and other needed goods. In particular, Chinese strategists worry about such vulnerability of imports and exports passing through the Indian Ocean and the Strait of Malacca.

The perceived strategic benefits are:

- South China Sea territorial disputes and Chinese intimidation and divisive tactics in dealing with ASEAN and its member states have led to what some commentators see as “negativity” in recent China-Southeast Asian relations. These initiatives change the subject in China-Southeast Asian relations that improve Chinese influence and image.
- The initiatives are an effective way to use China's geographic location and large foreign exchange reserves in crafting policies and practices that offset US efforts to advance its regional influence and standing through the rebalance policy in Asia.

While generally emphasizing the positive, Chinese commentary also contains statements by Chinese officials and commentators showing reservations about the Silk Road Fund and related initiatives, seeing notable risks. They involve economic risks and political risks.

The perceived economic risks are:

- Since the more viable investment opportunities in Asia have already been taken, China will have to focus on less secure investment opportunities. Some commentators warn against repeating the shortcomings seen in China's “going out” efforts over the past decade using Export Import Bank and China Development Bank funding to seek energy and resources. Those efforts have a mixed record, with responsible officials saying that over half of Chinese overseas investment projects are unprofitable and 80 percent of Chinese mining deals have failed.
- Beijing continues to emphasize it is a “developing” country with major internal needs, meaning that Chinese funding abroad usually requires assurance that the funding will be paid back in some way. The long-term commitment to infrastructure development in less secure countries heightens the chance for changes and unrest that have destroyed or undercut massive Chinese investments carried out or planned in places like Iraq before 2003, Libya, the Philippines, Nigeria, and Myanmar. Chinese commentary also notes that longer term investment is more prone to loss due to corruption in less stable countries.

The perceived political risks are:

- China's Asian neighbors are seen as wary of coming under China's influence as a result of the closer economic connections called for in the Silk Road Fund and related plans. Chinese commentators have warned Beijing against appearing like Japan did in the late 1980s as Tokyo prompted regional fears as it bought resources and deepened investment using its highly valued currency and other economic advantages.

- China also has a mixed reputation in its support for labor standards, environmental protection, quality of work, and sustaining large infrastructure projects. Backlash has come in African and Latin American countries and is seen in changing attitudes working against China among rulers in Asian countries including Myanmar, the Philippines, Sri Lanka, and others.

Meanwhile, data and assessments provided by ASEAN, *The Economist*, and the *China-Latin America Economic Bulletin* show that the Chinese record of actual investment abroad has amounted to much less than anticipated by Chinese and foreign media highlighting for many years a variety of multi-billion dollar Chinese investment schemes similar to the Silk Road Fund. The data and assessments show that China's actual investment in Southeast Asia, Africa, and Latin America has amounted to a significant but still modest amount for these areas ranging from about 10 percent of total investment for ASEAN to around 5 percent each for Africa and Latin America. Even when one takes into account underreporting by the Chinese government of investment abroad, China's low percentage of investment after many years of pledges and plans to increase investment is a notable finding.

Against the background of the above realities, prominent economic and political expert, Zhang Yunling of China's Academy of Social Sciences advised *China Daily* on March 9 that the new Chinese investment plans may take a long time "20 years, 50 years, or even 100 years to accomplish." He warned that the potential risks include "political instability in some countries, terrorism, global competition and concerns about China's growing presence in some regions."

Taken as a whole, the above assessment shows that despite China's disavowals of seeking advantage at others' expense, it does seek a number of advantages in using recent economic initiatives to advance its influence in Southeast Asia at the expense of the US, Japan, and their allies and partners. At the same time, knowledgeable Chinese officials and specialists appear realistic about the risks involved in these economic initiatives. And, specialists argue on the basis of Chinese experience over the past decade that the actual Chinese impact of the recent investment initiatives may remain limited and far from dominant for some time to come.

Border friction with Myanmar

Relations between China and Myanmar turned tense in the last few months over continued unrest and instability in the border areas. Fighting in the Kokang region of northern Myanmar broke out on Feb. 9 between the Myanmar government forces and the Myanmar National Democratic Alliance Army (MNDA), the latter deemed by Nay Pyi Taw as a rebel force. The week-long fighting resulted in nearly 50 casualties, with thousands displaced and fleeing toward the Chinese border. Shortly after the clashes broke out, the Chinese government called on Myanmar to restore stability, prevent the conflict from escalating, and strengthen border management. The Chinese Foreign Ministry indicated that the China-Myanmar border areas remain open and that it would not interfere with Myanmar's sovereignty and domestic affairs. In spite of the rebel group's close historic ties to China, senior Chinese officials rejected speculation that Beijing was involved in the conflict, but acknowledged that it has been providing temporary settlements and relocated 14,000 border residents to Yunnan province since the conflict started.

Aggravating the situation, on March 14, a Myanmar military plane dropped a bomb along the border area and killed four Chinese civilians in the Yunnan city of Lincang. The People's Liberation Army Air Force responded by putting its fighter jets on high alert and dispatching them to patrol and protect the region. Fan Changlong, vice chair of China's Central Military Commission, expressed his concerns to senior Myanmar military officials about the border incident and said that the PLA will take "firm and decisive action" to protect its nationals. Fan also requested the Myanmar government to issue an apology and to carry out a joint investigation on the incident. Chinese Foreign Minister Wang Yi visited Yunnan and engaged with local authorities on the border security situation and subsequently met with Myanmar Foreign Minister U Wunna Maung Lwin in Beijing to discuss border security. Myanmar President U Thein Sein commented on April 3 that the cross-border situation will not affect the overall strategic partnership Myanmar has with China and acknowledged his government will take the necessary steps to prevent similar incidents from happening.

The swift response to the crisis by the Chinese military stepping in to monitor and patrol the border area and the strong rhetoric and condemnation from senior PLA officials reflected Beijing's heightened concerns with the ongoing unrest and instability along the China-Myanmar border. Local officials have reportedly tightened border checkpoints and security in an attempt to stem the influx of refugees into one of China's poorest provinces. The political impasse and the humanitarian spillover effects of Myanmar's civil unrest in the Kokang region will continue to test Beijing's strict adherence to its noninterference policy, and will be closely monitored and assessed in the coming months for impending developments.

South China Sea disputes

This reporting period featured a steady stream of commercial satellite photographs in widely publicized US and international media and think tank reports showing Chinese dredgers and construction crews rapidly creating over 600 acres in disputed South China Sea islands along with berthing facilities, aircraft runways, and other means that strengthened Chinese capacity to tighten enforcement of territorial claims, project power, and rebuff other claimants. The operations involved seven locations in the Spratly Islands far from the China coast and well into the distant reaches of the South China Sea. The Spratly Islands are claimed in total or in part by Vietnam, Taiwan, the Philippines, Malaysia, and Brunei. Vietnam, Taiwan, the Philippines and Malaysia also occupy some outposts in those disputed islands. China is also expanding two locations in the Paracel Islands, South China Sea islands closer to the China coast that have been under its control since Chinese forces drove out Vietnamese forces guarding some of those islands over 40 years ago. Vietnam and Taiwan also claim the Paracel Islands.

The Philippines government made repeated complaints against the Chinese behavior and called for US involvement in countering Chinese expansion in the disputed islands. Vietnam was much more muted though a senior Vietnamese diplomat weighed in with a strong statement critical of Chinese actions. Other Southeast Asian states generally remained quiet.

Pressed by the Philippines and reportedly supported by Singapore and Indonesia, ASEAN leaders meeting in Malaysia on April 27 atypically took a stand implicitly targeting China over the South China Sea disputes. They said they had "serious concerns" over land reclamation in the

South China Sea which “erodes trust and confidence and may undermine peace security and stability.” On April 28, China’s Foreign Ministry spokesman said China was “extremely concerned” with the ASEAN statement, arguing that China has shown “extreme restraint” on South China Sea disputes.

A series of escalating US complaints and related statements began on Jan. 29 when Commander of the US Seventh Fleet Vice Adm. Robert Thomas supported the idea of having the Japanese Maritime Self Defense Forces patrol in the South China Sea. The remarks came as a surprise to media observers unaware of any Japanese decision to undertake this task. The comments were promptly criticized by the Chinese Foreign Ministry spokesperson. In late April, coincident with Prime Minister Abe Shinzo’s official visit to the US, media reports citing unnamed Japanese and US officials disclosed active Japanese consideration of air patrols in coordination with the US in the South China Sea. Thomas returned to the South China Sea dispute with publicized remarks in Malaysia on March 17 calling on the Southeast Asian countries to form a combined maritime force to patrol the disputed South China Sea. He promised that the US forces in the Pacific would be ready to support such an initiative. On March 20, the Chinese Foreign Ministry spokesman criticized the admiral’s remarks. [Editor’s note: please see US-China relations in this volume for a full assessment of the confrontation between the US and China over the South China Sea]

Philippines, Vietnamese, Indonesian actions

Philippine leaders have remained the most vocal critics of the Chinese land expansion and construction activities, and Chinese government spokespersons have routinely rebuffed their complaints. The Philippines and China also continued to exchange charges about incidents, including reports in January of Chinese Coast Guard forces ramming Philippines fishing boats near disputed Scarborough Shoal and reports in March of Chinese Coast Guard boats harassing Philippine resupply of the small contingent of forces the Philippines has on Second Thomas Shoal. While Chinese official commentary claims that most of ASEAN members support China’s approach to the South China Sea disputes, Philippine officials make clear that Manila is pushing – thus far without a great deal of success – for ASEAN to adopt a more resolute stance against Chinese actions.

The Philippine government also enthusiastically backs stronger US support for the country in the face of Chinese pressure. The U.S.-Philippines *Balikatan* annual military exercise in April featured significantly larger numbers of troops than in the past. Philippines Foreign Minister Albert del Rosario told the media at the start of the exercises that Manila seeks greater support from the US in defense of its position in the South China Sea.

Meanwhile, the Philippines and Vietnam moved toward a “strategic partnership” during a foreign minister meeting in January, and both countries continue to maneuver for advantage in their disputes with China as they pursue ties with Australia, Japan, and other powers.

Vietnam appears determined not to allow such maneuvers to upset a focus on reestablishing a framework of cooperative relationships with China following the crisis in Sino-Vietnamese relations after the anti-Chinese riots in Vietnam in response to China’s deployment of a large oil

rig and a flotilla of protecting ships in the Vietnam-claimed Paracel Islands last May. The Communist Party leaders of Vietnam and China met in Beijing in early April and pledged to strengthen ties strained by disputes over the past year. An exception to Vietnam's low profile came when the Vietnamese secretary general of ASEAN, veteran diplomat Le Luong Minh, gave an interview in early March that attacked the legality of China's nine-dashed line territorial claim in the South China Sea and criticized China's land expansion activities in the South China Sea as dangerous and disruptive of the status quo. The interview prompted a strongly worded rebuke from the Chinese Foreign Ministry spokesperson on March 12.

During a visit to Japan on March 23, Indonesia's President Joko Widodo (Jokowi) said that China's nine-dashed line claim has no basis in international law. The president avoided such comment in a subsequent visit to China. Perhaps of more lasting importance, Indonesian Military Chief Gen. Moeidoko told the media in February that "to deal with foreign threats" and expected "flash points" in the South China Sea, Indonesia will build over the next decade a joint command known as Kogabwilhan off the coast of Sumatra and Kalimantan. Meanwhile, an Indonesian Navy spokesman in April highlighted favorably a military exercise with US near the South China Sea and forecast regular Indonesian-American exercises in this area.

Chronology of China-Southeast Asia Relations January – April 2015

Jan. 7, 2015: Provincial and border security officers from China, Laos, Myanmar, and Thailand attend a regional meeting in Laos to discuss nontraditional security issues, increasing border patrol, and economic development along the Mekong River.

Jan. 13, 2015: Meeting in Beijing, senior officials of China and Indonesia pledge to deepen communication and bilateral cooperation on counter-terrorism activities.

Jan. 22, 2015: Philippine officials criticize China's increasing reclamation activities in the disputed reefs in the South China Sea.

Jan. 21, 2015: China's Foreign Ministry confirms that 155 Chinese citizens are being detained in Myanmar for illegal logging, denying reports that they were trapped by an armed conflict in northern Myanmar.

Jan. 26, 2015: Chinese State Councilor Yang Jiechi meets senior Indonesian officials in Beijing to convene the first China-Indonesia High-Level Economic Dialogue. The meeting provides a platform to promote bilateral business, trade, and economic activities.

Jan. 26, 2015: Indonesian officials announce that Jakarta is revoking an agreement with China on fishery cooperation, citing Chinese fishermen's continued illegal poaching activities around Indonesia's coastal waters.

Feb. 4, 2015: Philippines accuses China of ramming Filipino fishing boats off Scarborough Shoal in the South China Sea and demands China respect its sovereignty over the territory. It also protests Beijing's land reclamation at Mischief Reef.

Feb. 5, 2015: China responds to Philippine protests over activities near Scarborough Shoal, saying Philippine fishermen ignored instructions from Chinese patrols to leave the area.

Feb. 5-7, 2015: Chinese Minister of Defense Chang Wanquan visits Bangkok and meets Thai counterpart to discuss joint training, technology sharing, and arms procurement. Chang also proposes to expand *Blue Strike*, the joint air force exercise that began in 2010.

Feb. 11, 2015: Chinese President Xi Jinping and Vietnamese counterpart Nguyen Phu Trong hold a phone conversation to mark the 65th anniversary of bilateral relations and agree to maintain high-level exchanges on diplomatic, economic, and security issues.

Feb. 16, 2015: Chinese Foreign Ministry spokesperson reiterates China's position that it respects Myanmar's sovereignty and territorial integrity and will continue to play a constructive role in Myanmar's ongoing peace process in the Kokang region that borders China.

Feb. 25, 2015: China calls on officials in Myanmar to restore stability and strengthen border management amidst continued unrest and instability along the China-Myanmar border.

March 3, 2015: Senior Chinese officials reject recent comments speculating that Beijing is involved in the internal conflict in the Kokang region in northern Myanmar.

March 13, 2015: A bomb released by a Myanmar jet kills four Chinese people near the border city of Lincang. Nine others are injured." China's Foreign Ministry calls on Myanmar to "thoroughly investigate the case and inform the Chinese side of the result."

March 14, 2015: The People's Liberation Army Air Force dispatches fighter jets to Yunnan to protect and patrol the border area with Myanmar.

March 22-28, 2015: Indonesian President Joko Widodo (Jokowi) visits Japan and China.

March 26-29, 2015: President Xi Jinping attends the 2015 Boao Forum and discusses major trade and economic initiatives such as the Asian Infrastructure Investment Bank and the Silk Road Fund to help boost regional ties.

April 6, 2015: China hosts the first senior officials meeting of the Lancang-Mekong River Dialogue and Cooperation forum with representatives from Cambodia, China, Laos, and Myanmar participating.

April 7-8, 2015: President and Communist Party leader Xi Jinping meets Vietnamese Communist Party counterpart Nguyen Phu Trong in Beijing. They sign the *Cooperation Plan 2016-2020* that will deepen bilateral cooperation, establish three bilateral working groups on

maritime cooperation, and agree to better manage differences over the South China Sea and to work toward adopting a Code of Conduct.

April 8, 2015: Defense Minister Chang Wanquan meets senior Thai military officials and pledges to forge closer bilateral defense and security ties.

April 9, 2015: Chinese Vice Premier Zhang Gaoli meets Singaporean counterpart Teo Chee Hean in Beijing. They agree to strengthen business, trade, and economic relations, as well as deepening bilateral discussions on environmental protection.

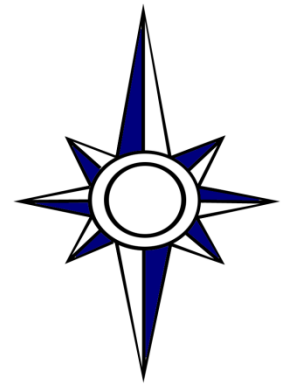
April 10, 2015: 16th China-ASEAN Joint Cooperation Committee meeting is held in Jakarta.

April 14, 2015: Defense Minister Chang meets visiting Singaporean Defense Minister Ng Chee Meng to discuss military cooperation, including personnel training and closer communication.

April 19, 2015: Senior Chinese and Cambodian officials meet in Phnom Penh to discuss law enforcement and security issues.

April 22, 2015: President Xi Jinping visits Jakarta and delivers a speech at the African-Asian Bandung Conference Meeting. Xi's speech emphasizes the prospects for infrastructure connectivity and deepening economic ties between Asia and Africa.

April 27, 2015: The 26th ASEAN Summit is held in Malaysia. The group discusses regional economic integration, the progress made toward achieving the ASEAN Economic Community, and the post-2015 vision for the regional bloc. The joint statement criticizes land reclamation and urges self-restraint among the claimant states in the South China Sea.



**China-Taiwan Relations:
Looking to a Different Future**

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Taipei's relations with Beijing have been adrift with the Ma administration in a reactive mode. The main interactions have been on unexpected issues – China's M503 air route and Taiwan's effort to join the Asian Infrastructure Investment Bank (AIIB) – and results were mixed. Meanwhile all players are preparing for a different future. The KMT is trying to reform itself; new chairman Eric Chu Li-lun visited China and met General Secretary Xi Jinping in early May. Beijing is focused on working with the new KMT and on deterring the DPP from returning to office in 2016. The DPP and Chairperson Tsai Ing-wen have begun defining its policy toward Beijing before Tsai visits Washington in June.

Cross-strait relations drift

Buffeted by domestic politics, relations between the Ma administration and Beijing appear to have little sense of impetus or direction; they are drifting. Taiwan's Mainland Affairs Council (MAC) Minister Wang Yu-chi resigned on Feb. 10 and was succeeded by Andrew Hsia Li-yan, a career diplomat who had been serving as vice minister of national defense. Neither Wang nor Hsia has held a meeting with Zhang Zhijun of the mainland's Taiwan Affairs Office (TAO), failing to continue the series of encounters that began in early 2014. A Wang-Zhang meeting planned for Feb. 7 was cancelled following a plane crash in Taipei and tension over China's announcement of new flight routes in the Taiwan Strait.

Draft versions – there are eight of them – of a cross-strait relations oversight bill are continually blocked from review in the Legislative Yuan's Internal Administration Committee. This bottleneck is holding up the two main items on the cross-strait agenda: LY consideration of the cross-strait Services Trade Agreement (STA), and the completion of negotiations on a companion Merchandise Trade Agreement (MTA). A tenth round of MTA negotiations was held in Beijing in late March, after which Taiwan's Bureau of Foreign Trade said talks have slowed and may not conclude until next year.

In early April, President Ma Ying-jeou said he hopes for the establishment of reciprocal Straits Exchange Foundation (SEF) and Association for Relations Across the Taiwan Straits (ARATS) representative offices before he leaves office, but this was apparently not discussed in an April 10 meeting between the heads of the two organizations. ARATS President Chen Deming reported that negotiations on a double taxation avoidance treaty are completed, but that the Ma administration needs time to communicate with the LY and others before signing. Chen hopes the agreement can be signed at the next SEF-ARATS summit, which has not been scheduled yet. The April 10 meeting included discussion of State Council Notice No. 62, which the PRC issued

in December to restrict local governments' ability to provide investment incentives. The reform has unnerved Taiwanese businesses in China. As they typically receive more preferential treatment than other outside investors, they have more to lose. This concern is at least partly responsible for numerous statements from senior Chinese officials that they will protect the interests of Taiwan businesses investing in the mainland.

On Jan. 1, Taiwan began granting landing permits with no advance application to mainland tourists visiting the islands of Kinmen, Matsu, and Penghu. In 2014, the two sides discussed allowing onward travelers from the mainland to transit through Taiwan, a revenue generator, but Wang Yu-chi said in January that China has linked this to Taiwan allowing cross-strait flights to fly directly across the Taiwan Strait and not pass through Hong Kong airspace as they now do. Wang told the LY that the government would not consider this because of security concerns.

M503 civilian flight route

On Jan. 12, the Chinese government announced that on March 5 it would begin operating four new civil aviation routes in the Taiwan Strait. One route, M503, would run roughly parallel to the middle line, coming as close as 8 km to airspace controlled by Taiwan. The other three routes lead east from China into M503. Two rounds of "informal" cross-strait discussions about these routes took place in December, but on Jan. 13 Taiwan's Civil Aeronautics Administration said that no consensus had been reached and that the routes could compromise the safety of Taiwan flights in certain circumstances; China's "unilateral decision" to establish the routes was "unacceptable." Both Democratic Progressive Party (DPP) and Kuomintang (KMT) legislators urged a strong response. Taiwan's Foreign Ministry filed an objection to the routes with the International Civil Aviation Organization (ICAO), though it is not clear whether it was accepted as Taiwan is not a member of the organization.

The TAO condescended that Taiwan should be "more understanding and less suspicious," but Beijing agreed to discussions with Taiwan. On March 2, Taiwan officials announced that after five rounds of talks China had agreed to shift M503 10km to the west, would delay implementation, and that the three feeder routes would not be launched "at present." Taiwan Premier Mao Chi-kuo said the compromise was "acceptable."

China conducted a test flight along M503 on March 15, following notification to Taiwan. Five days later it announced that commercial flights along M503 would begin on March 29. Flights began on that day without incident, though several DPP and Taiwan Solidarity Union (TSU) legislators accused the Ma administration of accepting China's unilateral plans. The status of the three feeder routes is unresolved.

Asian Infrastructure Investment Bank

In late March, Taiwan sought to join the international stampede toward the new China-led AIIB. President Ma listed three reasons he favored joining: 1) Taiwan should be an asset to the international community; 2) membership would help Taiwan's pursuit of participation in regional economic integration; and 3) many other countries were seeking to join so Taiwan should go along instead of sit on the sidelines. But he noted that the AIIB's requirement of

statehood for membership and the name under which Taiwan would participate would have to be worked out.

On March 28, PRC Foreign Minister Wang Yi said that China would welcome Taiwan's participation in accordance with "international practice," but the one-China principle must be observed and participation by both Taiwan and Hong Kong would require further discussion. Wang's reference to Taiwan and Hong Kong together indicated that not only Taiwan's name, but also its status, would likely present a problem. A Hong Kong representative attended an AIIB planning meeting on March 30-31 as part of the PRC delegation. In April, Hong Kong's financial secretary said the Special Administrative Region (SAR) would continue to discuss "with the Central Government" a way to join the bank as a "non-sovereign entity."

On March 31, Taiwan [submitted](#) a letter of intent to join the bank as a founding member. The letter was faxed both from the MAC to the TAO and also from the Ministry of Finance to the AIIB's interim secretariat in Beijing. On April 1, the TAO said it had received the letter and had passed it to the AIIB interim secretariat. China has restricted communication on the issue to the MAC-TAO channel.

The DPP and TSU criticized the vague identifiers and wording in the letter, and the fact that it was sent to the Chinese government. Tsai Ing-wen called it degrading and said the government had not communicated with the legislature and society. Most opposition, however, has been on tactical grounds, not on the strategic decision to seek to join the bank.

AIIB reportedly was not discussed in an April 10 SEF-ARATS meeting. On April 12, the TAO privately told the MAC that Taiwan would not be able to join as a founding member. *Xinhua* released a short statement from the TAO on April 13, which added that AIIB would welcome Taiwan under "an appropriate identity (适当名义)". China did not publicly express a reason for the rejection, but Andrew Hsia said later it was because China does not view Taiwan as a sovereign state. The Ministry of Finance said that after the AIIB charter is completed Taiwan will apply to join as an ordinary member "if we feel there is no downgrade to our status"; President Ma has also said this and has indicated that "Chinese Taipei" is the preferred nomenclature. Reports indicate that the TAO and MAC are currently negotiating the name issue, and presumably they are also discussing Taiwan's status within the bank.

On April 15, a TAO spokesman said China would consider "constructive opinions from all sides" regarding Taiwan's potential membership, perhaps referring to the 57 prospective founding members who have input into the drafting of the charter, expected to be completed in June. Public statements indicate that China will not reject membership for Taiwan out of hand, but they also make it clear that the Chinese government – not the AIIB itself – will decide on the conditions for Taiwan's membership. It is inconceivable that Taiwan would agree to participate in the bank as a unit of the PRC, as Hong Kong did at least for the March planning meeting.

Looking to a different future

While dealings between the Xi and Ma administrations have drifted, each of the major players has been preparing for a different future shaped by the KMT's defeat in local elections, the

influence of the Sunflower student movement, and the campaigns for Taiwan's presidential and legislative elections in January 2016.

KMT developments

The KMT's defeat in the November local elections led to Ma Ying-jeou's resignation as KMT chairman. In January, Eric Chu Li-lun, the mayor of New Taipei City, was elected the new chairman. His appointment occasioned the normal exchange of congratulatory messages with Chinese Communist Party (CCP) General Secretary Xi. Chu has sought to convey a new reformist image of the KMT by bringing in a completely new party leadership team and by talking about constitutional changes he would support to address public concerns about the Ma administration's widely-criticized practices. In February, as one of many changes, Chu persuaded former SEF Secretary General Kao Koong-lian to become the director of the KMT's Mainland Affairs Department where he would be his chief advisor on cross-strait relations.

Almost from the day of his appointment, the Taipei press began to speculate about whether Chu would visit China and meet Xi Jinping. This possibility led to some internal debate within the KMT about whether it would be wise for Chu, whom many want to be the party's presidential candidate, to take the political risks inherent in such a meeting. For his part, Chu fed speculation about a meeting by attending a forum in Hong Kong, meeting Chief Executive C. Y. Leung, and commenting that it would be quite natural for the KMT chairman to attend the planned KMT-CCP Forum. Later in March, Kao Koong-lian visited Beijing to plan that event. In mid-April, the TAO announced that the KMT-CCP Forum would be held May 3 in Shanghai.

The DPP once again criticized the KMT for obscuring the difference between party and official exchanges with China, reminding Chu that he did not represent all the people of Taiwan. At a pre-departure meeting with the press, Chu commented that, as the DPP was free to have its own dialogue, the question was why the DPP could not do so. Chu led a small KMT delegation to Shanghai May 2. He gave a speech at Fudan University that day and met Yu Zhengsheng in the evening. Yu and Chu each addressed the 10th KMT-CCP Forum May 3. The Forum was a relatively modest event that did not issue a report nor lay out an agenda for future cooperation.

The next day, Chairman Chu met General Secretary Xi for an hour in Beijing. The two party leaders met the press together for 10 minutes after the meeting. Again, no document was issued. *Xinhua* highlighted comments by Xi that cross-strait relations were at a crucial juncture in which all people must think carefully as their decisions could affect the future of the Chinese people and nation. In language similar to comments made March 4 (see below), Xi said that, if the 1992 consensus were rejected, it would be impossible to preserve cross-strait peace and prosperity. Xi also commented positively on how to promote cross-strait relations for the benefit of all and called for those on both sides to join hands for the rejuvenation of the Chinese nation. For his part, Chu endorsed the 1992 consensus and called for cooperation to maintain peace, protect the environment and achieve broad based prosperity. Chu also spoke of expanding Taiwan's international space through participating in AIIB, regional economic integration, and other international organizations.

Opposition DPP leaders immediately accused Chu of accepting Beijing's interpretation of the 1992 consensus. Tsai Ing-wen said she was alarmed that Chu wanted to act as a custodian of the 1992 consensus and reiterated that relations should not be controlled by one party but reflect the will of the whole people. However, beyond this the opposition has yet found little to criticize.

Chu has continued to say that he will serve out his term as New Taipei City mayor. When the KMT primary process began in April, Chu reiterated that he will not run for president. This leaves the party in some disarray, with many believing that Chu will eventually relent and agree to be drafted.

DPP cross-strait policy

The DPP's attention has been focused on the 2016 elections. One element of this has been to make constitutional reform a priority for the spring legislative session to convey a reform image that allows it to criticize the KMT and appeal to Sunflower Movement supporters. But Tsai and the party understand that successfully handling cross-strait issues will be an important element in her campaign. Avoiding a repeat of Washington's 2011 criticism of her cross-strait policy is a priority. To this end, party Secretary General Joseph Wu visited Washington last December, Tsai confidant Bi-khim Hsiao visited in February, and Wu returned in April. Their goal has been to lay the groundwork for a successful Washington visit by Tsai, now planned for early June, and get assurances from the US government that it would not take sides in the presidential election.

Within Taiwan, the DPP has endeavored to create the impression that it has good lines of communication with Beijing and to develop a new statement of Tsai's cross-strait policy. In January, Tsai revived the party's dormant China Affairs Committee (CAC). The CAC meeting produced a recommendation that all DPP mayors and magistrates should establish "cross-strait exchange taskforces" to develop ties with China. Subsequently, several local DPP officials have travelled to China. Penghu County Magistrate Chen Kuang-fu and Taoyuan City Deputy Mayor Chiu Tai-san have made business visits to China. In April, Chao Tien-lin, director of the CAC, visited China as a member of a delegation of members of the SEF Board of Trustees, of which Chao is a member. (The TAO spokesman made clear that Chao was not visiting in his party capacity.) Kaohsiung Deputy Mayor Hsu Li-ming led a delegation to China to promote tourism to southern Taiwan. From Beijing's perspective, such visits are not party-to-party or government-to-government contacts and hence do not require agreement to the 1992 consensus. Tsai herself has privately hinted that she has a reliable channel of communication with Beijing, but neither she nor others have provided any detail on the channel.

When asked about her policy toward Beijing, Tsai has stuck mostly to generalities about maintaining peace and stability. When pressed about the 1992 consensus, she reiterated on March 6, shortly after comments by Xi Jinping noted below, that the party does not accept the 1992 consensus. A second meeting of the CAC was held on April 8 and produced a policy statement titled "Maintain Cross-Strait Status Quo." In this statement, Tsai said the goal is "maintaining the status quo, preserving cross-strait peace, and continuing the current stable development of the cross-Strait relations." She expressed confidence that "we can manage cross-strait relations in a way that avoids surprises, and we certainly would not provoke contradictions, conflict, or confrontation." The party understands that if it returned to office, it would "shoulder

the responsibility to the international community of maintaining cross-strait peace.” She pointed out that “The predominant desire among Taiwan’s people is to see the maintenance of peace and stability in the Taiwan Strait, while also safeguarding Taiwan’s democratic values and future autonomy (自主性).” The document has been quoted because it contains Tsai’s most specific comments on her cross-strait policy and resulted from a careful internal policy review process.

A week later, Tsai formally accepted her party’s nomination for “president of the Republic of China.” Her acceptance speech indicates that her campaign will focus on a variety of domestic economic and social reform goals more than external policy. Tsai repeated that her cross-strait policy would be to maintain the status quo. She “ask[ed] the Taiwanese people to trust that I absolutely will not fail to live up to this mission.” She added that the party would promote passage of a cross-strait agreements oversight bill as a “framework for the continuation of cross-strait negotiations.” If the DPP returns to office, current cross-strait agreements and those under negotiation would be monitored under that framework. In late April, Tsai urged the DPP LY caucus to pass an oversight bill during the current LY session that ends in June. Nevertheless, party disputes in the LY continue to block consideration of the bill.

When asked for comment on Tsai’s acceptance statement, the State Department spokesperson limited the response to commenting on US policy and interests, without addressing Tsai’s views. The spokesperson reiterated Washington’s one China policy, noted the abiding US interest in preserving cross-strait peace and stability and said the US encouraged further progress in building cross-strait ties.

While containing some positive reassuring views, these statements are silent about how Tsai’s goals could be achieved when there is no political basis for dialogue agreed between the DPP and Beijing. Tsai sees the oversight bill as a domestic framework for achieving a more democratic process for cross-strait policy making. Her request that the Taiwan people “trust” her implies that, at least for the time being, she does not wish to explain more fully how she will deal with Beijing. Whatever she might say could complicate her appeal to either core DPP voters or independents. However, given Washington’s interest in cross-strait peace, she will certainly be pressed to explain how she believes she can maintain cross-strait dialogue. In late April, National Security Council Senior Director for Asia Evan Medeiros commented that he looked forward to learning more when Tsai visited Washington.

Beijing’s policy

As noted above, Beijing continues to hope that there can be some forward movement on cross-strait relations this year. When Xi Jinping met with delegates to the China People’s Political Consultative Conference (CPPCC) in March, he listed “four things that would certainly be done,” including further developing cross-strait “peaceful development” and promoting cross-strait prosperity. Along this line, both Premier Li Keqiang and Zhang Zhijun indicated special attention will be given to expanding economic benefits for Taiwan people. Beijing is increasingly seeking to make this progress through the new KMT leadership rather than through the Ma administration.

Focus on the DPP

Nevertheless, the prospect that the DPP may return to office in 2016 has been the main focus of Beijing's attention. While official statements have avoided mentioning Tsai by name, Beijing officials and experts have expressed deep distrust of her. At the meeting with CPPCC delegates March 4, Xi [made clear](#) that another thing that would certainly be done was "maintaining the political basis (政治基础)" for cross-strait relations. Reiterating that the 1992 consensus is the basis for Beijing's relations with Taiwan authorities and Taiwan political parties, Xi said the "core is to agree that the mainland and Taiwan both belong to one China." He added that if this political basis is damaged, "mutual trust would no longer exist and cross-strait relations would once again return to the road of turbulence." Lest anyone should miss that this was a message to the DPP, ARATS President Chen Deming said the next day that this was a warning to all advocates of Taiwan independence.

Xi's comments have set the tone for subsequent comments about policy toward the DPP. When Tsai Ing-wen reiterated on March 22 that the DPP does not accept the 1992 consensus, the TAO spokesman repeated that the 1992 consensus and opposition to Taiwan independence are the basis for cross-strait relations and that the key was to accept that the mainland and Taiwan belong to one China. After the DPP released its policy statement on maintaining the status quo on April 8, the TAO spokesman repeated those statements and added that persisting in the idea that there were separate countries on each side of the strait would destroy the political basis and lead to turbulence. When asked what the "status quo" is, the TAO spokesman said: the mainland and Taiwan are both part of one China, China is not yet reunified, and the peaceful development of relations is being pursued on the basis of the 1992 consensus.

Taipei Mayor Ko Wen-je

DPP-related concerns have also shaped Beijing's approach to Ko Wen-je, the popular mayor of Taipei. As noted in our previous edition, Mayor Ko wants to continue the Taipei-Shanghai Forum but has expressed confusion about what the 1992 consensus is. In January, Ko proposed expanding this city-to-city forum to include other cities. In response, Shanghai mayor Yang Xiong said that the 1992 consensus was the basis for conducting the forum. In Beijing, the *Global Times* attacked Ko and called for the Taipei-Shanghai Forum to be suspended and for China to withdraw from the 2017 Universiade Games in Taipei. An editorial in *Xinhua* said that Ko's statements denying the 1992 consensus had created obstacles to exchanges.

Subsequently, Ko has tried various approaches to accommodating Beijing. In February, he proposed that the Forum should proceed on its existing basis without mentioning what that basis was. On March 31, Ko told Chinese reporters that since everyone knows there are not two Chinas, "One China is not a problem." However, he added that, with respect to the 1992 consensus, Beijing needs to explain what one China means. The TAO chose to see his comments positively, and on the same day, a spokesman welcomed Ko's "clear statement on One China" and said planning for the Forum could proceed on that basis. Unfortunately, the TAO statement led Ko to immediately say that interpreting his statements as accepting one China took his remarks out of context. In late April, Ko said that he had sent a letter to Shanghai proposing that

the Forum continue on its existing basis and that his deputy mayor would travel to Shanghai in May. How things will develop remains to be seen.

Looking ahead

A meeting between Andrew Hsia and Zhang Zhijun may take place during the summer. If so, it could help identify priorities and provide some direction in the bilateral relationship. Tsai's planned visit to Washington in June will provide an opportunity for her to explain how she will be able to maintain dialogue with Beijing. If the KMT primary procedures do not produce a candidate who has wide support, Eric Chu will likely be faced with a decision on whether to accept a party draft to run for president.

This summer, Beijing will most likely think about steps that could help the KMT's prospects. The most important of these would be expanding Taipei's international space. As the AIIB charter drafting proceeds, Beijing will have to shape procedures for non-sovereign states such as Taiwan to become members. However, smoothing the way for Taiwan's participation in the AIIB would have far less impact than expanding opportunities for Taiwan's participation in regional trade liberalization and/or UN system organizations.

Chronology of China-Taiwan Relations

January – April 2015

Jan. 1, 2015: Taipei Economic and Cultural Representative Office (TECRO) Representative Lyushun Shen stages a Republic of China (ROC) flag raising ceremony at Twin Oaks.

Jan. 5, 2015: Beijing protests flag raising event at Twin Oaks; State Department spokesman says it was not consistent with US policy.

Jan. 9, 2015: Forum of China and the Community of Latin American and Caribbean States (CELAC) concludes in Beijing; eight of 12 participants are ROC allies.

Jan. 12, 2015: Beijing announces new M503 and other air routes through Taiwan Strait. Taipei says such unilateral acts are unacceptable.

Jan. 14, 2015: Democratic Progressive Party (DPP) Chair Tsai Ing-wen says M503 air route will seriously impact Taiwan's security.

Jan. 15, 2015: US State Department spokesman encourages China to consult Taipei on air route.

Jan. 16, 2015: Legislative Yuan (LY) adopts cross-party resolution concerning M503 air route.

Jan. 17, 2015: Eric Chu Li-lun is elected chairman of the Kuomintang (KMT).

Jan. 20, 2015: Taiwan Affairs Office (TAO) Minister Zhang Zhijun calls 2015 a year of stability, development and benefits for people.

Jan. 21, 2015: Mainland Affairs Council (MAC) announces that TAO Minister Zhang will not visit Kinmen in February.

Jan. 21, 2015: DPP China Affairs Committee (CAC) urges DPP mayors to establish “cross-strait exchange taskforces.”

Jan. 25, 2015: Taiwan resumes upgrade of port on Taiping Island (Itu Aba) in the Spratlys.

Jan. 27, 2015: Politburo Standing Committee member Yu Zhengsheng addresses annual Taiwan Work Conference.

Jan. 28, 2015: TAO invites Taipei to consult on M503 air route.

Jan. 29, 2015: Cross-Strait Economic Cooperation Committee (CSECC) meets in Taipei.

Jan. 29, 2015: Taipei Mayor Ko Wen-je promotes expanded Taipei-Shanghai Forum.

Jan. 30, 2015: Kao Kuang-chi is sworn in as Taiwan’s defense minister, calls for vigilance over Chinese espionage.

Feb. 4, 2015: TransAsia flight crashes in Taipei with 31 mainland passengers; Chinese officials and experts participate in investigation, along with others.

Feb. 4, 2015: *Xinhua* editorial says Mayor Ko creates obstacles.

Feb. 8, 2015: King Pu-tung resigns; Kao Hua-chu named as new National Security Council Secretary General.

Feb. 9, 2015: Taipei prosecutors drop treason case against former MAC Deputy Minister Chang Hsien-yao.

Feb. 10, 2015: MAC Minister Wang Yu-chi resigns taking responsibility for Chang case.

Feb. 10, 2015: President Ma receives American Institute in Taiwan (AIT) Managing Director Joe Donovan.

Feb. 17, 2015: Andrew Hsia Li-yan sworn in as MAC Minister.

Feb. 25, 2015: KMT Chairman Eric Chu decides not to pursue case against Wang Jin-pyng.

March 2, 2015: MAC and Civil Aviation Administration (CAA) announce Beijing has agreed to delay M503 air route and suspend others.

March 4, 2015: Xi Jinping meets delegates to Chinese People’s Political Consultative Conference (CPPCC).

March 5, 2015: Premier Li Keqiang gives work report at National People's Conference; confident in "peaceful growth of cross-strait relations."

March 9, 2015: Andrew Hsia tells Legislative Yuan (LY) that no cross-strait political talks are planned, citing a lack of consensus in Taiwan and lack of mutual trust across the strait.

March 13, 2015: Congressman Ed Royce leads a large delegation on 3-day Taiwan visit.

March 13, 2015: TAO Minister Zhang Zhijun pens op-ed in *People's Daily* on rule by law, marking 10-year anniversary of PRC Anti-Secession Law.

March 19, 2015: Finance Minister Chang Sheng-ford says Taiwan open to joining Asian Infrastructure Investment Bank (AIIB).

March 21, 2015: DPP Chair Tsai reiterates commitment to maintain peace but says DPP's views on 1992 consensus have been stated repeatedly.

March 24, 2015: President Ma Ying-jeou attends family wake for Lee Kuan Yew in Singapore.

March 27, 2015: President Ma says Taiwan should participate in AIIB.

March 28, 2015: Xi Jinping has photo op with Taiwan delegation at Boao Forum.

March 28, 2015: Foreign Minister Wang Yi says Beijing willing to discuss AIIB with Taiwan.

March 29, 2015: Flights begin along air route M503 without incident.

March 30, 2015: PLA Air Force conducts drill over waters between Taiwan and Philippines.

March 31, 2015: Tenth round of talks on Merchandise Trade Agreement (MTA) held in Beijing.

March 31, 2015: Taipei submits letter of intent to join AIIB.

March 31, 2015: DPP criticizes inadequate consultation concerning AIIB.

March 31, 2015: Mayor Ko has interview with PRC media.

April 1, 2015: TAO says Taiwan welcome to join AIIB under appropriate name.

April 1, 2015: Two US *F-18s* make an emergency landing at Tainan Air Force Base.

April 7, 2015: SEF board delegation visits China.

April 8, 2015: President Ma says ROC won't give up disputed territory in South China Sea.

April 8, 2015: DPP CAC issues statement on maintaining cross-strait status quo.

April 10, 2015: TAO spokesman responds to DPP statement by reiterating basis for relations.

April 13, 2015: TAO states that Taipei will not be a founding member of AIIB.

April 15, 2015: DPP nominates Tsai Ing-wen as the party's candidate for president.

April 16, 2015: Rep. Matt Salmon (R-AZ), chairman of the US House of Representatives Subcommittee on Asia and the Pacific introduces bill for strategy to achieve observer status for Taiwan in INTERPOL.

April 20, 2015: Taiwan Defense Ministry says it will conduct air patrols over South China Sea.

April 21, 2015: China Securities Regulatory Commission says it is studying Shanghai-Taipei stock trading link.

April 22, 2015: TAO Deputy Minister Li Yafei meets MAC Chairman Hsia in Taipei.

April 23, 2015: Premier Li Keqiang reassures Taiwan investors that preferential policies will not change.

April 24, 2015: KMT Vice Chairman Hau Lung-bin leads KMT delegation to ceremony in Nanjing commemorating 10th anniversary of CPC-KMT meetings.

April 24, 2015: Yu Zhengsheng attends meeting in Nanjing with Taiwan investors.

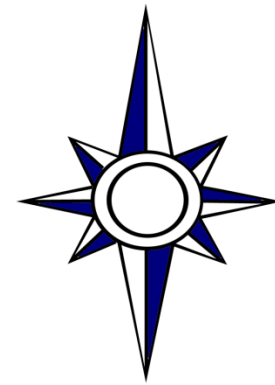
April 29, 2015: President Ma reviews cross-strait relations in talk at the MAC.

May 3, 2015: KMT Chairman Chu attends KMT-CCP Forum in Shanghai.

May 4, 2015: KMT Chairman Chu and CPP General Secretary Xi meet in Beijing.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



South Korea-North Korea Relations: Late Spring Blossoms?

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The first four months of 2015 were neither active nor positive for relations between South and North Korea. Initial hints on both sides of potential readiness for a summit, covered in our last issue, came to naught, being dissipated in recriminations over a drearily familiar list of obstacles. The North took umbrage, as it so often does, over everything from activists launching propaganda-laden balloons across the Demilitarized Zone (DMZ) – whom the South in practice began sometimes to try to deter, even while formally upholding their right to free expression – to this season's regular annual joint US-ROK spring military exercises, *Key Resolve* and *Foal Eagle*, which began on March 2 and concluded on April 24.

While taking on board Joshua Stanton's point (made on Twitter, but I can't immediately trace it) to the effect that even a mutual slanging match is in some sense a form of dialogue, I dare say readers have better things to do than wade through a blow-by-blow account. Masochists or diehard verbal boxing fans know where to go find this stuff, although those in South Korea are still lamentably denied access to one side's punches by the [recently upheld](#) ROK National Security Law – whose restrictions have also affected the present article, written in Seoul and hence perforce without the usual access to KCNA and other DPRK primary sources.

So we shall focus on the main events, such as they were, and also try to be forward-looking. Topics covered include the military exercises; a revealing memoir by Lee Myung-bak about his presidency (2008-13); and a potentially serious row about wages at the Kaesong Industrial Complex (KIC), the last inter-Korean joint venture still in operation. Soap opera fans like episodes to finish with a cliff-hanger or a happy ending, and this time we can oblige with the latter. But never forget, this is only one episode. Hopes of a thaw as of early May could yet be dashed, as so often before. As ever, events for which there is no room in the main article are mentioned in the chronology, with hyperlinks provided for further reading.

Island practice

Whatever *Key Resolve* and *Foal Eagle* may do for allied military readiness, year after year they put a dampener on inter-Korean relations by giving Pyongyang an excuse to foam and froth. North Korea, being chronically mistrustful and assuming others share its own anything goes ethics (or lack thereof), may even believe its own propaganda; despite US and ROK insistence that these war games are purely defensive, they could be a prelude to invasion. Yet no enemy planning an attack would give notice of the date – the North is duly notified every year about these maneuvers. While it is ludicrous to see the brief desk-based *Key Resolve* as any kind of threat, *Foal Eagle* on the other hand is huge in scale and lasts nearly two months.

There is little Pyongyang can do about this except respond with salvoes, verbally and literally. As usual a constant rhetorical barrage accused Seoul and Washington of plotting to overthrow the DPRK. Physical rockets were fired too – but not at anyone – throughout the period and indeed before. These were of various ranges and types, some apparently [new](#). Kim Jong Un’s need to prove himself as tough as his late father and grandfather presumably accounts for one innovation this year; on Feb. 21 the official *Korean Central News Agency (KCNA)* reported him as guiding artillery units of the Korean People’s Army (KPA) in a “drill for striking and seizing island” (sic). This rather obviously and untactfully alludes to the shelling of the ROK’s Yeonpyeong Island in the West (Yellow) Sea in November 2010, with four fatalities.

A trickle of aid

South Korea, which steadfastly refuses to scale back these exercises as a bargaining chip, was doubtless not expecting any inter-Korean progress until after they concluded. For its own part, it made some small concessions in late January on the aid front; potentially more significant ones would follow three months later at the end of this tetramester, as discussed below. Thus on Jan. 28, the Unification Ministry (MOU) announced a 90 million won (\$83,000) grant from its Inter-Korean Cooperation Fund (OKCF) to resume support for advanced training of DPRK doctors in Germany. Seoul had funded this program in 2007-08, but withdrew support during the presidency of Lee Myung-bak (2008-13). Next day, MOU said that the ROK will donate \$3.1 million to the UN Population Fund (UNFPA) to finance its next census of the DPRK, due in 2018 – a decade after the 2008 census, which South Korea also funded to the tune of \$2.3 million. Separately, Seoul will also spent \$2.9 million to support a jointly produced North-South “Big Dictionary of the Korean People’s Language.”

Lee MB spills the beans

Speaking of Lee Myung-bak. For a man who was ubiquitous locally and indeed globally (for instance as a leading light in founding and hosting the G20) during the five years he occupied the Blue House, Lee kept a very low profile since his term ended just over two years ago. That changed in early February with the publication of a blockbuster 800 page [memoir](#) of his period as president. This certainly won him fresh attention, but little [praise](#). Instead, Lee was widely criticized, not only for gratuitous jabs at his successor Park Geun-hye – although both are conservatives from the same party, they were rivals and remain unreconciled – but also for some wildly indiscreet, if tantalizing, revelations of behind-the-scenes inter-Korean contacts.

Lee [claims](#) North Korea sought a summit no less than [five times](#) on his watch. All foundered because Pyongyang demanded payment: 500,000 tons of rice for a resumption of dialogue, or a cool [\\$10 billion](#) for a summit meeting. (To be fair, the latter would have been investment in a new development bank rather than fungible cash to fund more yachts or missiles.) With gross irresponsibility, he also revealed tidbits that will hardly encourage North Korea to trust the South going forward – although since Pyongyang itself [did the dirty](#) in 2011 by spilling its own beans about secret inter-Korean talks, it is in no position to protest. Not that that stopped *Rodong Sinmun* from excoriating Lee as a “lying bastard,” and much more in similar vein.

Specifically, Lee cites one secret Northern emissary to the South who he says was executed for returning empty-handed. Another is [quoted](#) as fearing the same fate, yet surely by naming him Lee only puts the poor chap further at risk (which is why he shall go unnamed here). Nor can it help ROK-PRC relations to quote ex-Chinese premier Wen Jiabao as hinting strongly, if elliptically, that Kim Jong Un will not survive in the long-term. For the Korea-watcher this is all [fascinating](#) stuff; yet as with Wikileaks *et al*, it is grossly irresponsible. A former head of state should know better, so why did he do it? Perhaps he chafes at being seen merely as a hardliner who extinguished Sunshine, and wanted the full [record](#) known. Yet it is hard to see how Lee has served either his country or himself by this politically-posthumous intervention.

Kaesong: a new row about wages

As readers doubtless know, the Kaesong Industrial Complex (KIC), located just north of the DMZ near the eponymous city (Korea's capital during the Koryo era, from 919 CE to 1394) within commuting distance of Seoul, is the last inter-Korean joint venture from the Sunshine era still in existence. A brief reminder of its background and history may be helpful. Conceived in happier times, it was intended to grow much larger than its current scale. The late Chung Ju-yung, visionary northern-born founder of the former Hyundai conglomerate (dispersed since his death), had already built a successful tourist resort at Mount Kumgang in southeast North Korea. That would later be mothballed in 2008 after a Southern tourist was shot dead there; the Lee Myung-bak administration, perhaps glad of the opportunity, suspended tours.

In 2003 Chung persuaded Kim Jong Il to also permit a joint manufacturing park. He rejected the first offer of Sinuiju – far away on the border with China – as too distant to be profitable, but would have settled for Haeju port in southwestern DPRK. As Lim Dong-won, the *eminence grise* of Kim Dae-jung's Sunshine Policy, emphasizes in a [memoir](#) which should be more widely read, the South was astonished – and Kim's generals appalled – when the dear leader unexpectedly turned a key part of the front line into a potential front door by offering Kaesong: the best possible site for the South, logistically and politically. This gives the lie to hawkish critics who claim that Sunshine consisted entirely of ROK concessions. Kim Jong Il took a big risk, one which, unfortunately, his son may now be seeking to row back from.

Opened in 2004, the KIC grew steadily if modestly over the next decade. By June 2014, 123 ROK SMEs were employing 53,000-odd DPRK workers – much larger numbers had been envisaged, perhaps unrealistically – and cumulative output had reached \$2.3 billion. Textiles predominate (73 firms); others include machinery (24), electronics (13), and chemicals (9).

Though some rows occurred, until 2013 both Koreas tacitly ring-fenced the KIC from their wider tensions. Despite fears in Seoul, North Korea has never used the hundreds of Southern managers and technicians who work in the KIC as hostages. From May 2010, South Korea banned trade and investment with the North, in retaliation for the fatal sinking of the corvette *Cheonan* in March that year (for which the North continues to deny responsibility). But it exempted the KIC, which thereafter comprised virtually all North-South trade. This might therefore have been expected to contract, but in fact it hit a record \$1.971 billion in 2012.

Record trade, but not as we know it

After a sharp dip in 2013 for reasons described in the next paragraph, in 2014 inter-Korean trade more than doubled year-on-year (up 106.5 percent) to another record total of \$2.33 billion in 2014, 99.8 percent of which was Kaesong. While not gainsaying that recovery, one should note the highly specialized and perhaps somewhat colonial nature of this trade. Very different from normal inter-state bilateral commerce, which is the aggregate of many separate transactions by different actors, North-South trade since 2010 (but not before) has essentially been a single processing-on-commission (POC) operation – raw materials and machinery enter the KIC from South Korea, to which finished goods are then exported and in some cases re-exported to third markets. Nothing wrong with that, but for several reasons one would hope for the return and expansion of more broadly-based and diverse commerce before too long.

In 2013, North Korea smashed the ring-fence around Kaesong. During a fierce but otherwise rhetorical campaign of threats that spring, words became deeds when the North – giving no meaningful reason – withdrew its entire workforce in April, closing the zone for five months. The new Park Geun-hye government handled this challenge patiently and adroitly. The KIC reopened in September the same year, with the North notionally accepting a revamped joint management structure meant to prevent any recurrence of such unilateralism. However, the new subcommittee meetings were often postponed and soon ceased to meet altogether as North Korea dragged its feet on key issues like allowing Internet and mobile phone use.

Late last year, it became clear that Pyongyang was pursuing a different agenda. On Dec. 8 it told the zone's management committee that a DPRK Parliamentary Standing Committee had revised 13 out of 49 clauses in the law governing the KIC. Most affect pay, including a rise in overtime rates and abolition of a ceiling on wage increases of 5 percent annually. When the South formally protested this unilateralism on Dec. 16, the North refused to accept the fax. Its line is that national sovereignty applies, thus its own relevant bureau will set wages henceforth. On Feb. 26 it duly did that, ordering a 5.18 percent wage increase to be paid to all workers from March.

Southern comment noted that this was implemented a day after the new China-South Korea free trade agreement (FTA) exempted over 300 KIC-made products from tariffs. The actual hike of 5.18 percent is modest, raising basic monthly pay from US\$70.35 to US\$74 and total earnings including overtime by US\$8.60 to US\$164 on average (the DPRK state takes a large cut). But for the South, principle is what is at stake. On March 10, MOU warned that it will take “strong administrative and legal means” unless the North agrees to return to setting wages jointly. Such retaliation could include pulling Southern firms out of the KIC altogether, although that would carry further risks. In January, it was belatedly learned that under other unilateral revisions, notified to the South in September, the DPRK – stung, one might surmise, by the long limbo of the Mount Kumgang tourist zone – now reserves the right to demand reparations, seize properties, and even detain Southern businessmen if they decide to close up shop in Kaesong.

So far neither government has backed down, and the firms invested in the KIC are caught in the middle. Seoul has ordered them not to pay the increase on pain of punishment, and most but not all have complied. April 10 was expected to be a crunch date, when March's wages fell due for payment; but in fact the two sides kept talking, though with no settlement so far. In a separate

issue, after a rent-free first decade, future land use fees at the KIC must now be agreed. The North's demand for \$10 per *pyong* (3.3 sq meters) is unacceptable, being far above what much better foreign direct investment (FDI) destinations cost: Hanoi, for instance, charges only \$2.80.

All this is dismaying, to say the least. The North's unilateralism in effect puts up a cynical finger to the South's laborious efforts to devise a genuinely shared management structure. It also undercuts Seoul's odd delusion, still part of official policy, that "internationalizing" the KIC would somehow make it work better. The delusion is double – the KIC for various reasons is intrinsically unattractive to non-Korean FDI, and there is no reason to suppose Pyongyang would behave better even if foreigners came. On that score, whatever Kim Jong Un's game is with the KIC, he appears insouciant that such conduct will surely deter any investors who might have been mulling investing in the 20-odd new special economic zones the DPRK has opened in the past two years. Unsurprisingly, these have few if any takers so far.

How will this end? Hopes of a wider inter-Korean thaw as of early May suggest that this row is surely soluble, if the will is there. Yet for both sides a principle is at stake – sovereignty for the North, joint management and sticking to agreements for the South – so it may not be easy for either to back down. Those of us who view the KIC as the last faint hope of a better, win-win way for the two Koreas to relate can only hope that some compromise will be found.

Late spring blossoms

Just when it seemed that the unresolved Kaesong row would mark an anxious end to a mostly depressing four months, in the final fortnight of the period under review relations began to improve a little. It is always nice to end on an uplifting note, and unexpectedly we can do that. From late April, the ROK government eased some restrictions on contact and aid. NGOs et al were quick to take advantage of this, but it remains to be seen how the DPRK will respond.

Seoul's timing here may reflect two factors: a new unification minister, and waiting for *Foal Eagle* to end. President Park nominated Hong Yong-pyo, hitherto her Blue House secretary for unification issues, as minister on Feb. 17. The National Assembly confirmed him in that post on March 13. Hong shone amid Park's often dire personnel picks – she has just lost yet another prime minister – having no worse skeleton in his closet than a little [self-plagiarism](#) of his Oxford D Phil thesis and [book](#): on Syngman Rhee's unification policy, since you ask.

An academic like the man he replaced, Ryoo Kihl-jae, the paradox is that Hong has a hawkish reputation whereas Ryoo was the architect of Park's vaunted (if little practiced) Trustpolitik. Opinion in Seoul is that Ryoo was blocked and frustrated by the Blue House's prioritization at all times and costs of the security dimension, which stymied his desire to build bridges with the North. It is early days yet for Hong – if not for Park, who has less than three years left in office – but as of early May there seems a fresh will in Seoul to move things forward.

The new momentum began on April 27 when MOU approved the first fertilizer aid to North Korea since sanctions were imposed in May 2010. The amount was minute: 15 tons, a far cry from the 300,000 tons sent annually during the Sunshine era. The bearer was Ace Gyeongnam, charitable arm of Ace Bed Co, one of South Korea's [dominant](#) furniture makers. Its founder, Ahn

Yoo-su, was born in Sariwon, capital of North Hwanghae province, on the Reunification Highway from Kaesong to Pyongyang. According to defector-turned-analyst Jang Jin-sung, who is also from Sariwon (at one point in his perilous escape from North Korea he claimed to be Ahn's nephew), the streets of their native city are asphalted thanks to Ahn's generosity. The fertilizer is part of a 200 million won (\$186,000) greenhouse project in Sariwon, and Ahn personally joined the convoy that drove North on April 28 and returned on May 2.

Seoul eases the reins

A few days later MOU chose May Day – a public holiday in both Koreas – to announce wider initiatives. Seoul will now actively encourage civic groups and local governments to organize cultural, historical, and sporting events for the 70th anniversary of Korea's liberation from Japan this August. The ministry described this as a clarification, saying, "We decided to issue a government statement on private interchange efforts because there have been demands for inter-Korean exchange from the civilian community since the joint military exercises with the US ended, and it was decided that we needed to make the government's position clear." But for NGOs, who have endured two years of puzzled frustration at the Park administration's reluctance hitherto to practice what it preached, this clearly represented an easing of policy.

Provincial governments were quick to take advantage of their new freedom. Veteran readers will recall that local-level relations were a vital and often creative aspect of the Sunshine era. The range of activity is illustrated by the four (so far) provinces that have announced plans to pick up where they were forced to leave off in 2010 or earlier, or promote new cooperation.

Gyeonggi (greater Seoul) will restart three projects: preserving *hanok* (traditional houses) in Kaesong, a tree nursery, and anti-malaria measures. The last is sheer self-interest. Mosquitoes are no respecters of the DMZ, and Southern (including USFK) malaria cases fell sharply near the border in 2007-08 when joint North-South spraying was undertaken. North Jeolla plans to resume farming and livestock aid, while South Jeolla in the southwest will send seaweed and rice to poor mothers and children in North Hamgyong in the far and impoverished northeast.

Busan will focus on logistics, specifically an existing program – somehow permitted, despite clearly breaching the May 2010 sanctions rules – to ship Russian coal via the DPRK's Rajin, Asia's most northerly ice-free port. 45,000 tons came last November, and a further 140,000 tons are due by May 9, destined for steelmaker Posco and electricity generator Kepco. In fact neither consignment is for Busan – the first unloaded at Pohang further up the east coast, while the imminent larger one is headed for three ROK west coast ports. So maybe Busan wants in.

One hopes other provinces will resume past activities, like Jeju which used to send fruit – and once a planeload of 300 Christians, who held an impromptu service in Pyongyang's Koryo hotel when they were stopped from going to church. That is the kind of unplanned grassroots encounter any sensible ROK government should encourage. An especially poignant case is Gangwon province, which is divided by the DMZ. Past cooperation included releasing Southern salmon fry into Northern rivers, and joint forestry cooperation and tree pest control in this mountainous region. (With spot-on timing, an academic paper just out summarizes past inter-Korean forestry cooperation from 1998-2012; one trusts that there will be a sequel to write.)

Separately, Kim Dae-jung's widow Lee Hi-ho is expected to go North this month. She has an invitation from Kim Jong Un, whom she met at his father's obsequies in 2011 in Pyongyang; almost the only South Korean yet to have done so. In December, she was invited to the third anniversary commemorations of Kim Jong Il's death, but ill-health (she is 92) prevented this. The hope in Seoul – placing much weight on a redoubtable but very elderly lady – is that such a visit may be an ice-breaker, paving the way for renewed dialogue or even a third summit.

Most recently at this writing, on May 4, the ROK Unification Ministry approved a meeting by Southern civic groups with their Northern counterparts to discuss possible joint celebrations of two significant dates. Not only is mid-August the 70th anniversary of Korea's liberation from the Japanese yoke in 1945, but before that June 15 will mark 15 years since the Joint Declaration which concluded the first North-South summit in 2000. Celebrating the latter is more contentious in South Korea, where many of those now in power are critics of Sunshine. A five-strong Southern delegation was due to fly to Shenyang in northeast China for two days of talks on May 5-6. MOU emphasized that so far it has only permitted this planning meeting, and would decide later whether to approve any concrete events suggested as a result.

Despite that slightly depressing note of caution – over-hesitancy has been a hallmark of the Park Geun-hye administration's Nordpolitik – in early May, inter-Korean relations seemed to be moving in a positive direction for the first time in many months, although the pay row in Kaesong remains to be settled. Yet as ever, excessive optimism would be a triumph of hope over experience. The political weather on the peninsula can change very sharply, from sunny to stormy and vice versa. Kim Jong Un remains unpredictable, as in his baffling last-minute decision to pull out of a relatively risk-free chance to debut on the global stage in Moscow's own celebrations of 1945 on May 9. For that matter, Park Geun-hye can be hard to read too.

But perhaps either or both has noticed that current policies are not bringing them any benefit, so they might cautiously dare to try something new. Japan-bashing comes naturally on both sides of the DMZ, thus 1945 is an easy place to start. The hard part will come after August's commemorations are over; we shall see then if the two sides are yet ready to tackle thornier issues. By that point Park Geun-hye will be more than halfway through her single five-year presidential term, so for her the clock is ticking remorselessly – quite an incentive. Kim Jong Un faces no such constraints. If he and the DPRK can match his grandfather's longevity, he could still be around half a century hence in 2065 (although Wen Jiabao, among others, begs to differ as discussed above). For pessimists the fear is that Park may already have left things too late, and conversely that Kim has given up on her and will instead await what he hopes will be a more amenable successor – though he has no guarantee of that. Watch this space.

Chronology of North Korea-South Korea Relations

January – April 2015

Note: The writing of this chronology was completed in Seoul. Unfortunately therefore it was impossible this time to insert hyperlinks to original DPRK media sources, since the ROK bans all access to these. Readers who are as annoyed as the writer is about this unnecessary and indefensible censorship are urged to communicate their views to the appropriate authorities.

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

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

Jan. 5, 2015: South Korea’s Unification Ministry (MOU) says it allowed a private aid group to send 20 tons of [sweet potatoes](#) for children in Sinuiju, DPRK, the first unprocessed crop sent since Park Geun-hye took office. The ROK government fears that raw crops might be diverted to the Korean People’s Army (KPA).

Jan. 6, 2015: ROK Defense Ministry (MND)’s biennial defense White Paper [claims](#) *inter alia* that the KPA has grown by 10,000, and its cyber-forces (mainly targeting the South) have doubled to 6,000. It retains the designation of North Korea as main enemy, reintroduced in 2012, and also formally acknowledges the North’s nuclear weapons for the first time.

Jan. 6, 2015: MOU says it will release funds from the official Inter-Korean [Cooperation](#) Fund (IKCF) for private aid to North Korea. 13 NGOs will share some 3 billion won (\$2.7 million) for 17 health, farming, and livestock projects in the North. This is the first such aid Seoul has allowed since imposing sanctions in May 2010 after the sinking of the *Cheonan*.

Jan. 6, 2015: South Korean daily *JoongAng Daily* [reports](#) a claim that the key DPRK leader Hwang Pyong So is of South Korean origin. His father Hwang Pil-gu was a communist who went North, returned as a spy, was arrested in 1959, killed himself in jail in 1985, and is buried in his home area Gochang in North Jeolla. Interviews with South Korean relatives appear to confirm the family tree, although other sources are skeptical of any connection.

Jan. 6, 2015: Campaign for Helping North Korea in Direct Way (sic), a group led by defector Lee Min-bok, [launches](#) 20 balloons across the Demilitarized Zone (DMZ). They carry 600,000 leaflets that denounce the DPRK regime for causing extreme poverty. MOU says it has no power to prevent this. However, the same day a district court at Uijeongbu, north of Seoul, rules that the government may legally restrain leaflet launches if these put the lives of ROK citizens at risk. It thus [dismisses](#) Lee’s suit claiming that official attempts to restrain him had caused him psychological damage.

Jan. 7, 2015: Following the Uijeongbu court ruling (see Jan. 6), both South Korea’s two main parties [call on](#) the government to review its stand on cross-border leaflet launches. The liberal opposition New Politics Alliance for Democracy (NPAD)’s Heo Young-il says these should be “actively restrained”; the conservative ruling Saenuri party’s Kim Young-woo says: “The state has a duty to protect the lives and property of its people ... The government should make a careful and suitable judgment.”

Jan. 7, 2015: North Korea's official *Korean Central News Agency (KCNA)* [castigates](#) the latest leaflet balloon launch as a "reckless act" and a "blatant challenge," out of step with the North's "goodwill and generosity." It again demands that Seoul prevent such activities.

Jan. 16, 2015: Lee Min-bok (see Jan. 6 above) [says](#) that in response to a government request "we're not going to excessively spread anti-North Korea leaflets for the time being."

Jan. 18, 2015: Famed North Korean defector Shin Dong-hyuk, subject of the book *Escape From Camp 14*, [apologizes](#) for several inaccuracies in his account of his tribulations.

Jan. 28, 2015: MOU [announces](#) a 90 million won (\$83,000) grant from the Inter-Korean Cooperation Fund to resume support for training DPRK doctors in Germany. The ROK had funded this program in 2007 and 2008, but withdrew support under Lee Myung-bak.

Jan. 29, 2015: MOU [says](#) the ROK will give \$3.1 million to the UN Population Fund (UNFPA) to finance its next census of the DPRK, in 2018 – a decade after the 2008 census, which South Korea also funded to the tune of \$2.3 million. It will also spend \$2.9 million to support a jointly produced North-South "Big Dictionary of the Korean People's Language."

Jan. 29, 2015: *Rodong Sinmun*, daily paper of the ruling Workers Party (WPK), repeats a demand by the North's Committee for the Peaceful Reunification of Korea (CPRK) that South Korea must scrap its "May 24 measures" (sanctions) as a precondition for dialogue.

Feb. 2, 2015: Lee Myung-bak [publishes](#) *President's Time*, an 800 page memoir about his presidency (2008-13). Much trailed ahead of publication, it reveals several secret dealings with North Korea. Critics fear this will harm future diplomacy and inter-Korean relations.

Feb. 11, 2015: *Rodong Sinmun* [savages](#) Lee Myung-bak over his recent memoir: "No wonder ... the lying bastard is so forgetful, his brain capacity is known to be less than 2 megabytes". (This reprises an old pun: Lee MB also means 2 megabytes, i.e., not much processing power.)

Feb. 11, 2015: South Korea's Red Cross (KNRC) [says](#) the North refused its offer to provide 25 tons of powdered milk for infants. A 20 ton aid package was sent in 2009.

Feb. 18, 2015: Kim Jong Un presides over an enlarged [meeting](#) of the Politburo of the ruling Workers' Party of Korea (WPK). Several speeches warn against "shortcomings," including "abuse of power, bureaucratism, irregularities and corruption." Official mention of the last is thought to be unprecedented, though the reality is widespread in today's North Korea

Feb. 21, 2015: DPRK media report Kim Jong Un as guiding artillery units of the KPA in a "drill for striking and seizing island" (sic). This appears based of the shelling of the ROK's Yeonpyeong in November 2010, which killed four. There is a specific warning against firing towards the North Korean littoral, no doubt with an eye to upcoming US-ROK war games.

Feb. 23, 2015: At an enlarged [meeting](#) of the WPK Central Military Commission (CMC), Kim Jong Un *inter alia* “clarifie[s] the methods of fighting a war with the US imperialists.”

Feb. 24, 2015: Combined Forces Command (CFC) announces the schedule for this spring’s two regular US-ROK joint military maneuvers. Both will begin on March 2. The computer-based [Key Resolve](#) ends on March 13, while the far larger and longer field training exercise [Foal Eagle](#), which mobilizes 200,000 South Korean and 3,700 US forces, will continue until April 24.

March 2, 2015: ROK Joint Chiefs of Staff (JCS) [report](#) that North Korea launched two presumed short-range ballistic missiles from Nampo on its west coast into the East Sea (Sea of Japan); meaning they overflew the DPRK from coast to coast.

March 5, 2015: A pro-North activist, Kim Ki-jong, [slashes](#) US Ambassador Mark Lippert at a forum in Seoul, wounding him bloodily in the face and arm. Serious injury is narrowly avoided. DPRK media applaud the attack as a “knife shower of justice.”

March 10, 2015: Seoul press reports [quote](#) Chung Chong-wook, vice chairman of the ROK’s Presidential Committee for Unification Preparation (PCUP), as telling a forum that PCUP has “a team dedicated to non-consensual unification” of Korea, implying a regime change agenda. Two days later Chung denies that any such team exists and says he was misunderstood.

March 13, 2015: US-ROK *Key Resolve* computer-based exercise [concludes](#).

March 13, 2015: ROK National Assembly [confirms](#) Hong Yong-pyo as the new Minister of Unification. He was previously Blue House senior secretary with the same portfolio.

March 17, 2015: Ministry of Oceans and Fisheries [says](#) the (South) Korea Maritime Institute will soon sign an agreement with the FAO for a joint study on pisciculture in North Korea. FAO plans to raise \$26.5 million to build new fish farms there.

March 19, 2015: In Hanoi, ROK parliamentary speaker Chung Ui-hwa urges President Truong Tan Sang to invite Kim Jong Un to Vietnam “at the earliest date possible” so he can learn from Vietnam’s *Doi Moi* reforms. Sang replies that DPRK titular head of state Kim Yong Nam visited in 2012, and “listened attentively” when briefed on the reform program.

March 24, 2015: Puncturing the party line in both Seoul and Washington, Kim Moo-sung – chairman of the South’s ruling Saenuri Party and a likely presidential contender in 2017 – [tells](#) students in Busan that after three tests North Korea should be viewed as a nuclear power.

March 26, 2015: On the fifth anniversary of the sinking of the *Cheonan*, President Park [says](#) she “hopes North Korea abandons its reckless provocations and belief that nuclear weapons can protect the country,” but does not directly accuse Pyongyang of responsibility. Ignoring that nuance, on March 29 the North accuses Park of inciting North-South confrontation.

March 27, 2015: A year after President Park’s Dresden Declaration, South Korea [says](#) it still hopes the North will respond in some form to the proposals therein.

April 1, 2015: MOU [says](#) it will formally instruct ROK firms invested in the Kaesong IC not to pay the wage increase imposed by the DPRK.

April 3, 2015: Blue House [says](#) Brig. Gen. Shin In-seop, former deputy commander of the ROK military cybercommand, will take up the new post of Presidential secretary for cybersecurity, created principally to combat North Korean cyber-attacks.

April 7, 2015: Officials from both Koreas hold their first direct meeting about the Kaesong pay dispute at the eponymous industrial complex (KIC). Despite [talk](#) of “positive signs,” no concrete progress is made.

April 9, 2015: ROK police [prevent](#) activist Park Hang-sak from launching balloons across the DMZ carrying copies of the film *The Interview*.

April 9, 2015: The South’s Unification Minister Hong Yong-pyo [vows](#) to “work harder to open a channel of dialogue” with the North. He also calls for more joint projects.

April 10, 2015: A four-strong [delegation](#) headed by Jang Jong-nam, vice president of the DPRK National University Sports Federation, [flies](#) into Seoul via Beijing to take part in the Heads of Delegation (HoD) meeting and draw for the 2015 Summer Universiade (world student games) to be held in Gwangju, ROK in July (3-14). The Northern delegates fly home on April 14.

April 10, 2015: [Uriminzokkiri](#), a DPRK website based in China, [threatens](#) to “bombard (South Korea) with blows of fire” if leaflet launches continue: “Our patience is wearing thin.”

April 13, 2015: Kim Yoon-suk, secretary general of the Gwangju Universiade Organizing Committee (GUOC), [says](#) there will be no unified Korean team at the games.

April 13, 2015: Referring to the April 20 deadline set by North Korea, MOU [says](#) it will not be restrained by any specific timetable in seeking to resolve the Kaesong wages row.

April 15, 2015: MOU [says](#) that on April 16-17 a second consignment of Russian bituminous [coal](#), 140,000 tons in all, will travel by rail across the border from Khasan in Russia to North Korea’s Rajin port city, and be shipped thence to three west coast ports in South Korea. The buyers are steelmaker Posco and power generator Kepco. Full delivery is expected by May 9. The first such consignment of 40,500 tons arrived in Ulsan last November.

April 20, 2015: After meeting with Northern officials in the KIC, a representative of South Korean businesses invested there [says](#) the North has extended its deadline for payment of March’s wages from today until April 24. None of the firms has yet paid.

April 20, 2015: MND [says](#) it will [raise](#) defense spending during the 2016-20 quinquennium by 8.7 trillion won (\$8.03 billion) more than it had planned. The extra will go on enhancing pre-emptive strike and air defense capabilities, based on an assessment that North Korea has made significant progress in its ability to miniaturize nuclear warheads to fit atop missiles.

April 24, 2015: This year's *Foal Eagle* joint US-ROK military maneuvers are concluded.

April 27, 2015: MOU [approves](#) the first fertilizer aid to North Korea since 2010, a modest 15 tons, as part of a greenhouse project in Sariwon by Ace Gyeongam (see also April 28).

April 28, 2015: A convoy of Ace Gyeongam trucks [drives](#) North to deliver aid materials. The ROK government says it is not planning to resume large-scale food or fertilizer assistance.

April 30, 2015: MOU's 2015 white paper on unification [reports](#) that inter-Korean trade more than doubled year-on-year in 2014 to reach a record \$2.343 billion. (2013 saw a slump due to the lengthy closure of the Kaesong IC, which accounts for almost 100 percent of trade.)

May 1, 2015: South Korea [says](#) it will promote civilian exchange with and increase aid to the North. Seoul hopes for joint projects in areas such as culture, history, and sports.

May 2, 2015: KCNA [announces](#) the DPRK's official support for a May 24 peace march from Pyongyang to Seoul, organized by the US-based [Women Cross DMZ](#). Two Nobel Peace Prize laureates are among the participants. The ROK government had already said it will let the group enter the South via the DMZ, if the DPRK allows passage. The march has some [critics](#).

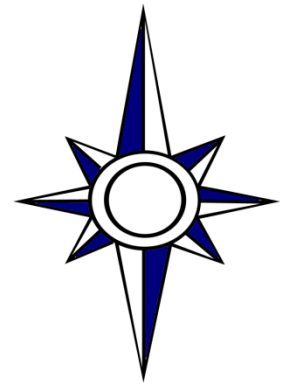
May 2, 2015: KCNA reports that [Joo Won-moon](#), a 21 year old South Korean living (with permanent US residence) in Tenafly, NJ and studying at New York University, entered the DPRK illegally by crossing the Yalu River from China on April 22 and is under arrest. On May 4 Joo [tells](#) CNN he wanted to be arrested, hoping this will assist inter-Korean peace.

May 3, 2015: Two middle-aged South Koreans arrested in March are [interviewed](#) (separately) by CNN, who were invited to Pyongyang without being told [why](#). Missionary Kim Kuk-gi (61) and businessman Choe Chun-gil (56) confess to being spies (the ROK NIS denies this), praise Kim Jong Un for treating them well, and say their own government has disowned them.

May 3, 2015: Three ROK provinces and Busan city announce [plans](#) to resume suspended aid to or cooperation with the DPRK, now that Seoul has give local authorities a green light.

May 4, 2015: The ROK government [approves](#) a meeting by Southern civic groups with their Northern counterparts, to discuss joint events marking the 70th anniversary of liberation from Japan in 1945. A five-strong delegation flies to Shenyang, China and holds talks there on May 5-6. The outcome is not known at this writing.

May 4, 2015: In a 6-3 decision, the ROK Constitutional Court [upholds](#) the National Security Law (NSL)'s comprehensive ban on anti-state activities. It rejects a suit brought by a certain Song, charged under the NSL because Kim Il Sung's memoirs were found on his computer hard drive. The dissenting judges argued that purpose matters rather than possession *per se*.



**China-Korea Relations:
South Korea's Diplomatic Triangle**

**Scott Snyder, Council on Foreign Relations/Pacific Forum CSIS
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A perennial theme of South Korean opinion leaders in recent years has been the desire to avoid choosing between Beijing and Washington, but this strategy became more difficult in early 2015, as Seoul had to decide how to deal with issues such as AIIB (Asian Infrastructure and Investment Bank) and THAAD (Terminal High Altitude Area Defense) where Beijing and Washington are on opposing sides. As South Korea weighed these choices, there was series of high-level Chinese visits to South Korea, including Vice Premier Wang Yang's to discuss furthering China-ROK economic and cultural cooperation on the foundation of closer political ties and State Councilor and Defense Minister Chang Wanquan to reaffirm opposition to Pyongyang's nuclear weapons program. On the economic front, China and South Korea are pushing to sign their FTA deal this year, holding the latest trade meeting on April 9. Meanwhile, normalization of regional relations in Northeast Asia moved forward with the resumption of trilateral foreign ministerial talks with Japan on March 21 in Seoul.

PRC-ROK friction over THAAD

The PRC-ROK foreign and defense ministers held their second meeting in January, a little over a year after the inaugural ROK-PRC two-plus-two meeting in December 2013. These talks were held against the backdrop of an apparent warming of inter-Korean ties following New Year messages by Kim Jong Un and Park Geun-hye, North Korea's alleged cyberattack on Sony Pictures, and fatal attacks on Chinese nationals by a DPRK Army deserter in December.

Friction over THAAD heightened during separate visits to Seoul by PRC Assistant Minister of Foreign Affairs Liu Jianchao and US Assistant Secretary of State for East Asia Daniel Russel in March, days after Pyongyang's firing of seven missiles into the East Sea in opposition to US-ROK military drills. On March 16, Liu urged Seoul to take China's "concerns and worries" over THAAD into account, reiterating the warnings raised by Defense Minister Chang Wanquan during his February visit to Seoul. Arguing that "neighbors" "should not try to influence our security policy," South Korea's Defense Ministry spokesperson on March 17 affirmed that Seoul's decision will be based on "security interests before anything else." The PRC Foreign Ministry spokesperson reasserted Beijing's concerns, stating that "countries must neither pursue their own security interests at the expense of other's nor undermine regional peace and stability." Beijing's strategy of going public in its opposition to THAAD thus appears to have backfired to the extent that it drew public statements of resolve from South Korean officials.

The controversy over THAAD has revealed divisions within South Korea over Seoul's foreign policy orientation toward Beijing and Washington. At the National Assembly, the main

opposition party, New Politics for Democracy, on March 18 publicly criticized the Defense Ministry remarks for stirring up “diplomatic trouble” with Beijing. On March 19, more than 100 civic groups issued a press conference statement claiming THAAD would “hurt relations between South Korea and China.” Chinese opposition to THAAD resurfaced during US Defense Secretary Ashton Carter’s visit to South Korea on April 10, when a *Global Times* commentator warned that THAAD’s deployment would destroy “the Chinese public’s accumulating goodwill toward Seoul” and “the foundation of the bilateral ties.” Teng Jianqun of the China Institute of International Studies in an April 1 report argued that China would expand its own conventional and nuclear capabilities in response to THAAD, which he referred to as “not simply a military project for the sake of South Korean and U.S. security.”

Chinese assessments of the North Korean nuclear problem

China made its latest calls for the resumption of Six-Party Talks on April 14, following US military evaluations of North Korean nuclear and missile developments and the historic “P5 plus one” deal on Iran on April 2. The *Wall Street Journal* on April 22 reported new Chinese estimates of DPRK nuclear capabilities, raising concern over North Korea’s expanding military threat and the future of multilateral dialogue. Although Foreign Minister Wang Yi in telephone talks with US Secretary of State John Kerry on April 3 hailed the Iran deal for adding positive momentum to US-China relations, it is unlikely to revive multilateral efforts on North Korea in the absence of evidence from North Korea of its willingness to pursue denuclearization. At an international security conference in Moscow on April 16, DPRK Defense Minister Hyon Yong Chol vowed that Pyongyang will continue its military buildup, restating the DPRK position that “the DPRK’s possession of nuclear weapons is the result of a hostile policy and nuclear threat on the part of the US.”

Pyongyang’s failure to commit to denuclearization has prompted Chinese experts to publicly debate the strength of the China-DPRK relationship. At an All-China Journalists Association event on China’s diplomatic outlook for 2015 on Jan. 14, Director of Tsinghua University’s Institute of Contemporary International Relations Yan Xuetong described China’s relations with North Korea as shifting to a “normal” stage, and “not as close as China’s relations with South Korea.” Meanwhile, China’s Korea experts also continue to identify the US and international community as the main cause of Pyongyang’s nuclear threats. In a Jan. 14 commentary in the *Global Times*, Wang Xiaobo of Yanbian University argued that US-led military exercises could prompt North Korea to conduct a fourth nuclear test, stating that “the current international nuclear order exerts limited restraint over North Korea’s nuclear issue... Out of the demands of domestic politics, North Korea can go ahead with a new test regardless of concerns from the international community.” Such a statement is consistent with the widely held view among Chinese specialists that the US has more influence than China toward North Korea, while US specialists continue to point to North Korean economic dependency on China as a primary source of leverage ultimately making China an enabler of North Korean bad behavior.

“Normal” development of China-DPRK relations

Although Beijing sent a birthday message to Kim Jong Un and renewed hopes for pushing forward the “traditional friendship” at the beginning of the year, China’s diplomatic exchanges

with Pyongyang remain at a historic low. There was no reported meeting with PRC counterpart Wu Dawei when DPRK nuclear envoy Ri Yong Ho was in Beijing in January after two days of unofficial talks in Singapore with former US officials. Ri's talks came a week ahead of US envoy Sung Kim's meetings with Japanese, ROK, and Chinese counterparts in Tokyo and Beijing on Jan. 26-30, but yielded no new proposals.

The China-DPRK political relationship was strained by the killing of four Chinese nationals by a North Korean Army deserter on Dec. 28, which prompted Beijing to lodge an official complaint to Pyongyang. A *Global Times* editorial on Jan. 6 criticized China's delayed reporting of the incident and called for a more pragmatic approach to state-to-state relations with North Korea. Beijing's increasing move toward "normal" ties with the North since Pyongyang's February 2013 nuclear test was apparent during China's annual parliamentary session in March, when Foreign Minister Wang Yi stated that "China cherishes its traditional friendship with the DPRK and will seek the normal development of our relations."

The Kim regime's current regional diplomacy suggests ongoing efforts to diversify its external partnerships at a time of stagnant political ties with Beijing. Most notable in this effort is the revival of ties with Russia since Party Secretary Choe Ryong Hae's November visit to Moscow as Kim Jong Un's special envoy. *Korean Central News Agency* on March 11 announced plans to expand bilateral political, economic, and cultural relations with Russia this year, named the year of "DPRK-Russia Friendship." Vice Premier Ro Tu Chol affirmed such plans when he met Vice Prime Minister and Presidential envoy to the Russian Far East Yuri Trutnev on April 14 in Moscow, where he led a North Korean delegation for the opening of friendship year activities. Foreign Minister Ri Su Yong's visit to India on April 12-14, during which Indian counterpart Sushma Swaraj accepted an invitation to North Korea, further demonstrates Pyongyang's efforts to diversify its diplomatic engagement away from China to other emerging powers in Asia.

In the absence of direct bilateral contact, much speculation remains over the possibility of China-DPRK exchanges on the sidelines of multilateral meetings. Xi Jinping, Kim Yong Nam, and ROK Deputy Prime Minister Hwang Woo-yea attended the Asia-African Conference in Jakarta in April, but no bilateral meetings were reported. Xi and Kim Jong Un were expected to visit Moscow in May for Russia's commemoration of the 70th anniversary of the end of World War II, but Kim's decision to decline the invitation has delayed resolution of the debate among North Korea watchers as to whether Kim Jong Un will follow the model of his grandfather in first visiting Moscow, or that of his father who first visited Beijing, or whether Kim will forge his own path when conducting North Korea's foreign relations. It remains to be seen whether Beijing will host both Kim Jong Un and President Park Geun-hye at China's planned commemorations in September.

China-DPRK asymmetric trade interdependence

China-DPRK bilateral trade dropped by 13.4 percent year-on-year in the first quarter of 2015 to \$1.1 billion based on Chinese Customs data. According to the Korea Trade and Investment Promotion Agency (KOTRA), China-DPRK trade declined slightly in 2014 following five years of steady increases, totaling \$6.39 billion compared to \$6.54 billion in 2013. Official data shows that China did not export any crude oil to the North in 2014 and the first quarter of this year.

Korea International Trade Association (KITA)'s report on China-DPRK trade and investment trends in 2003-2013 underscores North Korea's asymmetric economic dependence on China.

The decline in China-DPRK trade mirrors the current downturn in political ties. But there are mixed signs that trade relations may be set for improvement in 2015. Some experts claim that North Korea's trade promotion agency, the Investment and Development Group, closed down in Beijing in 2014 after two years of operations. Local development interests in northeast China, however, continue to drive economic cooperation with North Korea. At the annual session of the provincial legislature in February, Gov. Jiang Chaoliang outlined Jilin's plans to create the Tumen River Delta tourism zone with North Korea and Russia, an initiative proposed by the Hunchun city government in 2013 that envisions eventual transport linkages with South Korea, Japan, and Mongolia. In a March 2014 meeting with a DPRK trade delegation led by Pak Ung Sik, director of North Korea's Korean International Exhibition Corporation, Chinese firms in Dandong proposed the creation of a nontariff trade market with North Korea for cheap goods. A similar market opened by Jilin's Tumen city in 2010, however, was closed down due to North Korean concerns over the influx of goods banned by Pyongyang. In addition, although Dandong has traditionally served as China's main export window to North Korea, the local government work report in March emphasized Dandong's potential role as a driver of China's trade with South Korea in light of the China-ROK FTA. Newly appointed PRC Ambassador to the DPRK Li Jinjun stated that "Dandong is not only a gateway to Northeast Asia but also a powerful rear area of the Chinese Embassy in the DPRK" in a meeting with Dandong Party Secretary Dai Yulin in late April.

At the national level, Beijing is using its "One Belt, One Road" Silk Road project to promote economic cooperation with North Korea, as raised in talks between PRC Ambassador Li Jinjun and DPRK Minister of Foreign Trade Ri Ryong Nam in one of Li's first meetings following his arrival in Pyongyang. Foreign media claimed that Beijing rejected North Korea's proposed entry to China's AIIB due to the North's unwillingness to provide economic and financial data. Other South Korean sources claim that North Korea has sought ways to participate in AIIB via unofficial channels, reportedly expressing interest in the new organization during a meeting between a senior DPRK envoy and AIIB's interim head in Beijing in February. While Beijing has heavily emphasized international market principles in promoting its current multilateral initiatives, local Chinese media reported that China had repeatedly returned North Korean coal shipments to ports in Shandong in March and April because the type of coal that North Korea was exporting failed to meet China's quality standards.

Expectations for the China-ROK FTA

Despite positive trade expectations surrounding the China-ROK free trade agreement (FTA), South Korean exports to China declined by 1.5 percent year-on-year during the first quarter of 2015 to \$33.93 billion. China still accounted for 25.4 percent of South Korea's exports in the January-March period, but it is unlikely that the FTA will boost Sino-ROK trade in the near-term given its slow implementation and China's lowered growth projections this year. South Korean exports to China declined by 0.9 percent in 2014 despite a 2.4 percent increase in South Korea's total exports, and bilateral trade reached \$171.6 billion, a 25 percent decline from 2013. New foreign direct investment (FDI) commitments in South Korea from China, on the other hand,

increased by 147.2 percent in 2013-2014 to \$1.19 billion according to the Ministry of Trade, Industry and Energy (MOTIE). China's Commerce Ministry reported that ROK investment in China increased by 29.8 percent in 2014 to \$3.97 billion.

MOTIE in January expressed high hopes for the newly concluded FTA talks with China, projecting an expansion in the share of South Korea's trade volume accounted for by its FTA partners from the current 38.8 percent to 60 percent. Under the proposed FTA, China and South Korea will eliminate import duties on 71 and 79 percent of each other's imports, respectively. It has supported cooperation from both sides as they seek to officially sign and implement the deal by the end of this year. China's Commerce Ministry on Jan. 9 announced joint plans to expand mutual investment, including the creation of China-ROK industrial parks in China by local governments in Shandong, Jiangsu, and Zhejiang, while MOTIE held an investor relations meeting in Beijing on Jan. 23. KITA and KOTRA opened business centers in Seoul and Beijing on March 11 and April 8, both focused on supporting small- and medium-sized firms seeking new opportunities under the FTA. PRC and ROK tax chiefs on April 22 signed an advance pricing agreement (APA) designed to ease tax audit burdens for businesses operating in each other's country. ROK Finance Minister Choi Kyung-hwan has further argued that foreign investor interest in the FTA will drive new growth for South Korea as a base for foreign companies that wish to expand to the Chinese market.

South Korea continues to promote its future role as a RMB financial hub, as outlined by Vice Finance Minister Joo Hyung-hwan at a conference on RMB internationalization in Seoul on March 13. Major South Korean firms including Samsung Electronics, POSCO, Hyundai Heavy Industries, and LG Chem are reportedly taking independent measures to set up their own Won-RMB swap market. The Finance Ministry in March affirmed that such steps are being entirely led by businesses rather than the government, although Seoul is expected to issue a plan on the creation of a large-scale swap market this summer.

Another trend accompanying the expanding Sino-ROK trade relationship is the rapid growth in Chinese tourists visiting Seoul. According to the ROK Embassy in Beijing, the number of Chinese visitors to South Korea increased by 46 percent to 6.33 million from 2013 to 2014. The number of South Korean visitors to mainland China has increased by 3.6 percent to 4.1 million. Almost half of Chinese travelers to South Korea in 2014 went to Jeju Island, where the number of Chinese visitors increased by 58 percent to 2.86 million according to the Korea Tourism Association. The Chinese attraction to Jeju is been driven by South Korea's visa-free policy for visitors to the island, the expansion of direct flights and cruise programs, and Jeju's permanent residency grants to real estate investors with more than \$50,000 in property investments. China-South Korean tourism has been further supported by the official promotion of people-to-people ties under the "Year of Visit to Korea" and "Year of Visit to China" in 2015 and 2016. In January, President Park reached out to Chinese internet users in an online New Year's message on *People's Daily*. A ceremony on China-ROK cultural exchange was held on April 9 in Beijing, where the Foreign Ministry also announced the implementation of a bilateral consular accord on the legal protection for people-people exchanges that month.

South Korea joins AIIB

After eight months of deliberation, South Korea's Ministry of Strategy and Finance announced Seoul's decision to join the China-led bank on March 26, affirming China's strategic significance to South Korea as its biggest trading, investment, and FTA partner. China's Ministry of Finance on April 11 confirmed Beijing's approval of South Korea as founding member of the 57-member AIIB with rule-making rights. Zhou Weiping of Jilin Academy of Social Sciences asserts that South Korea's decision satisfies its economic interests of becoming a RMB hub and advancing its global competitiveness in the construction, engineering, and energy sectors. For Korean economists, however, the real challenge was perceived as the need to secure voting rights that will determine South Korea's role in the rule-making process. China Institutes of Contemporary International Relations Director Chen Fengying claimed on April 20 that China expects to have a 44 percent stake in the AIIB as its biggest shareholder, raising doubts whether the US dollar will be used as the bank's primary settlement currency. South Korean concerns remain over the extent to which South Korean interests will be reflected in the overall management of the bank. Although questions have been raised regarding its governance structure, transparency, and environmental standards, whether South Korea should join the AIIB has been a subject of active debate in South Korea, where Seoul's initial decision to opt out of the AIIB's launch in November was largely seen as a result of pressure from Washington. Notably, South Korea's entry to the AIIB in April prompted concerns from the main opposition party that it could serve as a catalyst for a decision by South Korea to accept US deployment of THAAD in Korea.

Conclusion: South Korea's diplomatic tangle with China and the United States

Despite notable progress in PRC-ROK relations under the leadership of Presidents Xi and Park, South Korea has reached critical decision points on the AIIB and THAAD that provide a test of South Korea's future relations with China and the US in the context of a changing regional architecture. With an active domestic debate over Seoul's alignment and positioning among major powers, South Korean officials have firmly challenged what the media has called Seoul's "diplomatic tangle" with China and the US. At an annual meeting of ROK foreign missions chiefs in Seoul in March, Foreign Minister Yun Byung-se controversially asserted "it could not be a headache or dilemma to receive love calls from both the US and China. It could be, so to speak, a blessing." The newly appointed ROK Ambassador to China and former National Security Advisor Kim Jang-soo called for more candid talks with China on North Korea and regional security.

For Chinese observers, Seoul's response to US security policy is a decisive factor in determining the balance of Korean ties between China and the US. According to Teng Jianqun of the China Institute of International Studies, "Sandwiched between the two major powers in this region, South Korea has to make a tough choice over the deployment of THAAD in the near future." However, China's public pressuring of South Korea on THAAD appears to have backfired for the moment, instead prompting US and South Korean calls for greater Chinese cooperation against DPRK military threats, raised criticism in South Korea over Beijing's infringement of Seoul's sovereign rights, and reinforced the difficulties of developing common security interests in Northeast Asia. In the coming months and years, it appears increasingly likely that South Korea will find itself unable to defer choices between China and the United States; how it makes

these choices will reflect South Korea's efforts to balance its economic and security interests in an alignment that best suits its own interests while preserving autonomy and freedom of maneuver in a constrained strategic environment.

Chronology of China-Korea Relations **January – May 2015**

Jan. 1, 2015: PRC Assistant Foreign Minister Liu Jianchao in a *Xinhua* interview calls for the resumption of Six-Party Talks.

Jan. 3, 2015: ROK President Park Geun-hye delivers an online video message in *People's Daily* calling for China-ROK cooperation on Northeast Asian peace and stability.

Jan. 5, 2015: PRC and ROK foreign and defense ministries hold working-level talks in Seoul.

Jan. 5, 2015: China's Foreign Ministry spokesperson calls for caution on the Korean Peninsula in response to new US sanctions on North Korea for an alleged cyberattack on Sony Pictures.

Jan. 5, 2015: China's Foreign Ministry spokesperson says Beijing lodged a complaint with Pyongyang over the Dec. 28 killing of four Chinese by a DPRK Army deserter in a robbery attempt.

Jan. 6, 2015: China's Foreign Ministry spokesperson calls for inter-Korean reconciliation after Kim Jong Un proposes talks with Seoul in his New Year message.

Jan. 7, 2015: China's Foreign Ministry indicates that Pyongyang has expressed regret over the Dec. 28 killings of four Chinese by a DPRK army deserter.

Jan. 8, 2015: China's Foreign Ministry spokesperson confirms that Beijing sent a congratulatory birthday message to Kim Jong Un.

Jan. 9, 2015: China's People's Liberation Army begins eight-day regular military drills in northern parts of the Yellow Sea and Bohai Strait near the Korean peninsula.

Jan. 12, 2015: China's Foreign Ministry spokesperson calls for peace on the Korean Peninsula after the US rejects Pyongyang's proposal to temporarily suspend nuclear tests in exchange for a suspension of US-ROK military drills.

Jan. 15, 2015: China's Yanbian Korean Autonomous Prefecture begins civilian patrols along the border with North Korea after the Dec. 28 killing of four Chinese by a DPRK army deserter.

Jan. 20, 2015: DPRK nuclear envoy Ri Yong Ho arrives in Beijing after two-day unofficial talks in Singapore with former US diplomats.

Jan. 20, 2015: China's Foreign Ministry spokesperson states that China welcomes US-DPRK talks in Singapore on Jan. 19.

Jan. 22-24, 2015: PRC Vice Premier Wang Yang visits South Korea to meet President Park and Deputy Prime Minister Choi Kyong-hwan, and attends launch ceremony for the Year of Chinese Tourism.

Jan. 23, 2015: ROK Deputy Minister of Trade and Investment Kwon Pyung-oh leads an investor relations fair in Beijing.

Jan. 23, 2015: A fishing boat collision off Jeju Island leaves 10 Chinese fishermen missing.

Feb. 4, 2015: PRC State Councilor and Defense Minister Chang Wanquan visits Seoul and meets President Park Geun-hye and ROK counterpart Han Min-koo in Seoul.

Feb. 10, 2015: Chinese Civil Affairs Ministry after consultations in Seoul announces that South Korea has agreed to return more remains of Chinese soldiers killed in the Korean War.

Feb. 13, 2015: Gov. Jiang Chaoliang announces Jilin's plans to create the Tumen River Delta tourism zone with Russia and North Korea.

Feb. 25, 2015: China-ROK FTA talks end in Beijing.

March 6, 2015: China's Foreign Ministry spokesperson expresses China's regret over the March 5 attack on US Ambassador to Seoul Mark Lippert by a South Korean activist.

March 7, 2015: PRC Commerce Minister Gao Hucheng at China's annual parliamentary session press conference states that China will accelerate PRC-ROK-Japan FTA talks.

March 8, 2015: PRC Foreign Minister Wang Yi at China's annual parliamentary session press conference expresses China's support for the China-DPRK relationship.

March 10, 2015: Dandong city government at China's annual parliamentary session promotes its role in expanding PRC-ROK trade.

March 10, 2015: UN report indicates that China has reported a Chinese firm's supply of equipment to a DPRK ski resort that does not constitute a violation of UN sanctions.

March 11, 2015: Tenth China-ROK-Japan consultation between senior foreign affairs officials is held in Seoul.

March 11, 2015: Korea International Trade Association establishes a new China Desk in Seoul.

March 12-13, 2015: PRC, ROK, and Japanese environmental officials hold working-level talks in Seoul.

March 13, 2015: DPRK diplomat in Beijing in a *Global Times* interview criticizes U.S. and South Korean approaches to human rights.

March 13, 2015: China's Foreign Ministry spokesperson calls for peace and stability on the Korean Peninsula a day after North Korea fires seven missiles into the East Sea.

March 13, 2015: ROK Vice Finance Minister Joo Hyung-hwan at a seminar on Renminbi internationalization discusses South Korean goals to become a Renminbi hub.

March 14, 2015: Chinese tour operators indicate that Chinese tours to North Korea are resuming operations after Pyongyang ends its Ebola-related ban on foreign travel.

March 15-18, 2015: PRC Assistant Minister of Foreign Affairs Liu Jianchao visits Seoul and meets Deputy Minister for Political Affairs Lee Kyung-soo and other officials.

March 17, 2016: China's Foreign Ministry spokesperson calls for "an objective and fair" attitude toward North Korea's human rights record.

March 17, 2015: China's Foreign Ministry announces that a PRC-ROK consular accord on the legal protection for people-people exchanges will go into force in April.

March 19, 2015: China appoints Li Jinjun, deputy head of the CPC International Department, as new Ambassador to the DPRK.

March 21, 2015: Seventh China-ROK-Japan foreign ministers meeting is held in Seoul. PRC Foreign Minister Wang Yi also meets President Park Geun-hye.

March 26, 2015: Northeast Asian History Foundation and ROK Embassy in Beijing open a three-week photo exhibition of Dokdo islets at the Korea Culture Center in Beijing.

March 26, 2015: South Korea's Ministry of Strategy and Finance issues South Korea's decision to join the Asian Infrastructure Investment Bank (AIIB).

March 26, 2015: DPRK trade delegation led by Pak Ung Sik, director of Korean International Exhibition Corporation, meets Lin Xuewei, head of Dandong's trade promotion agency, and representatives of Chinese firms in Dandong.

March 27, 2015: Kim Jang-soo, former national security advisor and former defense minister, is appointed new ROK Ambassador to China.

March 28, 2015: ROK Coast Guard rescues nine crewmembers from a Chinese fishing boat fire.

March 30, 2015: President Park and PRC Vice President Li Yuanchao meet at Lee Kuan Yew's funeral reception in Singapore.

March 31, 2015: PRC spokesperson refutes media reports of China's dismissal of North Korea's intention to join the AIIB.

April 5, 2015: PRC Ambassador to North Korea Li Jinjun pays tribute to Mao Zedong's son who was killed in the Korean War.

April 8, 2015: The Korea Trade-Investment Promotion Agency opens its "Korea Business Plaza" in Beijing.

April 8, 2015: PRC Vice Foreign Minister Li Baodong and Yoo Dao-jong, director general of the ROK Foreign Ministry's International Organizations Bureau, hold talks in Beijing.

April 8, 2015: China Geological Survey, Korean Institute of Geoscience and Mineral Resources, and Japan Geological Survey hold first meeting in Beijing and agree to conduct joint volcano research.

April 9, 2015: PRC-ROK FTA talks are held in Seoul.

April 11, 2015: PRC Ministry of Finance announces the approval of South Korea as AIIB founding member.

April 13, 2015: PRC Vice Minister of Water Resources Jiao Yong, ROK Minister of Land, Infrastructure and Transport Yoo Il-ho, and Japanese Minister of Land, Infrastructure, Transport and Tourism Ohta Akihiro hold trilateral talks at the 7th World Water Forum in Gyeongju and agree to strengthen trilateral cooperation on water policy innovation.

April 13, 2015: Hunchun city offers its first driving tour to North Korea since Pyongyang's lifting of Ebola-related travel restrictions.

April 14, 2015: ROK Ambassador to China Kim Jang-soo presents credentials to President Xi Jinping.

April 14, 2015: China's Foreign Ministry spokesperson calls for resumption of Six-Party Talks.

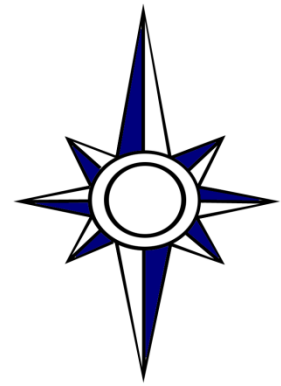
April 15, 2015: PRC Ambassador to South Korea Qiu Guohong and ROK Unification Minister Hong Yong-pyo meet at the Unification Ministry in Seoul.

April 18, 2015: PRC and ROK Finance Ministers Lou Jiwei and Choi Kyung-hwan meet on the sidelines of G-20 financial ministerial talks in Washington.

April 22, 2015: PRC and ROK tax chiefs sign an advance pricing agreement.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



Japan-China Relations: Gaining Traction

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Despite ongoing discussions of history and present-day issues related to the Senkaku/Diaoyu Islands, there was a general sense in both Tokyo and Beijing that relations were slowly moving in the right direction. Meetings took place between senior diplomats and political leaders. Slowly gaining traction, engagement culminated in the April 22 Xi-Abe meeting in Bandung, Indonesia, featuring smiles, handshakes, and a 25-minute talk – a far different picture of the relationship than that presented at the November meeting in Beijing. However, Xi and other Chinese officials consistently made it clear that progress in restoring relations would depend significantly on Japan's proper understanding of history, in particular Prime Minister Abe's much anticipated statement commemorating the 70th anniversary of the end of the war.

History: commemorative events in Beijing

At the end of January, Japanese media reported that China's leadership was developing plans for commemorative events to celebrate the 70th anniversary of victory in the anti-Fascist war, including a large-scale parade to which the world's leaders would be invited. In March, Japanese media, sourcing government officials, reported that an invitation had been extended to Prime Minister Abe Shinzo.

China's Foreign Ministry spokesperson announced on March 24 that invitations had been extended "to leaders of all relevant countries and international organizations." Pressed whether Japan was among the invited, she replied "Do you think that Japan has a connection to World War Two and the Chinese People's War of Resistance Against Japanese Aggression, or not?" On the following day, China's Ambassador to Japan Cheng Yonghua, speaking to members of the Japan-China Friendship League of Parliamentarians, assured his audience that the events marking China's victory in the War of Resistance Against Japan, "are not aimed at present day Japan or its people, rather the objective is to commemorate history and those who lost their lives during the war and by emphasizing the importance of peace, open to the future." At the same time, Cheng noted that China would be carefully watching how Japan reflected on history.

Asked whether Prime Minister Abe would attend the events in China, Chief Cabinet Secretary Suga Yoshihide said that he wanted to refrain from comment. However, former Prime Minister

* The views expressed in this article are the views of the author alone and do not necessarily represent the views or policy of the National Defense University, the Department of Defense, or the US government.

Murayama Tomiichi, in interviews with *Phoenix Television* and the *Yomiuri Shimbun*, expressed his intention, if possible, to attend the September commemorative ceremonies in Beijing.

History: Abe's 70th anniversary statement

On Jan. 1, Emperor Akihito released his New Year message. Among his New Year's Thoughts, the emperor wrote "I think it is important for us to take this opportunity to study and learn from the history of this war, starting with the Manchurian Incident of 1931, as we consider the future direction of this country." In its January edition, *Xinhua* quoted Assistant Minister of Foreign Affairs Liu Jianchao as saying that the coming year would hold the key to China-Japan relations and calling for step-by-step improvement to return the path of advantageous development.

At his first press conference of the year on Jan. 5, Prime Minister Abe said that the statement to be issued by his government marking the 70th anniversary of the end of the war would be written "by collecting wisdom, including remorse over World War II, steps Japan has taken as a pacifist nation after the war and what kind of contributions Japan will make to the Asia-Pacific region and the world." He went on "As I have been saying all along, the Abe Cabinet upholds the position on recognition [of Japan's wartime activities] outlined by previous administrations in its entirety, including the Murayama statement. Moreover, we will uphold this position." Chief Cabinet Secretary Suga told a television audience that the government would inherit "in their entirety" the statements of the Murayama and Koizumi governments issued at the 50th and 60th anniversaries of the end of the war.

Asked to comment on the Emperor's "thoughts" and the prime minister's remarks, China's Foreign Ministry spokesperson responded that "We follow closely what attitude the Japanese government and leaders adopt and what message they send when it comes to the history of aggression. Are they trying to water down that part of history...Or do they prefer to travel lightly by sincerely and profoundly reflecting upon the history of aggression? The international community is watching..." The remarks served as the leitmotif of Chinese diplomacy toward the 70th anniversary statement.

On Feb. 23, Foreign Minister Wang Yi, acting as president of the UN Security Council, opened the debate on the agenda item "Maintaining International Peace and Security." Taking the opportunity, Wang called attention to the coming 70th anniversary of the end of the war against Fascism and observed the continuing existence of those who attempt to deny the reality of history and aggression of the past. Japan's Ambassador Yoshikawa Motohide replied that Japan, based on its deep reflection on the war, had followed the path of a peace-loving country, emphasizing freedom, democracy and rule of law in support of international peace and security. Japan would continue on that path "without change."

On March 3 PM Abe told the Lower House Budget Committee that "I am absolutely not a revisionist." But he went on to acknowledge that his use of the term "emerging from the post-war regime" had caused misunderstandings abroad, adding that he intended it to apply only to domestic politics and not to challenge the postwar international order. Abe returned to the 70th anniversary statement during a March 5 press conference in Mie Prefecture, repeating the

formulation, articulated in his Jan. 5 press conference of “inheriting in their entirety the positions of previous cabinets with regard to understandings of history.”

On March 15, Premier Li Keqiang at a press conference marking the conclusion of the National People’s Congress, said that looking toward the 70th anniversary, Japan’s leaders “must not only accede to the achievements of past leaders but also bear the responsibility of history for the criminal acts of previous leaders.” Li asserted that the origin of difficulties related to whether Japan would preserve a correct understanding of the war and history; the coming year would test the relationship. As for the Abe statement, China would be looking for the inclusion of the words of the Murayama statement, in particular deep reflection and remorse with respect to colonial rule and aggression. Also during the National People’s Congress, Yu Zhengsheng, chairman of the National Committee of the People’s Consultative Conference, announced that China would release records of the war with Japan as part of its commemoration of the World War II anniversary. Chief Cabinet Secretary Suga replied that “at this time particularly reflecting only on the past is not constructive in terms of the Japan-China relationship.”

On March 27, Ambassador Cheng told a press conference that China and other Asian countries victimized by the war would be watching with concern Abe’s 70th anniversary statement. Asked what China would be looking for in the Abe statement, Cheng replied: a commitment to observe previous positions and promises, as reflected in the Murayama statement, acknowledging colonial rule and aggression in the words of Murayama statement, as well as deep reflection and remorse over the responsibility for the severe injuries caused to the Chinese people.

During an April 20 *BS Fuji* program, PM Abe expressed his thoughts with respect to the 70th anniversary statement – whether the wording of the Murayama and Koizumi statements would be included. Abe noted that his basic understanding of history would continue but after saying “‘continuity’ there is no need to write that again.” What he wanted to do was to express his own thinking. If he were to say the same thing with respect to colonial rule and aggression, “there would be no need for a new statement.” Two days later, Ambassador Cheng told a Tokyo audience that attention would be paid to the language Abe would use, but that China was making no specific request as to the words to be used in the statement.

High level interaction: diplomats

On March 19, Senior Japanese and Chinese Foreign Ministry and Defense officials met in Tokyo to resume, after a four-year hiatus, the Japan-China Security Dialogue. Deputy Foreign Minister Sugiyama Shinsuke and Vice Foreign Minister Liu Zhenmin led their respective delegations. Discussion focused on the importance of an air and maritime liaison mechanism to deal with unforeseen incidents; the two sides, however, did not agree to a start date to implement the mechanism. Afterward, a Japanese Foreign Ministry official told reporters that “Both sides agreed that the tide is turning for the better ... following the summit. They also agreed that it is important to keep on taking positive steps in various areas and at various levels to firmly establish this trend.”

On March 21, Chinese, Japanese and Korean foreign ministers met in Seoul, the first meeting of the ministers in three years. At the conclusion of the meeting the three ministers agreed to hold a

three-way summit “at the earliest convenient time.” During a post-conference press conference, Foreign Minister Wang Yi said that much depended on Japan’s coming to terms with its past, noting that “the war has been over for seventy years, but the problem with history remains a present issue, not an issue of the past.” Wang said that at present there is “no schedule” for a trilateral summit, that it was first important “to create the necessary conditions.”

In a separate meeting between Kishida and Wang, Kishida proposed steps to improve relations based on the November Abe-Xi meeting – expansion of political, economic, and cultural exchanges. Kishida also called on China to cease its incursions into Japanese waters in the Senkakus. As for a Xi-Abe meeting, Kishida called for an earliest possible meeting without preconditions. Wang said that it would be difficult in advance of ceremonies marking the end of the war. Wang noted the importance and sensitivity of the coming anniversaries and emphasized that China would be watching to see how Japan dealt with the issues of history.

High-level political interaction returns

More hints of normalcy returned to the relationship with a series of meetings between senior party officials. On March 19, Liberal Democratic Party (LDP) Secretary General Tanigaki Sadakazu and Komeito Secretary General Inoue Yoshihisa met Prime Minister Abe at the Kantei in advance of their March 23-25 visit to Beijing. The political leaders discussed the expected interest of their Chinese interlocutors in the Prime Minister’s Aug. 15 statement commemorating the 70th anniversary of the end of the war. On March 23, Tanigaki and Inoue, leading a group of parliamentarians, met for approximately one hour with Yu Zhengsheng, the fourth-ranking official of the Chinese Communist Party. Yu told them that “Sino-Japanese relations are currently improving. The force is not strong yet, but it is heading in a good direction.” To continue making progress, Yu said that it was important for Japan to deal properly with the issues of history and asked for inclusion of the language of the Murayama statement. Tanigaki replied that the content of Abe’s Aug. 15 statement should not be a concern for China since “[Japan’s] stance as a pacifist nation, our regret for the war never changes,” but that they would report Chinese concerns to the prime minister. He told Yu of the Japanese hope to resume exchanges between ruling parties. Tanigaki also asked for Chinese restraint in the Senkakus. According to LDP and Komeito participants a discussion of history and the Senkaku/Diaoyu Islands took up more than half the meeting.

On March 24, the Japanese leaders met for approximately one hour with Wang Jiarui, head of the CCP’s International Department. During the meeting, Inoue observed that even if there have been times in the past when conditions disrupt dialogue between the governments, dialogue between the political parties is important. Wang replied that, as political leaders not under diplomatic instructions, if the two sides are able to honestly speak from their hearts, the results would be positive. Wang, however, did raise issues related to history and asked that Japan consider the feelings of the Chinese people who were victims of the war. At the conclusion of the meeting the two sides agreed to resume exchanges between ruling parties that had been suspended since 2009 and that first meeting would take place later this year in the capital of one of the Chinese provinces. That evening, Tang Jiaxuan, head of the China-Japan Friendship Committee, hosted a dinner for the Japanese delegation at the Daiyou Tai guest house. Tang welcomed the resumption of party-to-party talks and emphasized the importance China attaches

to relations with Japan. Tanigaki replied that he wanted the reopening of the party-to-party mechanism to open the road to the profitable development of bilateral relations.

On their return to Tokyo, Tanigaki and Inoue briefed Abe on their trip. Afterward Tanigaki told reporters “It’s not enough yet, but we’re moving in the right direction ever since the informal summit between Japanese and Chinese leaders. We were able to confirm the basic thinking that they want to keep heading in that direction.”

A delegation of representatives from the China’s National People’s Congress reciprocated with an April 8-11 visit to Tokyo to meet Japanese counterparts. The visit by senior Chinese political figures was the first since Japan’s nationalization of the Senkakus. On April 8, the delegation met Democratic Party of Japan (DPJ) President Okada Katsuya. Afterward, Okada told reporters that the Chinese had called on Japan to learn from history and not to repeat the mistakes of the past. On April 9-10, the delegation met their Japanese counterparts in the Diet building. In a meeting with Chief Cabinet Secretary Suga, the Chinese referred to the Xi-Abe meeting at APEC as setting a foundation on which to improve relations and break through current difficulties.

On April 14, Premier Li Kqiang met former Chief Cabinet Secretary Kono Yohei and a delegation from the Japan Association for the Promotion of International Trade. Li praised Kono for his “courage and sense of responsibility” as a political leader, observing to reporters that Kono had evidenced a “correct” understanding of history. Li went on to observe that the key to improving relations “lies in how Japan handles and deals with historical issues,” underscoring the Kono and Murayama statements as “basic underlining policy essentials for the Japanese government to correctly perceive history.” Kono replied that “it is important to develop mutual understanding by repeatedly talking with each other and to clear obstacles with diplomatic wisdom.” The Li-Kono meeting marked the first time that Li had met with a Japanese delegation since nationalization of the Senkakus.

Xi-Abe meet in Bandung

Prime Minister Abe and President Xi met for 25 minutes on April 22 in Bandung, Indonesia at the Asian-African Summit. Afterward, Abe told reporters that the meeting was “extremely significant” and that the two leaders had agreed to advance dialogue at various levels including youth exchanges, that he wanted to make certain the current trend of improving relations continued, and that by taking advantage of various international conferences, he wanted to make every effort to develop the bilateral relationship. Xi noted a “certain degree” of improvement in relations between the two countries attributing it to joint efforts of both sides; Abe agreed. As for history, Xi made clear that a proper understanding was an important principle which serves as a political foundation of the relationship. Abe said that his government has adhered to the overall interpretation of history set out by previous governments, including the 1995 Murayama statement and Koizumi’s statement in Bandung in 2005.

In Beijing, the Foreign Ministry spokesperson commented that “the meeting has charted the course for the improvement and development of China-Japan relations in the next step.” In Tokyo, Chief Cabinet Secretary Suga agreed the meeting showed “a desire to improve relations.”

Senkaku/Diaoyu islands: maps and claims

During the Lower House Budget Committee meeting on Feb. 23, LDP member Harada Yoshitake, introduced a map of the Senkakus that he had received from a Japanese diplomat. The map, published in 1969 by China's State Bureau of Surveying and Mapping, identifies the Senkakus in Japanese characters. Foreign Minister Kishida considered the map "valuable data" to be used "strategically" to reinforce Japan's claim to the islands. The following week, on March 4, Chief Cabinet Secretary Suga told reporters that the website of the Chinese Coast Guard refers to the islands in both Japanese and Chinese characters as Chinese territory was "a distortion of reality" and could not be entertained. Suga went on to say that the government had issued a diplomatic protest calling on China to remove the reference.

The Chinese Foreign Ministry spokesperson reiterated China's claim to the islands as part of China's "inherent territory." She went on to observe that "facts are facts, and the objective fact will not change whether the Japanese side is or is not willing to accept it." China was using the website "to help people grasp a better understanding of the historical background and China's consistent position...." China "does not accept the unreasonable request of Japan...."

The Japanese Foreign Ministry posted Harada's map on its website on March 16. Citing the map as evidence of Japan's claim to the Senkakus, Harada called on China to "immediately stop its illegal activities" in the islands. Harada subsequently met PM Abe to discuss an LDP resolution calling on China to cease its intrusions into Japan's territorial waters. Beijing's Foreign Ministry spokesperson responded by saying said that he had not seen the map but emphasized that "the Diaoyu Dao and its affiliated islands are China's inherent territory, and this is an indisputable fact backed by sufficient historical and jurisprudential evidence.... No one can deny this historical fact by wasting their contrivances on one or two maps." He was prepared to provide "one hundred, even one thousand maps that clearly mark the Diaoy Dao as Chinese territory."

On March 23, the Japanese Foreign Ministry cited Chinese documents from 1893, the period before the Sino-Japanese war that did not claim the Senkakus as Chinese territory to demonstrate that present-day Chinese claims lacked any standing. Foreign Minister Kishida saw the 1893 map and documents as contradicting China's present-day claims. On April 7, the Japanese government announced its intent to develop a public database of documents, maps, and photographs substantiating Japan's position on the Senkakus and other territorial issues. China's spokesperson replied "there are innumerable historical materials from home and abroad to prove that China is the first to have discovered the Diaoyu Dao and has exercised long-term and effective control over the island." She added that it is Japan, "who struggles to deliberately misinterpret that material that it has got in disregard of the integrity of history."

Senkaku/Diaoyu operations

Meanwhile, the Chinese Coast Guard continued its robust efforts to establish its presence in the region of the Senkakus/Diaoyus through regular patrols.

Jan. 5-16: *Haijian 2115, 2151, 2337* operate in Japan's contiguous zone near the Senkaku Islands; on Jan. 9, these vessels enter Japan's territorial waters.

Jan. 19-20: *Haijian 2102, 2305, 2306* operate in Japan's contiguous zone near Senkaku Islands; on Jan. 19, the ships entered Japan's territorial waters.

Jan. 23-27: *Haijian 2305, 2306, 2102* operate in Japan's contiguous zone near Senkaku Islands; *2305* and *2306* enter Japan's territorial waters on Jan. 27.

Feb. 2-4: *Haijian 2113, 2166, 2350* operate in Japan's contiguous zone near Senkaku Islands.

Feb. 6: *Haijian 2113* and *2350* enter Japan's territorial waters near Senkaku Islands.

Feb. 9-28: *Haijian 2337, 2401, 2506* operate in Japan's contiguous zone near Senkaku Islands.

March 6-8: *Haijian 2101, 2305, 2307* operate in Japan's contiguous zone near Senkaku Islands.

March 10-22: *Haijian 2102, 2306, 2350* operate within Japan's contiguous zone; on March 16 and 23, the ships entered Japan's territorial waters near Senkaku Islands.

March 28-April 1: *Haijian 2101, 2306, 2350* operate in Japan's contiguous zone near Senkaku Islands; on March 30, the vessels enter Japan's territorial waters.

April 4: *Haijian 2113, 2401* enter Japan's territorial waters near Senkaku Islands.

April 8-16: *Haijian 2113, 2401, 2506* operate in Japan's contiguous zone near Senkaku Islands.

April 17: *Haijian 2307, 2337, 2101* enter Japan's territorial waters near Senkaku Islands. When asked by the Japanese Coast Guard to leave Japanese waters, they reply in both Chinese and Japanese that the Japanese ships had entered Chinese waters and to depart immediately.

April 22-27: *Haijian 2101, 2307, 2337* operate in Japan's contiguous zone near Senkaku Islands.

April 30: *Haijian 2101, 2102, 2307* enter Japan's territorial waters near Senkaku Islands, ignoring warnings not to enter. The incursion was the 12th of the year.

Security

On Jan. 12, Japanese and Chinese defense and coast guard officials met in Tokyo to discuss issues related to a maritime crisis management mechanism. The two sides agreed to set up an air-sea mechanism and discussed technical issues to bring it into operation as early as possible. Afterward, Defense Minister Nakatani Gen told reporters that the two sides were able to reach common understandings, and a Japanese government official projected a spring operational launch of the mechanism or, at the latest, by the end of the year. On Jan. 22, high-level discussions on maritime issues took place in Yokohama.

On Jan. 16, Nakatani visited the Maritime Self-Defense Force Yokosuka Regional Headquarters. Addressing the sailors, he made it clear that "Japan is at a major turning point. Each citizen

needs to seriously think about how to protect Japan's territorial land, water, and airspace." China, he noted, "has repeatedly committed reckless acts that could develop into an unpredictable situation. We have to firmly protect what needs to be protected."

At the end of January, US Vice Adm. Robert Thomas, commander of the Seventh Fleet, addressing developments in the South China Sea, observed that "it makes sense for the Maritime Self Defense Force to operate in the South China Sea in the future. During a Feb. 3, press conference, Defense Minister Nakatani told reporters that "on account of the growing impact of the situation in the South China Sea on Japan's security, Japan's response needs to be addressed." In response, China's Foreign Ministry spokesperson noted that "the situation in the South China Sea is stable.... Countries outside the region should respect the endeavor of countries in the region to safeguard peace and stability, and refrain from sowing discord among other countries and creating tensions."

On March 5, during the National People's Congress, China released the 2015 defense budget, an increase of 10.1 percent over 2014 and fifth consecutive year of double-digit growth. In his work report to Congress, Premier Li Keqiang emphasized the importance of protecting China's boundaries, sea and air space, and of strengthening China's air and naval forces. Chief Cabinet Secretary Suga noted the continuing lack of transparency in China's defense spending and military strength. On March 24, PM Abe met with the LDP's foreign policy management team at the Kantei. Afterward, the LDP's Harada Noriaki told reporters that Abe, addressing China's continuing military expansion, said that Japan must act firmly to take the necessary steps with regard to the defense budget to put Japan in a second to none position.

Asked to comment, China's spokesperson said "moves taken by Japan in the fields of military and security are always something in the mind of its Asian neighbors." Noting that Japan's defense spending per capita is "about five times that of China," she wondered "why Japan is making an issue of China's normal defense efforts, and whether there is some other agenda."

On April 27 in New York City, the US and Japan Security Consultative Committee released the New Guidelines for Japan-US Defense Cooperation. The Joint Statement accompanying the release "reaffirmed that the Senkaku Islands are territories under the administration of Japan and therefore fall within the scope of the commitments under Article 5 of the Japan-US Treaty of Mutual Cooperation and Security, and that they oppose any unilateral action that seeks to undermine Japan's administration of these islands." In a joint press conference with Prime Minister Abe, President Obama said that "we don't think that a strong US-Japan alliance should be seen as provocative" by China. China's Foreign Ministry spokesperson commented that "the US and Japan shoulder the responsibility of ensuring that a third party's interests will not be damaged and peace and stability in the Asia-Pacific will not be undermined by their alliance. We will keep an eye on the future security cooperation between the US and Japan."

Business and economics

Economic news presented a mixed picture in early 2015. On Jan. 15, China's Ministry of Commerce released figures showing that Japanese direct investment in China in 2014 fell 38.8 percent over the previous year to \$4.33 billion, marking the second consecutive year of decline.

Reasons cited for the decline included strains in Japan-China relations and increasing labor costs in China. At the same time, trade volume stabilized after declines of 8 percent in 2012 and 2013. China's imports from Japan grew at a 0.4 percent rate, while China's exports to Japan fell 0.5 percent. Chinese officials attributed the decline to rapid yen depreciation. Meanwhile, Japanese manufacturers, Panasonic, TDK, and Daikin Industries announced relocation of production facilities back to Japan from China, citing yen depreciation and rising labor costs in China as the primary reasons. A positive note was the growth in Chinese tourists to Japan, amounting to 2.22 million in the period January-November 2014, an increase of 1.8 percent despite political tensions over issues related to the Senkakus/Diaoyus and history. To encourage the positive trend, Japan further loosened visa requirement for visitors from China.

China's decision to set a March 31 deadline for countries to join the Asian Infrastructure Investment Bank (AIIB) presented the Abe government with a difficult decision. On March 20, Abe told the Upper House Budget Committee that Japan's involvement in the bank "needs to be carefully considered." That same day, Finance Minister Aso Taro, following a Cabinet meeting, told reporters that Japan could consider joining if issues related to debt sustainability, the environment, and society were worked out but that China had not responded to Japan on such matters. Chief Cabinet Secretary Suga said that Japan would take a cautious attitude toward participation in the bank and, unless issues raised by the finance minister were resolved "participation would not be impossible."

At the same time, Japan's Ambassador to China, Kitera Masato told the *Financial Times* that Japan's "business community woke up late, but now they have mounted a big campaign for the AIIB which appears to be very effective." On March 31, the chairman of the Keizai Doyukai, Hasegawa Yasuchika, referring to European decisions to join the bank as founding members, thought the government's position was an "overreaction." He called on the government to assure that Japan's companies would not be disadvantaged in bidding on infrastructure projects by a decision not to join. Also on March 31, PM Abe met with Eto Seishiro, chairman of the LDP's panel for Regional and Diplomatic Partnership and other party officials. Abe asked the group to consider the advantages and disadvantages associated with Japan's joining the AIIB in advance of June deadline. Later, on April 8, the LDP set up a working group to consider an AIIB decision, with an end of May date for submission of recommendations. Speaking at the Upper House Foreign and Defense Committee, Foreign Minister Kishida told the members that "There are points such as ... fair governance ... that we should confirm"; and a decision would follow only "after confirming the specifics if we are to use a huge amount to tax money."

Chronology of Japan – China Relations January – April 2015

Jan. 1, 2015: Emperor Akihito New Year's Thoughts calls for a study of history of the war going back to the Manchurian Incident.

Jan. 5, 2015: Prime Minister Abe Shinzo in his first press conference of 2015 says his government will uphold statements of previous governments in their entirety with regard to history issues.

Jan. 12, 2015: Japan Coast Guard proposes construction of three new ships to deal with Chinese coral poaching.

Jan. 12, 2015: Japanese and Chinese defense and coast guard officials meet in Tokyo to discuss issues related to a maritime crisis management mechanism.

Jan. 15, 2015: China's Ministry of Commerce indicates a 38.4 percent drop in Japanese direct investment in China for 2014.

Jan. 16, 2015: Yokohama prosecutors bring proceedings against captain of Chinese vessel arrested for coral poaching on Dec. 21, 2014.

Jan. 22, 2015: Japanese and Chinese officials discuss maritime issues in Yokohama.

Feb. 12, 2015: Chinese Embassy in Tokyo hosts New Year celebration; Ambassador Cheng Yonghua expresses hope that Abe government will sincerely reflect on history.

Feb. 13, 2015: China-Japan Friendship Hospital in Beijing shortens website name to China-Japan Hospital; hospital authorities say the change is unrelated to state of relations.

Feb. 19, 2015: Chief Cabinet Secretary Suga Yoshihide announces creation of advisory panel to draft a statement to be issued by PM Abe commemorating 70th anniversary of the end of the war.

Feb. 23, 2015: China's Foreign Minister Wang chairs UN Security Council; opens debate on Maintaining International Peace and Security by calling attention to 70th anniversary of the end of the war; refers to continuing existence of history deniers.

Feb. 23, 2015: Liberal Democratic Party's Harada Yoshitake introduces a 1969 Chinese State Bureau of Surveying and Mapping that identifies Senkaku Islands in Japanese characters.

March 3, 2015: PM Abe tells Upper House Budget Committee that he is not a denier of history.

March 5, 2015: China announces 10.1 percent increase in the defense budget.

March 13, 2015: Abe government announces new overseas development assistance policy adding "national interest" as criteria for considering projects; non-military aid to foreign militaries will be considered on case by case basis.

March 13, 2015: Japan's National Institute for Defense Studies publishes its *2014 China National Security Report*.

March 15, 2015: Prime Minister Li Keqiang calls on Japan to bear responsibility for wartime acts of aggression.

March 19, 2015: LDP's Foreign Policy section adopts resolution calling on government to use every means possible to stop Chinese incursions into the Senkaku Islands.

March 19, 2015: Senior Japanese and Chinese Foreign Ministry and Defense officials meet in Tokyo for the first time in four years.

March 19, 2015: LDP Secretary General Tanigaki and Komeito Secretary General Inoue meet PM Abe to brief on their upcoming visit to China.

March 21, 2015: Chinese, Korean, and Japanese foreign ministers meet in Seoul, their first meeting in three years; Chinese and Japanese foreign ministers hold separate bilateral meeting.

March 22, 2015: Yonagumi local election supports deployment of Ground Self-Defense Force to the island by vote of 632 to 445.

March 23-24, 2015: LDP Secretary General Tanigaki and Komeito Secretary General Inoue visit China and meet Yu Zhengsheng, fourth ranking CCP official, Wang Jiaru, head of CCP International Department, and Tang Jiaxuan, head of China-Japan Friendship Committee.

April 4, 2015: PM Abe sends greetings to celebration of Japan-China Traditional Cultural Arts in Beijing; hails the event as ushering in a new era in Japan-China friendship.

April 7, 2015: Chief Cabinet Secretary Suga expresses thanks to PLA Navy for helping Japanese citizen evacuate from Yemen On April 6.

April 8-11, 2015: Delegation from China's National People's Congress visits Tokyo to meet Japanese counterparts.

April 14, 2015: Premier Li Keqiang meets former Chief Cabinet Secretary Kono Yohei, the first meeting by Li with a Japanese political figure since nationalization of the Senkaku Islands.

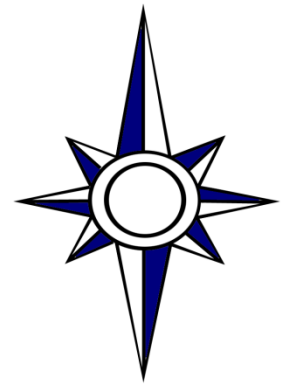
April 21, 2015: PM Abe makes offering at Yasukuni Shrine during the spring festival.

April 22, 2015: PM Abe addresses Asia-Africa Summit in Bandung, Indonesia expresses remorse over the war but no apology.

April 22, 2015: President Xi and PM Abe meet during Asia-Africa Summit.

April 23, 2015: Three ministers in the Abe Cabinet visit Yasukuni Shrine.

April 28, 2015: Japan-China Science and Technology Commission meets in Beijing.



Japan-Korea Relations:

The Art of Politics and the Politics of Art

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At the end of 2014, there were both stern warnings but also cautious optimism for what 2015 held in store for Japan and South Korea in anticipation of the 50th anniversary in June of the restoration of diplomatic relations and the upcoming 70th anniversary of the end of World War II. The early months of 2015 did not bring any new explosive point of contention to the surface, but issues such as talks on comfort women/sex slaves and territorial sovereignty over Dokdo/Takeshima remained the focus of relations. The most visible manifestation came with Prime Minister Abe's visit to the US in late April. Clearly playing to his audience, he reassured Americans but disappointed Koreans. While governments were fine-tuning their art of politics, a group of nongovernmental actors – academics, large corporations, and the art community – got swept away by the politicization of bilateral relations.

Academics, corporate actors, and the politics of art

News surfaced in mid-January with the release of a statement that New York-based publisher, McGraw Hill Education, had rejected requests by the Japanese Ministry of Foreign Affairs (MOFA) through its New York Consulate General in November 2014 to make revisions to the text regarding comfort women in a book titled *Traditions & Encounters: A Global Perspective on the Past* co-authored by Jerry H. Bentley and Herbert Ziegler. With the benefit of hindsight, we now know there were hints of what was to come much earlier: during a [press conference](#) by Foreign Minister Kishida Fumio on Nov. 18, 2014, a reporter from *Asahi Shimbun* asked about reports of a request by the Japanese government to an embassy in the US to a certain publisher. Kishida confirmed that **he had** “heard a request was made” but did not have details at hand. It was not until January that the story really took off with the *Wall Street Journal* (Jan. 15, 2015) reporting that a meeting had taken place in December 2014 between Japanese officials and representatives from McGraw-Hill, while the *New York Times* (Jan. 29, 2015) highlighted Prime Minister Abe Shinzo's remarks during a parliamentary session where he stated that he was “shocked” at the textbook and that “this kind of textbook is being used in the United States, as we did not protest the things we should have, or we failed to correct the things we should have.”

Round two began in earnest in March, with the [news](#) that a group of 19 Japanese historians and academics planned to send a letter to McGraw-Hill to take issue with eight particular phrases regarding comfort women/sex slaves in the aforementioned textbook. Hata Ikuhiko, who is part of the group of 19 and an emeritus professor at Nihon University, has been a long proponent of the cause, as evidenced by his 20-page piece in 2007 titled “[No Organized or Forced Recruitment: Misconceptions About Comfort Women and The Japanese Military](#),” published by

the Society for the Dissemination of Historical Fact in Tokyo. His basic stance is summed up well by a particular paragraph where he states:

The comfort women issue is a political problem raised by forces (both domestic and foreign) with multiple, diverse agendas. If we were to describe it in Clausewitz's terms, we would call it the "continuation of politics by other means." For that very reason, the absence of bloodshed notwithstanding, the facts have been shoved aside. Instead, what we have is political power games that employ just about every known devious tactic, from cajoling and coercion to deception and trickery.

We see a similar concern (but in less ominous language) for the unwanted "contamination" of history by politics from the other side in a [letter](#) submitted by Alexis Dudden (University of Connecticut) and signed by 19 other academics, to the March issue of *Perspectives on History* – a news magazine of the American Historical Association (AHA). While the letter does express "dismay" at recent actions by the Japanese government, it would seem incomplete to simply treat the letter as one denouncing Tokyo on charges of historical revisionism. The letter states that "we recognize that the Japanese government is not alone in seeking to narrate history in its own interest," and proceeds to cite the US and its actions to obscure accounts of African-American slavery and Russia's law criminalizing what the Kremlin sees as false information of Soviet activities during World War II. A part that did not get cited in enough of the media was the sentence that "the Japanese government, however, is now directly targeting the work of historians both at home and *abroad*" [emphasis added]. Knowingly or unknowingly, the feeling of unease aimed at the McGraw-Hill vs. Japan case may stem from an instinctive apprehension we get when governments try to enforce their jurisdiction beyond their borders.

"Influence" was a common theme during the first months of 2015. Around the same time the Dudden letter gained media attention, it was revealed that the Japanese government had budgeted over \$15 million to fund Japan studies at nine universities abroad, including Georgetown University and Massachusetts Institute of Technology (MIT). [Some](#) framed this effort as "part of a "soft power" push to counter the growing influence of China and South Korea," while some [Korean sources](#) preferred to label it as "stealth lobbying." *The Hoya*, Georgetown's student newspaper, confirmed that the Japanese government was considering donating \$5 million to the Walsh School of Foreign Service to fund an endowed chair in Japanese studies, but that the decision was not finalized as of March 31, 2015. There are, of course, precedents. There was immense [debate](#) in 1997 when the Turkish government approached UCLA as one of six universities to establish an endowed chair of Ottoman and Turkish history. There was visible uproar from the Armenian community, which suspected political propaganda as the driver behind the offer and accused the Turkish government of historical revisionism. In the end, the \$1 million offer was turned down by a narrow vote of 18-17 by the department faculty on the grounds that the terms of the gift could compromise academic freedom.

In 2015, we see similar dynamics at work between Japan and South Korea. An [article](#) in Korea's *JoongAng Daily* responded to news of the Japanese government funding Japan studies abroad by using the following phrases: "lobbying to change history," "spending money to deny history," and "waging a "war of money" by bringing history disputes with Asian neighbors to the United States." One could argue that this issue may remain a relatively straight-forward case involving academic scholarship, but the more likely scenario is that it will become a greater point of

contention than the McGraw-Hill affair, not only because it is ongoing and it will have long-lasting effects (once the funds are distributed), but also because it has all the makings of a drama: politics and (large sums of) money.

There were also plans for Korean funding in the US for the purpose of shaping perceptions. The [Los Angeles Times](#) reported in March that the Los Angeles County Museum of Art (LACMA) had sealed a 10-year deal with Hyundai, which marked the “longest corporate sponsorship in its [LACMA] history.” Among other things, there will be three exhibitions rolling out in 2018 that include a show on Korean calligraphy and exhibitions on 20th century and contemporary Korean art. This comes on the heels of Hyundai Motor sealing an 11-year exclusive partnership in 2014 with the Tate Modern Art Museum in London, representing the museum’s longest contract in its history. Aside from the most immediate question regarding the politics behind donors (which also applies to the case of funding universities), this also raises some questions about the identity of corporations, especially given the discourse on Multinational Corporations (MNCs) and their reputedly global character. Another art scene that placed the Japan-Korea politics directly on display was Gallery Furuto in Nerima Ward, Tokyo. An interesting [article](#) (“Self-Censorship is Biggest Threat to Free Speech in Japan,” by Yoshida Reiji and Nagata Kazuaki) in the Jan. 22 *The Japan Times*, discussed an exhibition at Gallery Furuto that showcased work that had formerly been rejected or removed by other exhibition organizers in Japan. Among these is a sculpture by Kim Seo-kyung and Kim Eun-sung of a girl dressed in traditional Korean garb sitting in a chair (the prototype for the controversial bronze comfort women/sex slaves statue in front of the Japanese Embassy in Seoul), and photos of former comfort women/sex slaves taken by photographer Ahn Se-hong. The relationship between politics and art was not really picked up by the media (with the exception of *The Japan Times*), but it is definitely an area worth keeping in mind, especially given its potential to *heal* rather than *hurt* Japan-Korea relations.

Yet another interesting development involving corporate actors was the announcement by [YBM Sisa.com](#), a South Korean provider of online and offline educational services that its subsidiary, YBM Japan, had inked a deal with Mitsui Fudosan Co., Ltd., to open an “English Village” in Osaka starting in the fall. The plans for the 4,870 sq. meter facility would be the first “Korean-style English Village in Japan.” The company reported that they hoped to attract roughly half a million people annually, and raise ¥2 billion (almost \$17 million). In 2006, when Oxford University announced that it would not admit any new students for its Korea studies program that had been set up under the auspices of the Korea Foundation due to a lack of funds, YBM Sisa matched the funds from the Korea Foundation and donated 1.5 billion won (roughly \$1.4 million); it also has an arrangement with Harvard University, going all the way back to 1997 with Min Sunshik – president of YBM – [donating](#) \$500,000 to the endowment of the Harvard University Korea Institute. More poignant regarding the “English Village” though, is the question of what it means for South Korea to be running an “English village” in Japan, and whether this may simply become another shameless plug for *Hallyu* or the “Korean Wave.”

Learning the art of politics

There are some well-known ironies of life – you are rarely taught how to teach, and yet you are expected to become a (brilliant) teacher; there is no class on *doing* politics and yet politicians somehow fashion their whole career out of doing it. There are many ways that any semblance of

even a formal curriculum (or a manual) on how to maneuver through politics could quickly go wrong, however savvy or effective: Machiavelli's *The Prince* comes to mind. The fact that it is easy to do but hard to master is perhaps why politics often seem so messy and unproductive – everyone is continually grappling with the art of politics and this is especially true for Japan-Korea relations.

There were several notable meetings between Tokyo and Seoul. The sixth and seventh round of bilateral talks concerning comfort women/sex slaves headed by Ihara Junichi and Lee Sang-deok took place on Jan. 19 (Tokyo) and March 16 (Seoul), respectively. A foreign ministers meeting between Kishida Fumio and counterpart Yun Byung-se took place in Seoul on March 21, the first such meeting since Kishida was appointed. Issues ranged from trilateral cooperation involving China, agreement to keep North Korea's status as a nonnuclear weapons state, the tightening of Japanese marine product imports, and resolution of the controversy surrounding comfort women/sex slaves. The meeting seemed more like an "ice-breaker" to get things going for the 50th anniversary of normalization of relations – as evidenced by the goodie bag that Kishida presented Yun, which included a wooden spoon (*Shamoji*) from his birthplace of Hiroshima that brandished a 50th anniversary logo, and a stamp that is scheduled for release in commemoration of the anniversary. (The large size of the rice paddle can be admired [here](#).) Meanwhile, according to the *Mainichi Shimbun*, a nongovernmental consultative group between Japan and Korea held its first meeting in Tokyo on March 22. The group includes former Japanese Prime Ministers Fukuda Yasuo and Mori Yoshiro and former Korean Prime Ministers Lee Hong-koo and Gong Ro-myung. The focus seemed to be on reviving the spirit of relations more than substantive problem-solving.

All the well-wishing and goodwill surrounding the anniversary, however, could not prevent familiar bilateral issues from remaining on auto-pilot. On Jan. 21, South Korea summoned the Japanese military attaché at the Japanese Embassy in Seoul to protest Japanese claims to Dokdo/Takeshima in the Korean language translation of the Japan 2014 Defense White Paper. (The Seoul government supposedly also received [flack](#) for taking a full week to take any action after receiving the translated version on Jan. 13, demonstrating the art of juggling both domestic and foreign audiences.) There was another summons in response to the Takeshima Day ceremony on Feb. 22 in Shimane Prefecture. In swift response to the release of the outcome of the review of middle-school textbooks by Japan's Ministry of Education, Culture, Sports, Science and Technology on April 6 – which emphasized Japan's sovereignty over disputed territory and a softening of its wartime aggression – Seoul summoned Japanese Ambassador Bessho Koro to protest. Japan released its Diplomatic Blue Book the next day, which prompted South Korea to summon Kanasugi Kenji, a minister at the Japanese Embassy in Seoul, over Japan's claims to Dokdo/Takeshima and the framing of comfort women/sex slaves. The back-to-back incidents had [some](#) in Korea branding the Korean government's "quiet diplomacy" with Japan as ineffective. There was also a rather odd incident reported by *The Korea Times* of an announcement made by Seo Kyoung-duk (known for his efforts in promoting Korea's territorial sovereignty over Dokdo) that he will host a "hole-in-one" golf challenge on the contested islets, as part of the 70th anniversary of South Korea's independence from Japan. Seo reportedly stated that "If the golf event is publicized, the world will know about the islets." The risk is that this will more widely propagate the stereotype of the "golf-loving Korean."

The general diplomatic climate did not encourage progress. The two countries [announced](#) in February that they will let their 14-year-old currency swap arrangement expire on Feb. 23. According to a South Korean official, the main reason behind the lapse was simply the lack of need, given the ample stock of foreign-exchange reserves, thereby thwarting any speculations about the impact of politics on economic and financial affairs. Obviously, this alone did not hurt relations, but [bilateral trade](#) also declined for the third straight year in 2014. Based on a report by the Korea International Trade Association (KITA), bilateral trade came to \$85.95 billion last year (a 9.2 percent decrease from 2013), and South Korea's exports to Japan fell by 7.2 percent with imports also shrinking by 10.4 percent to \$53.77 billion. Added to this was the 24.8 percent decline, compared to same time last year, in Japanese tourists (at 142,587) to South Korea in January, which even the estimated [1,400 Japanese attendees](#) of the "Korea-Japan Friendship Event" to promote cultural exchange and tourism will not fix. Meanwhile, the number of travelers from Korea to Japan increased 40.1 percent to 358,000 in March, recording the highest number for the five months running (Dec. 2014: 270,903; Jan. 2015: 358,100; Feb. 2015: 321,600). (Figures are from the [Japan National Tourism Organization](#).) Therefore, it would be misleading to take only the flow in one direction as a signal of the health of bilateral relations.

The art of the spoken and written word is critical to politics and there were two especially poignant incidents that illustrated this. During an [interview](#) by David Ignatius (*Washington Post*) with Prime Minister Abe in March, there was a question regarding historical revisionism; Abe stated that "on the question of comfort women, when my thought goes to these people, who have been victimized by human trafficking and gone through immeasurable pain and suffering beyond description, my heart aches." In a March 26 [opinion piece](#), Ignatius quoted an aide to Abe claiming that the reference to "trafficking" was the first time that Abe had done so in a public manner. Meanwhile, the same phrase was decidedly troubling for [some](#) in Korea who viewed the words as being hollow, and expressing "no remorse, contrition or apology in "my heart aches," as it is "a mere expression of emotion."

The written word was at the center of some confusion when the Japanese Ministry of Foreign Affairs (MOFA) revised its description of South Korea on its website as "an important neighboring country that shares basic values, such as freedom, democracy and a market economy, with Japan," to a more [minimalist version](#) of "the most important neighboring country for Japan." (The [English website](#) simply reads "Japan and the Republic of Korea (ROK) are most important neighbors to each other," updated March 5, 2015). The 2015 Diplomatic Bluebook released by Japan in April also left out any reference to "shared fundamental values," which further questioned Japan's motivation behind the change. The *Asahi Shimbun* called this move "an apparent criticism of Seoul's judicial system," referring to the indictment of the *Sankei Shimbun's* former bureau chief, Kato Tatsuya, on charges of defaming the South Korean president (see previous issue of *Comparative Connections* for a refresher). In March, *The Korea Times* reported that the new Seoul bureau chief for *Sankei* had still not been issued a press card from the Korean Culture and Information Service (KCIS) for foreign correspondents, despite having applied for it after arriving in Seoul in September 2014. What makes the "retaliation" (if it is one) suspect though is that Japan is going through its own domestic ordeal with Uemura Takashi, a former *Asahi Shimbun* reporter and currently an adjunct lecturer at Hokusei Gakuen University in Sapporo, filing a libel suit against Bungeishunju Ltd., and Nishioka Tsutomu, a professor at Tokyo Christian University, for erroneously claiming that Uemura had fabricated

stories about comfort women/sex slaves (One can read more about Uemura's travails [here](#).) The *Japan Times* reported that Uemura was seeking ¥16.5 million in damages from the major publisher and the scholar of Korean studies.

No system is perfect, so the danger of becoming those people living in glass houses throwing rocks always exists. What was missing from the quiet announcement about Japan's revised description of bilateral relations was probably transparency, both in the process and the final decision. Hence, we (the public) are left with only speculations about what may have prompted the change, which only increases the risk of that void becoming politicized or empowering those who would prefer to fill that void with xenophobic rhetoric rather than healthy debate. If anything, these incidents will hopefully demonstrate the need to be more reflexive, and motivate both countries into *action* rather than words (either spoken or written), which may cut down on the room for misinterpretation or exchange of "sweet nothings."

The stark contrast in reporting by US and South Korean media on PM Abe's visit to the US was unmistakable but somewhat predictable. Although the US media seemed to play up the Trans-Pacific Partnership (TPP) and the US-Japan alliance that were mentioned during PM Abe's speech to Congress on April 29, most of the major outlets (*The Wall Street Journal*, *Washington Post*, and *Reuters*) still raised the issue of Japan's contrition for its aggression during World War II and the treatment of comfort women/sex slaves. The sentiment within South Korea could be summed up as one of disappointment and slight indignation. The disappointment stemmed from the lack of an apology regarding the comfort women/sex slaves, and the generality of Abe's statement that "armed conflicts have always made women suffer the most." (As evidence of the level of emotion this issue has in South Korea, a member of the ruling Saenuri Party, Kim Jong-hoon, had actually flown into Washington ahead of the planned speech in protest of Abe.) Part of the indignation was also attributable Abe's visits to the National World War II Memorial, the Lincoln Memorial, and the Holocaust Museum to pay respects to history and note the atrocities of war, which (at least in the eyes of the Korean public) did not translate into his speech in Congress. This left the South Korean public to feel catharsis by capitalizing on Joseph Choi, a student at Harvard University, who confronted Abe during his 9-minute lecture at the Kennedy School on April 27 by raising a question on Japan's denial regarding sexual slavery. Some Koreans felt that the US was not completely immune to the indignation, as news surfaced of the lavish treatment that Abe received during the state dinner (the full menu with accompanying descriptions is available [here](#)), which included *Dassai*, Asahi Shuzo's signature *Junmai Daiginjo*, a pure-rice sake (market price of roughly \$300) and the first roll-out of the new Obama State China Service.

Making three "right" turns on North Korea?

By the end of 2014, there was a feeling that Tokyo had made a few "right" turns on relations with North Korea: the first in May 2014, when bilateral talks placed the Japanese abductees issue on the table; the second coming in July with the easing of some sanctions against the North and Pyongyang's decision to reopen the investigation into the abductees. After just two though, it seemed like Tokyo was getting that impending sick feeling that it might just be back where it started. Therefore, holding out on the third turn, Japanese Foreign Minister Kishida announced on March 30 that Japan would extend sanctions that were set to expire in April for another two

years. Those sanctions include barring North Korea's ships from entering Japanese ports for non-humanitarian activities, placing limits on trade, and restricting flights to and from the countries. The title of an April 1 article in the *Asahi Shimbun* sums up the mood well: "Japan Draws a Blank in Latest Secret Talks with North Korea on Abduction Issue." The article reported that the two countries had held unofficial talks in Dalian, China from Feb. 28 to March 1, to discuss the Japanese abductee issue, with not much "show and tell" from Pyongyang and certainly, no hints of any preliminary report on the reinvestigation in sight.

Meanwhile, it was *reported* on March 2, that North Korea had fired two short-range missiles off its east coast a couple hours before the annual military exercises between South Korea and the US. Japan swiftly lodged a protest with the North, citing that the missile launches not only posed "aviation and navigation safety" problems, but also constituted an infringement of United Nations (UN) Security Council resolutions that ban the country from utilizing ballistic missile technology for launching projectiles. Tokyo must be wondering how to balance condemnation with aspirations for progress on the abductee issue, and whether there may come a time when Japan will have to clearly prioritize a domestic issue (abductees) over a multilateral one (denuclearization).

Outlook for the coming months

It is too early to tell how and whether Abe's visit to the US will have an impact on Japan-Korea relations. The Korean government is already planning a number of reactions to Japan's diplomatic and institutional initiatives, particularly those in the US. There is increasing pressure on President Park Geun-hye to make some speech or gesture that is conciliatory to PM Abe, if only because the expectations for Abe's visit were so low that he exceeded them easily. On Japan's part, Abe is clearly planning to continue his diplomatic initiatives, and will most likely continue to push for a wider and stronger Japanese foreign policy presence.

Chronology of Japan-Korea Relations January – April 2015

Jan. 15, 2015: Members of the Korea-Japan Parliamentarians' Union, including Seo Cheong-won, a senior council member of the Saenuri Party, visit Japanese Prime Minister Abe Shinzo.

Jan. 6, 2015: *Korea Times* reports that Seo Kyoung-duk, well-known in Korea for his activities regarding Dokdo/Takeshima, announced plans for a golf tournament on the disputed territory.

Jan. 9, 2015: *Japan Times* reports that Uemura Takashi, a former *Asahi Shimbun* reporter and currently an adjunct lecturer at Hokusei Gakuen University in Sapporo, has filed a libel suit against Bungeishunju Ltd. and Nishioka Tsutomu, a professor at Tokyo Christian University, for erroneously claiming that Uemura had fabricated stories about comfort women/sex slaves.

Jan. 10, 2015: *Asahi Shimbun* reports that Tokyo-based publisher Suken Shuppan applied to Japan's Ministry of Education, Culture, Sports, Science and Technology, to have the terms "comfort women" and "forcibly taken away" removed from its high school textbooks, a request that was approved by the ministry in December 2014.

Jan. 19, 2015: Sixth round of talks on comfort women/sex slaves between Japan and South Korea take place in Tokyo.

Jan. 15, 2015: *Wall Street Journal* reports that McGraw-Hill rejected requests by the Japanese Ministry of Foreign Affairs (MOFA) through its New York Consulate General in November 2014 to revise the text regarding “comfort women” in a book titled *Traditions & Encounters: A Global Perspective on the Past*.

Jan. 21, 2015: Seoul summons the military attaché at the Japanese Embassy in Seoul to lodge a protest against Japan’s claims to Dokdo/Takeshima in its Korean-language version of Japan’s Defense White Paper.

Jan. 27, 2015: Ulleung County chief Choi Su-il signs a memorandum of understanding with *Korean Broadcasting System (KBS)* to set up a radio transmitter for *KBS FM* on Dokdo.

Feb. 3, 2015: Seoul’s Mayor Park Won-soon and Tokyo’s Gov. Masuzoe Yoichi sign an agreement at the Tokyo Metropolitan Government office to boost bilateral exchanges.

Feb. 13, 2015: During a meeting with Nikai Toshihiro, a top executive in the ruling Liberal Democratic Party (LDP), President Park Geun-hye urges Japan to resolve the issue regarding comfort women/sex slaves.

Feb. 16, 2015: Japan and South Korea agree to let their \$10 billion currency swap deal expire. The 14-year-old currency swap arrangement expires on Feb. 23, as scheduled.

Feb. 22, 2015: Seoul denounces Tokyo for sending an official representative to commemorate Takeshima Day, which was first designated by Shimane Prefecture in 2005.

Feb. 27, 2015: Protests are held in South Korea aimed at the US Under Secretary of State for Political Affairs Wendy Sherman and her [remarks](#) at the Carnegie Endowment for International Peace that were interpreted as saying that the US was “siding” with Japan and its view of history.

March 1, 2015: In her Independence Movement Day address, President Park calls on Japan to atone for its actions during its colonial rule on the Korean Peninsula.

March 2, 2015: North Korea fires two short-range missiles off its eastern coast, drawing a protest from Japan.

March 9, 2015: At the United Nations (UN) Commission on the Status of Women in New York, South Korea’s Gender Equality and Family Minister Kim Hee-jung urges Japan to deal with the issue regarding the comfort women/sex slaves.

March 11, 2015: The 10th Trilateral Senior Foreign Affairs Officials Consultation is held in Seoul, chaired by Deputy Minister for Political Affairs Lee Kyung-soo. Japan’s delegation is led by Deputy Minister Sugiyama Shinsuke and China’s is led by Vice Minister Liu Zhenmin.

March 12, 2015: *Reuters* reports the Japanese government budgeted over \$15 million to fund Japan studies at nine universities abroad, including Georgetown University and Massachusetts Institute of Technology (MIT).

March 16, 2015: Seventh round of talks between Korea's Lee Sang-deok and Japan's Ihara Junichi on comfort women/sex slaves, takes place in Seoul.

March 16, 2015: *Yonhap News* reports that South Korea demanded the US include a reference to Dokdo on a map on its consular affairs bureau website, citing that the islets are clearly marked on a similar map for Japan.

March 16, 2015: Korean Ministry of Patriots and Veterans Affairs announce that Hosaka Yuji, naturalized Korean scholar of Japanese descent and current head of the Dokdo Research Institute at Sejong University, has been appointed one of five nonstanding executives of the Independence Hall of Korea.

March 18, 2015: Citing a new report released by the Korea International Trade Association (KITA), *Yonhap News* highlights the third consecutive decline in bilateral trade between South Korea and Japan, which came to \$85.95 billion in 2014, down 9.2 percent from the year before.

March 19, 2015: As a continuation of developments concerning McGraw-Hill, a group of 19 Japanese historians and scholars headed by Hata Ikuhiko announces plans to file a protest with the US publisher over the 2011 textbook, claiming that the book contains factual errors on the issue of the comfort women/sex slaves.

March 21, 2015: Japan's Foreign Minister Kishida Fumio meets South Korean counterpart Yun Byung-se in Seoul, marking the first visit by Kishida since assuming his post in December 2012.

March 21, 2015: The foreign ministers of China, Japan, and South Korea meet in Seoul, marking the first trilateral meeting in three years.

March 22, 2015: A group of leaders from Japan and South Korea hold their inaugural meeting in Tokyo, to discuss ways to improve bilateral relations.

March 24, 2015: A letter submitted by Alexis Dudden (University of Connecticut) and signed by 19 other academics is published in the March issue of *Perspectives on History*. The letter responds to the efforts by Japan to sway McGraw-Hill in revising one of their textbooks.

April 1, 2015: *Asahi Shimbun* reports that Japan held unofficial talks with North Korea in Dalian, China on Feb. 28 and March 1, 2015 to discuss the Japanese abductee issue.

April 6, 2015: Seoul summons Japanese Ambassador Bessho Koro to protest the outcome of the review of middle-school textbooks by Japan's Ministry of Education, Culture, Sports, Science and Technology.

April 7, 2015: Japan releases its Diplomatic Blue Book, prompting South Korea to summon Kanasugi Kenji, a minister at the Japanese Embassy, over Japan's claims to Dokdo/Takeshima and the framing of comfort women/sex slaves.

April 14, 2015: Foreign-affairs and defense officials from Japan and South Korea meet in Seoul for bilateral talks, the first of its kind since 2009.

April 16-17, 2015: US Assistant Secretary of Defense for Asian and Pacific Security Affairs David Shear, ROK Deputy Minister for Defense Policy Yoo Jeh-seung, and Japanese Vice Minister of Defense for International Affairs Tokuchi Hideshi lead their respective delegations in trilateral security talks in Washington.

April 21, 2015: *The Wall Street Journal* reports that the South Korean government has hired a public relations firm in Washington to make sure that South Korea's side of the story is being told ahead of Japanese PM Abe's speech to the US Congress.

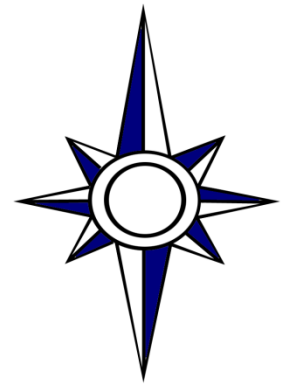
April 21, 2015: A group of South Koreans who were forced into labor during World War II files a class-action lawsuit with the Seoul Central District Court against Japanese firms for unpaid wages and damages for hard labor.

April 23, 2015: *Hankyoreh* reports the Korean Council for the Women Drafted for Military Sexual Slavery by Japan and the Japanese National Movement for Resolving the Issue of the Military Comfort Women asked the Japanese government to acknowledge the truth and make reparations to comfort women/sex slaves, without having to admit legal responsibility.

April 29, 2015: Prime Minister Abe gives a speech at a joint meeting of the House and the Senate at the US Congress, with his wife Abe Akie and US Ambassador to Japan Caroline Kennedy in the House gallery.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



China-Russia Relations:

All Still Quiet in the East

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China-Russia relations were quite uneventful in the first four months of 2015. Instead, Moscow and Beijing seemed on divergent paths as the former continued to be plagued by geopolitics (Ukraine, Iran, etc.), while the latter was busy with geoeconomics (Asian Infrastructure Investment Bank (AIIB), Belt and Road Initiative, etc.). Beneath the surface calm, however, preparations were in high gear for the coming months in both symbolic (70th V-Day anniversary) and substantive areas such as strategic consultation, aerospace cooperation, and military sales.

Li Zhanshu's visit to Moscow

Russia and China held the second consultation between Russia's Presidential Executive Office and the Central Committee's General Office of Communist Party of China (CPC) in Moscow on March 19. The first round of this consultation was held in Beijing on July 9, 2014 between Li Zhanshu (栗战书), director of the General Office of the CPC's Central Committee, and Sergei Ivanov, chief of the Russian Presidential Administration. It is worth noting that aside from his Party affiliations, Li is also director of the General Office of the newly created State Security Commission (SSC, 国家安全委员会) in China, which is chaired by Xi Jinping. The SSC was created in November 2013 to coordinate policies covering diplomacy, military, public security, and intelligence.

The broad portfolio of the SSC was reflected in the Li-Ivanov talks. One of the key issues was the upcoming visits by leaders of the two countries for the 70th anniversary of the end of World War II in both Europe and Asia (Xi's visit to Moscow on May 8-10 for Russia's V-Day celebration and Putin's visit to Beijing in early September for China's first-ever V-Day celebration). In the Russian case, Ivanov is in charge of the entire V-Day celebration. Their talks also covered foreign policy issues such as UN, G-20, APEC, BRICS, etc. Perhaps more importantly, the Li-Ivanov meetings prioritized domestic issues, such as the creation of three interactive sub-institutions in the areas of personnel training, anti-corruption, and "social process monitoring" mechanism. The two presidential offices have assumed much broader institutional capabilities in coordinating, guiding, and supervising those existing governmental bureaucracies in Russia and China.

The Li-Ivanov talks also means closer and more direct communication between Putin and Xi through their most trusted men, both of whom have been close advisers to their respective top leader for the past few decades. Ivanov, for example, was assigned to serve in the Leningrad KGB Directorate after being trained in KGB Higher Courses program in Minsk in 1976. It was

in the KGB Leningrad office where he befriended Putin. In 1998, when Putin became director of the Russia's Federal Security Service (FSB), Ivanov was appointed deputy director of the FSB. When Putin became prime minister in 1999, Ivanov was appointed secretary of Russia's Security Commission. Between 2001 and 2007, Ivanov was the first civilian defense minister in Soviet/Russian history from 2001-2007. From 2005-2007, he was reappointed a deputy prime minister in Putin's second government and put in charge of Russia's military and Special Forces. In 2007-2008, he was the first deputy prime minister of the Russian Federation. In 2011, Ivanov was appointed to his current position (chief of the Russian Presidential Administration). From those positions, Ivanov has also been in direct contact with his Chinese counterparts. For example, since 2005 Ivanov has co-chaired, with Chinese counterparts, several rounds of Sino-Russian strategic consultations.

Unlike Ivanov's distinguished experiences with Russia's military and security apparatus, Li's career included various civilian administrative positions in China's Hebei, Shaanxi, Heilongjiang, and Guizhou provinces. Before being appointed director of the General Office of the CPC's Central Committee in 2012, Li was governor of Heilongjiang Province (bordering Russia) and then CPC secretary of Guizhou Province. His acquaintance with Xi, however, can be traced back to the early 1980s when Li was Party secretary of Wu Ji County (无极县) in Hebei Province while Xi was Party secretary of the neighboring Zheng Ding County (正定县).

Unlike Ivanov, however, Li had never been in the international spotlight until being sent to Russia now as Xi's "special envoy" to develop institutionalized exchanges with his Russian counterpart for the purpose of "pragmatic cooperation" between the two offices. "Russia highly appreciates the fact that the Russian Presidential Administration is the only foreign body with which the Central Committee of the Communist Party of China maintains relations at all. We very much appreciate that," Ivanov was quoted as saying.

Li's most important mission in Moscow was to meet President Putin, who received him ahead of the meeting with Ivanov on March 19. "I know that you maintain regular contacts with our great friend, my big personal friend – Chairman Xi Jinping. Please convey my best wishes to him," said Putin. In response, Li described Xi as Putin's "good old friend" and that Xi "is looking forward to his trip to Moscow to take part in the events dedicated to the 70th anniversary of victory, as well as his visit to Russia." Li recalled that since Xi assumed China's top leadership, he and Putin had met eight times and reached many important agreements for bilateral relations and beyond. Li promised that he would work closely with his Russian counterpart to "ensure" that future summits would be held "properly at the highest possible level," which indicates that the two presidential offices would play more an important and institutionalized role in future high-level exchanges.

The timing of Li's Moscow trip was quite interesting. It was immediately after China's annual meeting of the People's Congress on March 5-15. Normally, Chinese leaders start their foreign trips after this important meeting. It was also the one-year anniversary of the Crimea takeover and when Russia was sanctioned by the West. The fact that Putin disappeared for 10 days (March 5-15) was quite uncommon, leading to wild rumors both in and outside Russia. Xi sent his most trusted man to Moscow at this point, making sure that his Russian partner was in good shape.

Li's talks with his Russian counterpart went beyond strategic issues, including specific projects such as the railroad bridge across the Heilong/Amur River. The construction of the 2,300-meter bridge started in 2009 after more than 20 years of negotiations. Since then, China has completed construction of 13 bridge pillars. Construction of the three pillars on the Russian side, however, had not started at the end of April, even though the project is supposed to be completed in 2015. Once finished, the bridge will have an annual capacity of 20 million tons of cargo. The delay in completing the bridge is only the tip of the iceberg in both the Sino-Russian economic relationship and Russia's bureaucratic gridlock. Many agreements signed by the two governments have been slow in being executed due to Russian inefficiency and corruption. This is one reason why the China uses the phrase "pragmatic cooperation" in both joint statements and leaders' speeches regarding relations with Moscow. At the end of April, Russian Prime Minister Medvedev personally "ordered" the construction of bridge pillars on the Russian side, starting May 5.

Perhaps more than anything, Russia's belated decision to join the China-led Asian Infrastructure Investment Bank (AIIB) highlighted the deficiency of Russia's decisionmaking mechanisms, which, from time to time, requires intervention from the highest level such as the president.

Russia's near absence from AIIB's "March madness"

Russia was among the last of the 57 "founding members" to sign on to the AIIB by March 31, which was the deadline for countries to state their interest in participating in negotiations on the establishment of the new institution. Nations will still be able to join the AIIB following the deadline, but only as common members. The agreement to establish AIIB was signed in October 2014 by China and 20 other Asian countries: Bangladesh, Brunei, Cambodia, India, Kazakhstan, Kuwait, Laos, Malaysia, Mongolia, Myanmar, Nepal, Oman, Pakistan, the Philippines, Qatar, Singapore, Sri Lanka, Thailand, Uzbekistan, and Vietnam.

Russia's decision to join the AIIB was announced on March 28 when First Deputy Prime Minister Igor Shuvalov expressed Moscow's intent in an address to the China-sponsored Boao Forum for Asia in Hainan Province. In early March, several major European countries (Britain, Germany, France, etc.) led this 21st century "gold rush," despite strong opposition and lobbying efforts by the US for its allies not to join. The late rush to join even surprised China as a prominent Chinese commentator noted. Russia, however, had been "conspicuously quiet over whether it would join up," observed the *South China Morning Post* on March 29.

Russia's absence in the "March madness" for the AIIB puzzled the Chinese not only because Russia is China's most trusted strategic partner and a model of the so-called "new type of major power relationship" (新型大国关系) promoted by Beijing; it was also because China had since early 2014 kept Russia informed about deadlines for those interested in joining the AIIB, including the October 2014 deadline for signing the AIIB memorandum. To China's surprise, Russian Foreign Ministry "politely" rejected the invitation at the time.

Russia's negative attitude toward AIIB was debated in the Chinese media. Some went so far as to speculate that Russia's belated decision was deliberate for several purposes. One was to allow

more European countries to join before it moved. An earlier Russian entrance may have led to stronger opposition from Washington against its allies' decisions to join AIIB. Russia's late entrance into AIIB was also said to be used to prevent the US and Japan from joining AIIB before the end-of-March deadline. US Treasury Secretary Jack Lew's visit to Beijing in the last two days of March may have been a US attempt to negotiate its way into the AIIB, according to this line of thinking.

In actuality, the Russian Foreign Ministry rejection reflected internal consultation with the Russian Ministry Finance, which had been plagued by the rapidly deteriorating Russian financial situation resulting from the plunge in the price of oil, Western sanctions, and capital flight. "We have no money to participate in Chinese geopolitical projects" was the internal explanation for Russia's rejection of AIIB, according to Russian sources (*Moscow Times*, 1 April 2015). The low-level bureaucratic interests displaced Russia's broader interests in the case of AIIB. It was not until Russia's First Deputy Prime Minister Igor Shuvalov started to prepare for his trip to Boao in late March that the issue drew his attention. By that time, the "roof" of AIIB was off, thanks to coverage by global media, as "bidders" were rushing to join AIIB as founding members before the door closed at the end of March. Even so, Shuvalov's enthusiasm for AIIB was not necessarily shared by other Russian bureaucrats. Just a few days before Shuvalov's announcement at Boao, Deputy Finance Minister Sergei Storchak was quoted as saying that Russia had not yet decided if it would apply for AIIB membership. Eventually, President Putin was said to intervene and made the last-minute decision.

Both the initial Russian disinterest and its last-minute reversal over AIIB membership were indicative of some long-term, and sometimes contradictory, factors/considerations in Russia's geopolitical thinking, including relations with China. Russia has been, until recently, not very enthusiastic about China-initiated multilateral economic institutions. The economic "wheel" of the Shanghai Cooperation Organization (SCO), for example, has never moved smoothly. China's attempt to set up a SCO bank has not even left the talking stage. Beijing's frustration with the SCO led to bilateral interactions with individual Central Asian states for developing its energy and infrastructure projects, and with considerable success. Perhaps because of this, Russia has since 2011 tried to develop a separate, Russian-led economic entity called the Eurasian Union consisting mostly of the former Soviet republics. Russia and Kazakhstan created a Eurasian Development Bank. In early March, when the UK broke ranks with the US by announcing its decision to join AIIB, President Putin proposed a currency union within the eight-member Eurasian Union. It is possible that Putin was not aware of the fast approaching deadline of the AIIB for founding membership.

Aside from Putin's intervention, Russia's last-minute reversal on AIIB might be driven by four considerations. One is Western economic sanctions that have constrained the Russian economy as well as its economic relations with other countries, including those within the post-Soviet space. A multilateral financial institution with Western members and Russia would alleviate Russia's economic predicament. Second, the AIIB could serve as an interface between Russia and many Asian nations, and their \$8 trillion need for infrastructure investment is attractive to anyone. Third, there is perhaps no need to either oppose or remain outside AIIB because almost all the SCO and Eurasian Union member states have joined. This also means China has effectively bypassed Russia's effort to prevent China from setting up a SCO bank. Last but not

least, Russia itself would benefit from AIIB, at least its Asia-Pacific region -- where economic stagnation and even decline have been the trend ever since the Soviet disintegration -- would. “We expect that we will implement projects with the bank’s funds in the eastern regions of the country,” said Andrei Bokarev, director of international relations at the Russian Finance Ministry shortly after Russia’s decision to join AIIB.

Still, Russia’s decision to join AIIB does not mean it will be as eager and efficient as other member states in addressing AIIB affairs if they are seen as coming at the expense of its own Eurasian Union framework. All signs indicate that Moscow still believes the AIIB should work with the Eurasian Union. Beijing seems to understand this perfectly well. In his meeting with Putin in Moscow on April 7, Foreign Minister Wang Yi used the word “connection” (对接) between China’s “Road and Belt” economic blueprint for Eurasia (一带一路, New Silk Road of both land and sea transportation between China and Europe through Central Asia and the Indian Ocean and Russia’s Eurasian Economic Union. For the time being, a balance, psychological and real, seemed to be reached between the two economic endeavors.

Politics of anniversaries

Russia and China started to jointly celebrate the end of WWII in 2010 in conjunction with then President Medvedev’s state visit to China in September. In Beijing, Medvedev and Chinese President Hu Jintao signed the “Joint Statement of the Heads of State of China and Russia on the 65th Anniversary of the End of the Second World War.” “China and Russia resolutely condemn the attempts to distort the WWII history, to beautify the Nazis and militarists, and to disdain the liberators,” said the joint statement.

Five years later, China and Russia are considerably elevating both the rhetoric and the level of their joint activities for the 70th anniversary. President Xi will visit Moscow in May for Russia’s V-Day parade, which for the first time will include a 102-person Chinese military honor guard marching with Russian and other countries’ militaries through the Red Square. In September, President Putin will travel to Beijing for the first military parade to celebrate China’s own Victory Day for the war of resisting Japan’s invasion, which was designated in 2014 for the first time. In the past, China would stage a military parade only during the Oct. 1 celebration of the founding of the People’s Republic.

These high-profile activities for the 70th anniversary of the end of WWII reflect the heavy and tragic burden of history on the two Eurasian powers. Regardless of when and how they found themselves at war with the Axis powers in the 1930s and 1940s, both were on the winning side in 1945, despite their huge casualties: 26.6 million dead for Russia and about 35 million casualties for China.

Seventy years after their ordeals, ghosts of the past seem to be coming back for Beijing and Moscow. Russia, for example, was not even invited to join the 70th anniversary of the liberation of Auschwitz, and neo-Nazis in Ukraine were among the most anti-Russian groups during the ousting of the pro-Russian President Yanukovich in February 2014. In the east, Japan is rising again 70 years after its defeat.

Both Beijing and Moscow express concern about the future trajectory of Japan as a result of the deepening of the US-Japan security alliance following Abe's April 2015 US visit. For both countries, their Japan-phobia casts a much longer shadow than WWII – 2015 happens to be the 120th and 110th anniversaries of Japan's defeat of China's Qing Dynasty and Russia's Czarist regime, respectively. Indeed, 1945 capped nearly 80 years of Japan's military ascendance from its 1868 Meiji Restoration. In between, the world witnessed Japan's colonization of Korea and Taiwan, Siberia intervention (with 70,000 troops) after the Bolshevik Revolution, the seizure of Manchuria, Marco Polo Bridge Incident, Shanghai attack, Rape of Nanjing, and Pearl Harbor. These records of Japanese militarism were behind the 1950 Sino-Soviet Treaty of Friendship and Alliance, which targeted only one clearly defined enemy: Japan.

Fast forward to the 21st century, and Xi's presence in Moscow's V-Day event on May 9 would be particularly valuable for Russia because of an almost collective boycott by Western leaders of the celebration as a result of the confrontation between Russia and the West over Ukraine. In September, Putin will reciprocate with a trip to Beijing for China's Victory Day.

Beyond these joint activities, China and Russia have been actively expanding the scope of the 70th anniversary commemoration. It happens that the anniversary is also the 70th anniversary of the founding of the UN. Russia invited Secretary-General Ban Ki-moon to participate the events in Moscow including the military parade and he accepted the invitation. The UN General Assembly (UNGA) adopted on Feb. 26 a resolution to mark the 70th anniversary of the end of WWII. It was sponsored by nearly 40 countries including China, Russia, Belarus, Brazil, Germany, India, Mongolia, Poland, Serbia and Vietnam. On the same day, China's top diplomat to the UN, Liu Jieyi, initiated an open debate on international peace and security with two themes: member states should reflect on history and reaffirm commitments to the purposes and principles of the UN Charter; and that member states should look into the future and explore effective ways to maintain international peace and security.

Signs of life in the security-military area

The lack of high-level exchange in the first four months of 2015 seemed more than offset by progress in sensitive areas such as military sales and joint research and development (R&D) in military and aerospace. On Feb. 10, the first session of the Russian-Chinese Inter-state Committee for Space Navigation was held in Beijing, discussing cooperation between Russia's GLONASS and China's Bei Dou navigation systems and the creation of a lunar-research station. The two sides have also been probing a possible joint development of a heavy-transport helicopter with a 15-ton load capacity. Reports indicated the deal would be sealed during Xi's visit to Moscow in early May. Meanwhile, the prospect of China selling military equipment to Russia has been gaining momentum, particularly China's 054A frigates and diesel engines for naval use. Russian naval-building capability has been strongly affected by the sharp decline in relations with Ukraine, which used to provide Russia with naval power equipment.

In April, security consultations at the functional levels were also accelerating. On April 16-17, China's Defense Minister Chang Wanquan attended the fourth Moscow Conference on International Security and met Defense Minister Gen. Sergey Shoygu. On April 23, China and Russia held their first consultation on Northeast Asia security in Shanghai. Chinese Assistant

Foreign Minister Liu Jianchao and Russian Deputy Foreign Minister Igor Morgulov co-chaired the meeting. Officials from foreign affairs, national defense, and security departments attended the meeting. This “consultation” for Northeast Asian security was held just three days before Japanese Prime Minister Abe’s week-long visit to the US.

Also in April, China became the first country to purchase Russia’s *S-400* anti-aircraft missile system, which is capable of engaging multiple airborne targets at a range of 400 km (249 miles). China will likely receive them in 2017 (about \$3 billion for at least 6 battalions of *S-400*; each battalion consists of 8 sets of missile systems). Once in operation, the *S-400* could effectively engage targets over Taiwan and the Diaoyu/Senkaku Islands.

At the end of April, two Chinese Navy 054A-type frigates (*Linxi* 临沂舰 and *Weifang* 潍坊舰) were on their way to the Black Sea from the Gulf of Aden for a series of naval exercises with Russian naval vessels. In mid-May, the two will conduct *Naval Coordination-2015* with Russian ships in the Mediterranean. This will be the second joint naval drill with the Russian Navy in the Mediterranean since early 2014.

The absence of other major wartime allies at the May 9 V-Day parade in Moscow left Russia and China as the only two heavyweights, a situation that the two countries would rather not have for at least two reasons. One is that they still value the contributions of the wartime allies for their survival and ultimately the final victory regardless of what happened later. Second, those Western allies were the dominant powers in the second half of the 20th century, and that will continue into the 21st century. It is difficult, if not impossible, for China and Russia to develop a separate system in a highly integrated world (though China thinks Russia is more capable of doing so due to its vast land and rich resources).

This explains why China has adopted a policy of neutrality in the Ukraine crisis since the end of 2013. Such a policy was reinforced by Xi Jinping’s call for building a “global network of partnerships,” which was the main theme of the Symposium on the International Development and China’s Diplomacy co-hosted by China Institute of International Studies and China Foundation for International Studies in late December 2014.

As a result, China and Russia have been reluctant to turn their strategic partnership relationship into an alliance, even if they perceive that their strategic space is being squeezed by tightening of the military alliances by the world’s most powerful countries (NATO and the US-led alliances with Asian countries) in the name of collective defense. In that sense, China and Russia are not just being haunted by the ghost of WWII, but also that of World War I, when major powers in the West (except the US) declared war on each other in 10 days. If anything, the world today is more dangerous than 100 years ago with the proliferation of weapons of mass destruction in the hands of nation-states in a far less balanced world than either the pre-World War I era or the Cold War. In this context, one wonders how long the current strategic partnership relationship (not alliance) between Russia and China would continue.

Chronology of China-Russia Relations January – May 2015

Feb 2, 2015: Chinese Foreign Minister Wang Yi, Indian External Affairs Secretary Sushma Swaraj and Russian Foreign Minister Sergei Lavrov meet in Beijing for the 13th Russian-India-China (RIC) Foreign Ministerial Meeting. A joint communique is issued after the 90-minute meeting. Chinese President Xi Jinping meets Swaraj and Lavrov separately.

Feb. 10, 2015: First session of the Russian-Chinese Inter-state Committee for Space Navigation is held in Beijing, co-chaired by Igor Komarov, director of the Russian Federal Space Agency and Chinese counterpart Sun Laiyan, administrator of the China National Space Administration.

Feb. 10, 2015: State Councilor and Minister of Public Security Guo Shengkun meets visiting Russian Federal Security Service chief Alexander Bortnikov in Beijing.

Feb. 23, 2015: Foreign Minister Wang Yi meets Foreign Minister Lavrov at UN headquarters in New York City. They stress the importance of commemorating World War II to safeguard the “fruits of victory” of the war and for maintaining international peace and security.

March 19, 2015: President Vladimir Putin receives in the Kremlin Director of the General Office of the Central Committee of the Communist Party of China Li Zhanshu.

March 24, 2015: Special Representative of the Chinese Government on Korean Peninsula Affairs Wu Dawei meets Russian Deputy Foreign Minister Igor Morgulov in Beijing. They discuss the Korean Peninsula and emphasize the need to resume the Six-Party Talks.

March 25, 2015: Wang Qishan, member of the Standing Committee of the CPC Central Committee Political Bureau and secretary of the Central Commission for Discipline Inspection, meets Oleg Plokhoi, head of the anti-corruption department of Russia’s Presidential Executive Office in Beijing.

March 25, 2015: Deputy Chief of General Staff Qi Jianguo meets visiting Lt. Gen. Khalil Arslanov, deputy chief of general staff of the Armed Forces of the Russian Federation in Beijing.

March 28, 2015: Russia joins the Asian Infrastructure Investment Bank (AIIB).

March 29, 2015: Foreign Minister Lavrov and Chinese counterpart Wang Yi meet in Lausanne, Switzerland while attending the meeting between foreign ministers of the six nations and Iran on the Iranian nuclear issue. They discuss Iranian nuclear negotiations, the Middle East, and bilateral relations.

April 7, 2015: Foreign Minister Wang Yi visits Moscow and meets Foreign Minister Lavrov. They discuss the upcoming visit of President Xi for the commemoration of the 70th anniversary of the end of World War II. Wang is also received by President Putin.

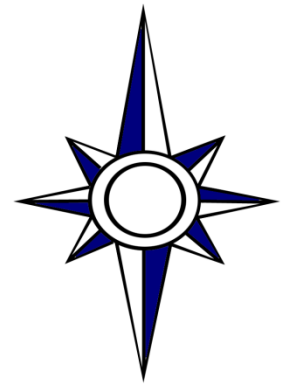
April 16, 2015: China's Defense Minister Chang Wanquan attends the fourth Moscow Conference on International Security and meets Defense Minister Gen. Sergey Shoygu.

April 21, 2015: Chinese Vice Premier Zhang Gaoli and Russian counterpart Arkady Dvorkovich meet in Beijing to discuss energy cooperation.

April 23, 2015: China and Russia hold their first consultation on Northeast Asia security in Shanghai. Assistant Chinese Foreign Minister Liu Jianchao and Russian Deputy Foreign Minister Igor Morgulov co-chair the meeting.

April 23-24, 2015: Special Forces from Kazakhstan, Kyrgyzstan, China, Russia and Tajikistan conduct an exercise in Tokmak, Kyrgyzstan. The 150 participants focus on techniques for jointly encircling and destroying illegal armed groups in the conditions of mountain terrain.

April 28, 2015: Chinese Vice Premier Wang Yang and Russian Deputy Prime Minister Dmitry Rogozin co-chair the Joint Commission for the Regular Prime Ministers Meetings of China and Russia in Hangzhou, Zhejiang Province.



US-India Relations:

Back in the Same Orbit and Back on Earth

US-India relations during much of 2013 were mired in drift and at the end of that year took a deep dive over the arrest and alleged mistreatment of India's deputy consul general in New York. Though the incident precipitated a crisis in bilateral relations, frustrations on both sides had been building well before. So adrift and delicate had relations become by 2014 that U.S. Secretary of Energy Ernest Moniz and Assistant Secretary of State for South and Central Asia Nisha Desai Biswal each cancelled separate, scheduled visits to India in January. After that, relations were on hold as India prepared for national elections in May and Washington waited for a new Indian government with which to work on putting relations back on track.

The relationship did recover very soon after the resounding election victory of Narendra Modi following India's national elections in May 2014. The pace at which high-level US-India ties were reestablished under a Modi administration was something of a surprise given the unusual situation of his being barred from traveling to the US due to allegations about his role in the communal riots between Hindus and Muslims in the Indian state of Gujarat that he once led as chief minister. The improbable dilemma of the US government banning an official visit by a democratically elected leader, who had not been convicted of illegal acts by his own country or any international body, was finessed by simply removing the ban and issuing a message of warm welcome by President Obama himself.

Prime Minister Modi thus visited Washington in late September 2014, just four months after taking office and on the back of an appearance at the annual UN General Assembly meeting in New York. President Obama followed up with an important visit to India in January 2015 as the "Chief Guest" for India's Republic Day, the first US president to be accorded this honor. Obama also became the first US president to visit India twice while in office. Another first was the appointment in December 2014 of a US ambassador to India of Indian origin, Richard Rahul Verma.

Given the drift and depths to which the bilateral relationship has succumbed throughout much of 2013 and the early part of 2014, the two heads of government visits constituted something of a return to the same orbit, symbolized by the fact that the Indian Space Research Organization's (ISRO) and National Aeronautics and Space Administration's (NASA) respective Mars orbiters (*Mangalyaan* and *Maven*) had entered the planet's orbit within a couple of days of each other. Indeed, PM Modi alluded to the connection at a joint media conference with President Obama in September saying "I'm happy that we are meeting here just a few days after the Indian and the U.S. missions reached Mars around the same time. So after the India-U.S. summit on Mars, we are meeting here on Earth. This happy coincidence captures the potential of our relationship."

But as always with US-India relations, positive symbols are suffused with caution. While also noting the “pleasant coincidence” of the two orbiters proximate trip to Mars, Assistant Secretary of State for Arms Control, Verification and Compliance Frank Rose suggested to an Indian audience in March 2015 that the time might be right for a “Space Situational Awareness” information sharing agreement, implying to listeners the need to avoid accidental collisions. In the event, there were no major run-ins during the period of US-India relations covered by this article. Though, as will become clear, there were few major breakthroughs either.

Economic relations

Trade, investment, and related issues continue to be major elements in bilateral discussions even as commercial ties steadily increase. President Obama, in a speech to the US-India Business Council Summit during his January 2015 visit to India, noted that two-way trade has reached \$100 billion, with U.S. exports to India up 35 percent and providing about 170,000 well-paying jobs to US workers. He also observed that “Indian investment in our country is growing, as well. And those Indian investments are supporting jobs across America. We’ve got high-tech jobs in upstate New York, manufacturing jobs in North Carolina, engineering jobs in places like Michigan and Ohio.”

The fundamental problem remains that US-India trade and investment ties are far below what they should be given the scale and range of the two economies. President Obama addressed this directly as well, saying “Of all America’s imports from the world, about 2 percent come from India. Of all of America’s exports to the world, just over 1 percent go to India – 1 percent to over a billion people. We do about \$100 billion a year in trade with India, which is a great improvement since I took office. But we do about \$560 billion a year with China.”

Both India and the US continued to call on the other to make adjustments that would expand commercial ties. During PM Modi’s September visit, in a joint press conference with President Obama, he said he “...saw President Obama’s support for continued openness and ease of access by Indian service companies in the U.S. market.” And Obama told an Indian audience in January that “Now, here in India, as the Prime Minister just discussed, there are still too many barriers – hoops to jump through, bureaucratic restrictions – that make it hard to start a business, or to export, to import, to close a deal, deliver on a deal.”

Some new efforts to move commercial ties upward were announced during the period under review. A new high-level US-India Strategic and Commercial Dialogue designed to make, in President Obama’s words, “our agencies, our bureaucracies ... follow through aggressively and ... hold them accountable” was established. A \$1 billion financing initiative from the Export-Import Bank to support “Made-in-America” exports to India was launched. The Overseas Private Investment Corporation (OPIC) agreed to support SMEs across India and the US Trade and Development Agency planned to “leverage nearly \$2 billion in investments in renewable energy in India.” For its part, the Indian side committed to a new government committee dedicated to fast-tracking US investments. In January, India and the US also announced a “breakthrough between India and the United States on issues relating to the implementation of the Bali Ministerial Decisions regarding public stockholding for food security purposes, the WTO Trade Facilitation Agreement, and post Bali work.” During his September 2014 visit, PM

Modi had stated that “[w]e had a candid discussion on the Bali ministerial of the WTO. India supports trade facilitation. However, I also expect that we are able to find a solution that takes care of our concern on food security. I believe that it should be possible to do that soon.” The fact that both sides were able to reach a compromise in the months leading up to President Obama’s visit was thus important.

Other issues remain pending however. Long-running discussions of a bilateral investment treaty persist. As the Director for Americas in India’s External Affairs Ministry K. Nandini Singla admitted in a media briefing prior to PM Modi’s September visit to Washington, “[t]he issue really is something which is under review at our end within the Government of India. We have a model template for such bilateral investment agreement and the Government is currently in the process of reviewing this model template. There are issues pertaining to sovereign liability and the effort is to ring fence this liability. So, there is an entire technical, legal process under way in our own government. So, pending the finalisation of such a model law, I think we have put on hold negotiations on BITs with all countries, not just the United States.” Nevertheless, the January 2015 joint statement agreed to during President Obama’s visit to India “instructed [both countries’] officials to assess the prospects for moving forward with high-standard bilateral investment treaty discussions *given their respective approaches* [emphasis added].”

Similarly, the roughly decade-long inability to reach a “totalization agreement” continues. India’s position, as explained by Director for Americas Singla, is that some 300,000 Indian nationals working in the US “...contribute to the Social Security System of the United States, but they cannot derive benefits from the system because they can only work for about seven years under the immigration regime of the United States while you get social security benefits only if you live there beyond ten years.” The US view is that it cannot sign a reciprocal totalization agreement because India does not have a social security system along the lines of the US. Bilateral efforts therefore seek another alternative patterned on India’s arrangements with countries such as Canada. But as the January 2015 joint statement noted, all that could be agreed was to “...hold a discussion on the elements required in both countries to pursue an India-US Totalisation Agreement.”

Another issue within US-India economic discussions has been disagreement about intellectual property rights (IPR). These disagreements led to the launch in 2014 of an “out-of-cycle” US review of India’s IPR protection regime. In a long reply to an Indian media question prior to PM Modi’s visit to Washington in September (suggesting the possibility that India wanted to make clear and public its views), an Indian Foreign Ministry official insisted that “Our laws both administratively [sic], judicially and legally are fully compliant with international obligations, and we take into account India’s stage of development. We are not where America is today. So, our IPR regime has to really reflect our realities of today and where we want to go tomorrow. In brief, we continue to reassure [the US] that India wants innovation, India sees IPRs as supportive of innovation, we are even going to come up with an IPR strategy.” So far, no breakthroughs have been announced and the January 2015 Joint Statement noted that a High-Level Working Group on Intellectual Property will continue discussions.

Finally, another commerce-related issue relates to visas. India in 2014 introduced visa-on-arrival for US citizens. Meanwhile, technical discussions are ongoing to bring India into the US Global

Entry Program. These efforts of course will help expand commercial activities but also tourism and people-to-people exchanges more generally.

Defense cooperation

The US and India continue to build their emerging defense relationship. The two countries finalized a 2015 Framework for the US-India Defense relationship, a successor agreement to the first one signed in 2005. The new framework, which will be valid for 10 years, also builds on the September 2013 Obama-Singh Joint Declaration on Defense Cooperation that articulated four principles on which to implement the new framework agreement. Also slated for further use is the 2012 Defense Trade and Technology Initiative (DTTI). As India's Foreign Secretary Sujatha Singh explained during President Obama's visit, "Under the Defence Technology and Trade Initiative (DTTI), four projects have been agreed on as pathfinder projects: (1) next generation *Raven Minis* UAVs, (2) roll on roll off kits for *C-130s*, (3) mobile electric hybrid power source, (4) Uniform Integrated Protection Ensemble Increment II. We have also agreed on a working group to explore aircraft carrier technology, sharing and design, and also development of jet engine technology." Furthermore, Washington and New Delhi signed a Jan. 22, 2015 India-US Research, Development, Testing and Evaluation (RDT&E) agreement to facilitate cooperation in defense research and development.

On the Indian side, a decision was made to raise foreign direct investment limits in the Indian defense sector to 49 percent. Indeed, the 2015 Joint Statement specifically noted that "President [Obama] also welcomed the Prime Minister's initiatives to liberalize the Foreign Direct Investment Policy regime in the defence sector and the Leaders agreed to cooperate on India's efforts to establish a defence industrial base in India, including through initiatives like 'Make in India'." Some analysts see mutual benefit in such initiatives. For example, the journalist Nayan Chanda has written that "Facing higher labour costs at home, US manufacturers like Lockheed Martin (makers of IAF's *C-130J Super Hercules* transport plane) are happy to offshore more production to India. Already, the *C-130J*'s wings are made in Hyderabad by Tata Advanced Systems. Aside from creating jobs for skilled Indian workers, the induction of more such versatile transport planes offers, among others, valuable logistical support to Indian troops stationed at high altitude."

Though these steps mark definite opportunities for the US and India to further build on their emerging defense cooperation, there are likely to be limits. Complaints come from both sides. Then Indian Ambassador to US and Foreign Secretary S. Jaishankar told the Indian newspaper *LiveMint* on Jan. 30, 2014 "If you look at our defence purchases, a lot of it is centered around US sourcing. Frankly, the US system was so difficult to navigate. When you're selling me something, you're the salesman and I'm the customer, and I'm supposed to be the difficult one." However, he noted diplomatically that despite these difficulties and "Even with those restrictions, India is buying a fleet of US military transport and surveillance planes, making it one of the largest operators of such aircraft after the Pentagon."

On the US side, it is repeatedly noted that India has for years refused to sign what the US considers "foundational agreements" for sharing sensitive information. Even a former Indian diplomat and now head of the think tank Gateway India, Neelam Deo, argued that "For India, as

the world's largest defence importer with a remarkable shortfall in indigenous defence manufacturing, it is not useful to take an unyielding stance in these negotiations. India has little choice but to sign the relevant agreements that allow negotiations to move towards completion."

An intriguing area for new security cooperation was broached by Assistant Secretary of State for Arms Control, Verification and Compliance Frank Rose during a March 2015 visit to India. He noted that "US-India civil cooperation in space [over the past 15 years] has not led to extensive cooperation on space security, at least to date. But I believe that just as this is a time of transformation and progress for our strategic partnership, so too is it a time of growth for our space security relationship." Specifically, in noting that both countries' respective Mars orbiters had entered the planet's orbit within a couple days of each other, Rose proposed a "Space Situational Awareness" information sharing agreement. An especially intriguing suggestion was the potential for bilateral collaboration on the utilization of space assets for maritime domain awareness. Finally, Rose called for the US and India to cooperate in the multilateral context saying "Initiatives like the establishment of TCBMs [Transparency and Confidence Building Measures], the Code of Conduct [International Code of Conduct for Outer Space Activities], and the work of UNCOPUOS [United Nations Committee on the Peaceful Uses of Outer Space] cannot be successful without the support and active participation of India."

Civil nuclear and climate change cooperation

Some progress appears to have been made on civil nuclear cooperation. A Contact Group was established in September 2014 during PM Modi's visit to Washington and subsequently met three times in December and January. During President Obama's trip to Delhi in January, Foreign Secretary Sujatha Singh explained that,

We have reached an understanding on two outstanding issues namely civil nuclear liability and the administrative arrangements for implementing our 123 agreement. Let me underline, we have reached an understanding. The deal is done. Both these understandings are squarely within our law, our international legal obligations, and our practice. Insofar as liability is concerned, during the Contact Group meetings the Indian side presented our position concerning the compatibility of the Civil Liability for Nuclear Damage Act, and the Convention on Supplementary Compensation for Nuclear Damage, which we have signed, and responded to questions from the US Members concerning this position. The idea of the India Nuclear Insurance Pool as part of the overall risk management scheme for liability was also presented to the US side. Based on the presentations by the Indian side and the discussions thereon, there is a general bilateral understanding that our law is compatible with the CSC. Many of you would be aware that we had not yet finalised the administrative arrangements for the 123 agreement which we signed in September 2008. We have finalised it now. The administrative arrangements text that we have agreed with the US conforms to our bilateral legal arrangements as well as our practice on IAEA safeguards."

The actual Joint Statement was somewhat less enthusiastic than the foreign secretary appeared to be, simply noting that the "Leaders welcomed the understandings reached..." But it is far from clear that these government "understandings" are sufficient for private sector companies to begin building civilian nuclear reactors in India. As of this writing no company has announced plans to do so. And, ultimately, the litmus test of the utility of these "understandings" is whether civilian

nuclear energy production increases as a result of US investment that was to be a result of the initial civilian nuclear energy deal.

A related issue is US-India relations on climate change, especially in view of the December 2015 climate change conference to be held in Paris. In September 2014 India's newly appointed Minister for the Environment Prakash Javadekar rejected an Indian commitment to cutting its greenhouse gas emissions saying "What cuts? That's for more developed countries. The principle of historic responsibility cannot be wished away." PM Modi was somewhat more conciliatory during his Washington visit, saying "We have agreed to consult and cooperate closely on climate change issues, an area of strong priority for both of us." But the Joint Vision statement issued in September 2014 included no specific commitments. In January 2015, however, in the course of President Obama's visit, the two countries "reaffirmed their prior understanding from September 2014 concerning the phase down of HFCs and agreed to cooperate on making concrete progress in the Montreal Protocol this year." However, as many observers noted, India made no commitments to limit much less reduce emissions on a timetable as, for example, Presidents Obama and Xi had agreed.

Afghanistan and terrorism

The US and India continue to consult about Afghanistan but have a core difference on inclusion of the Taliban in any reconciliation process. The trilateral US-India-Afghanistan process initiated to share perspectives and promote coordination appears anemic, having met only twice since 2012. India insists that the "trilateral partnership is part of developmental cooperation" and not oriented to security, much less military cooperation. In the January 2015 Joint Statement, other than recognizing each other's broad shared interests regarding Afghanistan, the leaders "agreed to convene further high-level consultations on Afghanistan in the near future."

On terrorism, there appears to have been a slight narrowing of gaps in approaches. In points 40 and 41 of the 59-point January 2015 Joint Statement, Delhi and Washington managed to include references to both "transnational terrorism" which specifically mentioned Al-Qaeda and ISIS while also including specific names of groups that had particularly targeted India. It says the "Leaders reaffirmed the need for joint and concerted efforts to disrupt entities such as Lashkar-e-Tayyiba, Jaish-e-Mohammad, D Company and the Haqqani Network, and agreed to continue ongoing efforts through the Homeland Security Dialogue as well as the next round of the US-India Joint Working Group on Counter Terrorism in late 2015 to develop actionable elements of bilateral engagement. The two sides noted the recent US sanctions against three D Company affiliates." As some commentators observed, a recurrent Indian complaint is that the US has focused excessively on transnational terrorism and insufficiently on groups that target India. Of course, from the Indian perspective, US reticence to highlighting India-focused terrorist groups reflected excessive US sensitivities to Pakistani interests and views. The broader structural disagreement between the two countries is that the US is more apt to draw distinctions between terrorist groups whereas India tends to view them as part of a spectrum. Hence, the reference to both transnational terrorism a la AQ and ISIS as well as detailed references to India-targeted terrorist groups seems to address but not close the fundamental gap.

The US-India relationship and the Asia Pacific

The Asia Pacific has become a more important part of discussions between Washington and Delhi. During PM Modi's September visit, he proclaimed, following talks with President Obama, that "[t]here was great convergence on international developments that matter the most to our two countries, including peace and stability in Asia Pacific region. The United States is intrinsic to our "Look East" and "Link West" policies." This was one of the most forward-leaning Indian statements to date on India's interest in working with the US on Asia-Pacific issues.

Also noteworthy was the release, during President Obama's January 2015 visit, of a stand-alone document entitled *India-U.S. Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region*. The contents themselves were quite constrained, however. Washington and New Delhi agreed to "promote accelerated infrastructure connectivity and economic development in a manner that links South, Southeast and Central Asia," "affirm[ed] the importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region, especially in the South China Sea..." "commit[ed] to strengthening the East Asia Summit on its tenth anniversary" though they did not say how (of significance because Washington has clear ideas of how to do so which are controversial among ASEAN members), and the US "welcome[d] India's interest in joining the Asia Pacific Economic Cooperation forum," though it did not promise to support much less advocate for India's membership.

Conclusion and looking ahead

Compared to much of 2013 and the early part of 2014, US-India relations after May 2014 and the election of Prime Minister Modi have definitely seen an improvement in tone, symbolism, and cooperation. Small steps have been made in a number of areas. There is a realistic appreciation on both sides of how tough building the relationship will be. Speaking at a State Department lunch for the visiting PM Modi in September 2014, Secretary of State John Kerry stated that "The question today is whether we are going to at last take this partnership to the new heights that we can both envision." And in acknowledging the progress made he said "But the question is what this relationship looks like tomorrow." Vice President Joe Biden echoed the thoughts if in a somewhat more literary manner quoting Rabindranath Tagore to the effect "You can't cross the sea merely by standing and staring at the water. We have to act together."

The realist prime minister of India was also attuned to the progress, possibility, and limits of the relationship. He stated, "There are certain problems. You use a system which is 120-volts, and we use 220-volt system in India. So 120 and 220 – when you have to bring them together and the difference in the energy which is there, so we'll have to undertake necessary steps in order to bring it together, and I'm sure we'll succeed in it. Then 120-volt and 220-volt system – both the systems will start working together, and that is how I am standing here amidst you." A realistic starting point on both sides for building US-India relations is far more helpful to the relationship than the overblown rhetoric that frequently occurs.

After breaking protocol positively with two visits during his second term, and the first US president to be invited to be the chief guest on India's Republic Day, it is highly unlikely that another Obama visit to India is possible. It is also unlikely that PM Modi will visit Washington

again during Obama's remaining time in office. With no leader-level visits likely planned, the bureaucracies and private sectors of the two countries will have to be relied upon to keep in the same orbit and working together on the earth.

Chronology of India-US Relations January 2014 - May 2015

Jan. 14, 2014: Deputy Secretary of State William Burns hosts Indian Ambassador S. Jaishankar for a lunch meeting in the midst of the crisis in relations over the arrest of Indian diplomat. An official statement says, "They agreed that the past several weeks have been challenging, and affirmed that we are both committed to moving forward to resume cooperation on the broad range of bilateral issues before us."

July 31, 2014: Secretary of State John Kerry and Secretary of Commerce Penny Pritzker travel to India for the fifth US-India Strategic Dialogue.

Aug. 8-10, 2014: US Defense Secretary Chuck Hagel visits India to discuss military exercises, defense trade, coproduction and co-development, and research on defense technologies.

Sept. 29-30, 2014: Prime Minister Narendra Modi makes his first trip to Washington since being elected in May.

Dec. 3, 2014: Assistant Secretary of State for Political-Military Affairs Puneet Talwar gives a speech at the Institute for Defence Studies and Analyses in New Delhi.

Jan. 11-13, 2015: Secretary of State John Kerry visits India to attend the Vibrant India Investment Conference in PM Modi's home state of Gujarat and also meets the Prime Minister Tshering Tobgay of Bhutan.

Jan. 25-27, 2015: President Obama visits India.

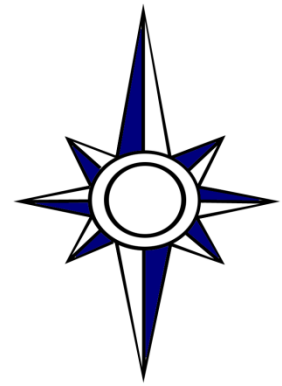
Feb. 12, 2015: US Treasury Secretary Jacob Lew and Vice Chairman of the Federal Reserve Stanley Fischer visit India for the bilateral Economic and Financial Partnership Dialogue.

March 3, 2015: Adm. Harry Harris, commander, US Pacific Fleet, visits India.

March 5-6, 2015: Frank Rose, US assistant secretary of state for arms control, verification and compliance, visits India to co-chair the first meeting of the newly-establish US-India Space Security Dialogue.

Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



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Japan-Southeast Asia Relations: Abe Opens New Fronts

In the early months of 2015 Tokyo has stepped up its strategic and economic engagement with Southeast Asia. Increasingly concerned with tensions in the South China Sea and the potential for their spillover, Japan has continued to work with Vietnam and the Philippines to strengthen coast guard and naval capacity. A new defense agreement with Indonesia, and the establishment of a high-level dialogue on maritime security, underscores a broader worry about China's claims of sovereignty through the "nine-dash line" and other issues in regional maritime security. To counter China's economic reach and political influence in the poor states of mainland Southeast Asia – Myanmar, Laos, and Cambodia – Tokyo has stepped up with a variety of initiatives, including a strategic partnership with Laos. A good portion of this new surge in relations has focused on infrastructure contracts, not least because of China's pivotal role in the Asian Infrastructure Investment Bank, to which all the Southeast Asian governments subscribed. Although polls indicate very positive views of Japan in Southeast Asia, Tokyo must nevertheless implement new policy initiatives in the region with care, in view of Japan's own complicated relations with China and a more positive, but no less complicated, relationship with the US.

Japan re-engages with Southeast Asia

For the better part of a century, Southeast Asia has been instrumental in Japan's economic development and its role in the Asia-Pacific region. Its natural resources and geostrategic position made Southeast Asia a critical base for Japanese domination of the region in World War II; following the war, reparations paid to several countries in the form of infrastructure restoration and development put Japanese relations in Southeast Asia on a more positive footing more quickly than in Northeast Asia. By the 1980s, Japan had become Southeast Asia's largest investor and aid donor.

Tokyo's attention to the region would ebb and flow for the next two decades, because of Japanese investment in China and domestic economic stagnation. As well, pressure from the West to join in sanctions on Myanmar (then Burma) in the 1990s and 2000s would restrain Japanese policy in that country, helping to push Nay Pyi Taw closer to China. In the late 1990s Tokyo acceded to pressure from Washington and attempted to persuade the military junta in Myanmar to enter into negotiations with the National League for Democracy; it got scant return for its efforts. Following 2010 elections in Myanmar and President Thein Sein's launch of the reform movement, Japan was quick to respond with economic overtures to the new government. However, Japanese law required that normal economic relations could not be restored until Myanmar had discharged its outstanding debt to Japan, nearly \$2 billion; this was accomplished in early 2013, largely through bridge loans provided by the World Bank. Although the US was

revising its own policy in Myanmar, Tokyo worried about getting too far ahead of Washington too soon.

While Japan would have responded with vigor to the political changes in Myanmar under any circumstances, Tokyo's new policy paradigm corresponded to broader changes in Japanese foreign policy. In the present decade, and particularly after the return of Prime Minister Abe Shinzo, Japan has found economic and security rationales for a new focus on Southeast Asia. After his return to power in December 2012, Abe signaled Southeast Asia as a foreign policy priority with visits to Vietnam, Thailand, and Indonesia, his first trip abroad after his inauguration. By the end of 2013 he had visited all 10 ASEAN countries. He was the first Japanese leader to visit Myanmar since 1977.

Expanding defense cooperation

Japan's new policy surge in Southeast Asia is driven by two underlying factors. One is Tokyo's increasing concern about China's rise in the region, and the cumulative impact of Beijing's serial "charm offensives" in Southeast Asia. This is particularly evident in mainland Southeast Asia, where China remains a dominant partner in Myanmar, and where it has been able to bring Cambodia and Laos increasingly into its sphere of influence. The May 2014 coup in Thailand has also opened the door to stronger China-Thailand relations, although those are tempered by Bangkok's security alliance with the US and Japan's major investment position.

More recently, however, Japan also has cause to worry about China's disagreements with Southeast Asia, specifically, its rising tensions with Vietnam and the Philippines over the Spratly Islands in the South China Sea (SCS). Although Japan is not a claimant country, it fears that China's attempts to assert sovereignty over the SCS will embolden Beijing in its dispute with Japan over the Senkakus. Also worrisome is the possibility that China would claim an Air Defense Identification Zone in the South China Sea, as it has done in the East China Sea.

To that end, Japan has introduced or expanded security cooperation in its relations with key Southeast Asian countries. In early 2015, the first of a dozen coast guard ships promised to Vietnam arrived, matched by an increase in Japan-Vietnam cooperation on maritime capacity-building. Moreover, Vietnam is an important economic focus for Japan in Southeast Asia. Sixty percent of Japanese companies in Vietnam are profitable, and 70 percent of them plan to expand. This trend will likely strengthen if/when the Trans-Pacific Partnership trade agreement goes into effect, although Japan has cautioned Vietnam that the new opportunities will likely be in small- and medium-size enterprises rather than large companies. In addition, Vietnam is the only Southeast Asian country that is thus far not deterred by the "Fukushima effect"; Hanoi has gone ahead with plans for nuclear power plants, and Japan expects to build Vietnam's second major plant, after the first one is completed under a Russian contract.

Tokyo is also expanding its defense cooperation with the Philippines, building on the 2011 Japan-Philippines Strategic Partnership. This includes high-level exchanges, capacity-building training with the Philippine Armed Forces, and discussions on equipment acquisitions. The two countries' armed forces cooperate through various multilateral exercises, such as *Cobra Gold*, and the Western Pacific Naval Symposium. They also conduct joint bilateral activities in

combating maritime crime through the *Joint Maritime Law Enforcement (MARLEN)* Exercise, the latest of which will be held in the Philippines this May.

In March, with the state visit of Indonesian President Joko Widodo, Japan and Indonesia elevated relations to the level of strategic partnership. Although the partnership is comprehensive and includes five policy areas, the most significant was arguably the expansion of defense relations. Japan will increase its military training with the Indonesian armed forces, and the two countries will consider military equipment deals. More significant is the agreement to establish a high-level bilateral forum on maritime security. Although Indonesia does not make claims to the Spratly Islands, the government has become increasingly concerned with China's assertiveness over the entire South China Sea. Moreover, as Southeast Asia's largest country, Indonesia is viewed as the assumed (albeit unofficial) leader of ASEAN, and helps to stabilize the group of 10 Southeast Asian nations on important policy issues. Having a direct and regular forum on maritime security with Jakarta, Tokyo can hope to strengthen ASEAN unity on its policy with China over the South China Sea.

Expanding investment

Both internal and external factors push Japan to expand its economic presence in Southeast Asia. With an aging and shrinking population, the country must increasingly look to international trade to fuel economic growth. Moreover, the region presents both new opportunities and challenges to Japan's economic position. First, the ASEAN Economic Community (AEC), scheduled to become operative at the end of 2015 (a deadline that will likely slip) will enable companies with existing investment platforms to expand more rapidly and easily to other areas of Southeast Asia. It will also, however, stimulate competition. Nevertheless, the timing of the AEC is fortuitous for Japan as its companies have started making supply chain shifts in its investments from Southeast Asian countries with higher labor costs (most notably Thailand) to lower-cost ones (Indonesia, Vietnam, and possibly Myanmar).

Second, plans for "ASEAN Connectivity" – new transportation routes to support greater intra-Asian trade, will require a dramatic expansion of rail and road links, as well as stronger port facilities. Japan is a high-end provider of infrastructure but a highly desirable one; however, in Southeast Asia it is often eclipsed by China and seriously challenged by South Korea, Singapore, and a number of other countries. US companies are often priced out of infrastructure projects in the region or constrained by environmental and other considerations. China's launch of the Asian Infrastructure Investment Bank (AIIB), which both the United States and Japan opposed, will offer Beijing an obvious edge in infrastructure deals.

The critical mass of ASEAN Connectivity projects is in mainland Southeast Asia, which places Japan in competition with China in Myanmar, Thailand, Laos, and Cambodia. Vietnam is part of the east-west transportation nexus, but both east-west and north-south systems will converge in Thailand. Myanmar is the western end of the east-west grid, but also offers possibilities for new routes that link Southeast Asia to South Asia and beyond. For example, the proposed Dawei Special Economic Zone in Myanmar would include a deep-sea port that would allow westward Thai exports and imports to reach Thailand without going through the Straits of Malacca.

The mainland connectivity plans illustrate Japan's dilemma in Southeast Asia. Concerns about Thai political stability and the 2014 coup and higher labor costs contributed to a drop of 37 percent in Japanese investment in Thailand in 2014. At the same time, according to the Thai Board of Investment, China's investment in Thailand expanded eight-fold in 2014. In late 2014, Bangkok announced that it would partner with China to build high-speed rail links north from China through Thailand. This February, Tokyo invited Prime Minister Gen. Prayuth Chan-ocha to Tokyo for his first visit to Japan since the coup. During the visit the two governments agreed to partner on an east-west rail link through Thailand, and Prayuth secured Tokyo's agreement in principle to join Thailand and Myanmar in developing the Dawei Special Economic Zone. Despite Bangkok's continued pressure on Tokyo to join the Dawei project over the past two years, Japan had kept Thailand at arms-length because of doubts over the ability of the other two partners to implement the project. Moreover, Japan has been focused on its investment in the Thilawa Special Economic Zone near Yangon.

Japan is also involved in development of the Mekong River sub-region, as an individual country and as the dominant member of the Asian Development Bank. Tokyo is a member of the Friends of the Lower Mekong Initiative and shares Washington's concerns about the consequences of overbuilding dams on the Mekong. However, Japan has provided two bridges across the Mekong, the first one linking Laos and Thailand and the second, opened this April, in Cambodia.

Addressing the “frontier” states

The second Japanese bridge across the Mekong was emblematic of Japan's new attention to the “frontier” states of mainland Southeast Asia: Cambodia, Laos, and Myanmar. All three countries, but particularly Cambodia and Laos, have come under increasing Chinese influence in the past decade; this was illustrated in 2012 when Phnom Penh, as that year's ASEAN chair, refused to put South China Sea issues on the agendas of the major ASEAN meetings. Japan is a major aid donor in Cambodia and one of the architects of the Cambodian peace process in the early 1990s. However, Tokyo now seeks to move away from aid and toward trade and investment with Cambodia.

Japan has fewer historic points of contact with Laos but has encouraged an expansion of relations with that country as well. In March, Laotian Prime Minister Thongsing Thammavong visited Tokyo, and the two governments agreed to elevate relations to the strategic partnership level, from the 2010 comprehensive partnership agreement of 2010. However, the expansion of Japanese relations with Laos will likely be a gradual, even slow process, given the footholds in the country already established by China, Thailand, and Vietnam. Moreover, low education levels and a small population (7 million) affect Laotian capacity to implement the large-scale projects that are typical of Japanese aid and investment.

Southeast Asia in changing Japanese policy structures

Although Japan's policy goals in Southeast Asia are long-term and therefore likely sustainable, expanding relations in the region will be affected by two initiatives of the Abe administration, both of which are elements in his “proactive pacifism” framework. The first is the revision of the [charter for Overseas Development Assistance](#) (ODA). One thrust of ODA charter reform is

to expand the rationale and application of aid beyond a focus on poverty alleviation and other economic goals toward a broader definition of Japan national security and national goals. One result of this reform is likely to be broader latitude for Japan to assist foreign militaries. Since 2012, the Japanese Defense Ministry has provided noncombat technical assistance to a number of Southeast Asian militaries, but has been prohibited from using ODA for this purpose. As the revision of the ODA charter lifts this prohibition, ODA will likely be applied to Vietnam and the Philippines for such purposes as the construction or improvement of military sea and air facilities.

Another change to the ODA charter will be to give greater emphasis to the promotion of democracy and human rights. Since the end of the Cold War, Tokyo has included these issues in its foreign policy, but has often played the “good cop” role with authoritarian countries against the more frequent “bad cop” role of the United States and other Western countries. Tokyo has often preferred to emphasize the rule of law and good governance in its assistance programs, while Western nations are more focused on elections and political parties. When Japan has provided election assistance, it has inclined toward the technical – e.g., the provision of voting machines in elections – over the political. It is not clear how this revision of the charter will be implemented in Southeast Asia, particularly given Japan’s concern with reducing China’s influence in the region.

The convergence of these two reforms would likely result in Tokyo’s providing assistance to Southeast Asian militaries to strengthen democratic civil-military relations, particularly in Myanmar. In 2014, Self-Defense Force Chief of Staff Gen. Iwasake Shigeru met Myanmar’s Armed Forces Commander-in-Chief Min Aung Hlaing to discuss potential cooperation. With the current Congress prohibiting funds for US-Myanmar military-to-military projects, Japan – along with Australia and the European Union – will be able to fill a critical gap in international assistance to Myanmar’s reform process.

A related and more high-profile reform is Abe’s proposed revisions to the Japanese constitution that would expand overseas activities of the Self-Defense Forces, in keeping with a reinterpretation of the constitution to strengthen the right to collective self-defense. Broadening the SDF rules of engagement would likely see more Japanese joint exercises with Southeast Asian nations, particularly Vietnam and the Philippines.

The Japanese advantage

Public opinion polls – of both opinion leaders and the more general population – show high and consistent approval of Japan in Southeast Asia at the present time. In 2014, surveys showed that 60 percent of opinion leaders in Malaysia, Indonesia, the Philippines, Singapore, Thailand, Vietnam, and Myanmar considered Japan to be the most important country in Asia, with China behind that. Other polls of ordinary citizens have shown favorable ratings for Japan in the region as high as 96 percent.

This high public regard is likely due as much or more to Japan’s past image rather than its current enthusiasm for Southeast Asia. In the 1980s and 1990s, Japan’s more narrow focus on economic interests in its assistance programs, although sometimes viewed as too mercantilist,

offered an alternative to more conditional aid from the West, which tended to focus more on human rights. Increasingly, China now plays the role of aid donor without strings, leaving Japan somewhere in the middle between Beijing and the West. However, Japan continues to be viewed in Southeast Asia as more pragmatic, and therefore more flexible, than the United States or the European Union. Thus, Thailand could assume (correctly) that Prime Minister Prayuth might be invited to visit Tokyo, while a visit to Washington under the present circumstances is unlikely.

The opposite could also prove to be the case however: Japan could be pressured to apply conditionality more strongly to its assistance and investment projects in Southeast Asia. This is less likely to apply to democracy and human rights issues than to such areas as the environment and labor rights. This is likely to apply especially to the “frontier” states, where an increasing backlash against Chinese investment is evident. In Myanmar, NGOs and advocacy groups largely welcome a greater Japanese presence but are not certain if it will bring greater concern for local conditions than the Japanese government and companies exhibited in past decades.

Another key element of Japan’s longstanding image in Southeast Asia is that of a pacifist nation with a military constrained to self-defense. This image, as well as Japan’s status as an Asian (rather than Asia-Pacific) nation, has made it more welcome in conflict resolution in the region than more muscular powers such as the United States. Thus, Japanese NGO’s have been able to render some assistance in Myanmar’s border provinces where armed ethnic groups dominate; moreover, Tokyo has been able to appoint a Special Representative for National Reconciliation in Myanmar without undue alarm in Nay Pyi Taw.

It is not clear how proposed changes in Japan’s defense and foreign policy structure that would allow greater military involvement in the region will affect Japan’s image in Southeast Asia. Although there is little real fear in the region that Japan would re-arm and present a military threat, Southeast Asians are concerned about developments that might raise tensions between the region’s great powers and, specifically, that a more active Japanese military might accelerate China’s own military rise.

The near-term outlook

Apart from Abe’s pronounced turn toward Southeast Asia, the region will be involved in, and stands to benefit from, a number of new policy initiatives under his administration: from reform of the ODA charter to a revision of security policy under the constitution. These are not likely to materialize in the next few months. However, even without such headline developments, Japan will pursue its economic interests vigorously in Southeast Asia in the near-term, to counter China and to position Japanese companies to benefit from the ASEAN Economic Community.

But by re-engaging Southeast Asia Tokyo will also face challenges with the region itself, some of which will be evident in 2015. A greater emphasis on democracy and human rights, albeit tempered with pragmatism, will be difficult to pursue in the authoritarian countries of Southeast Asia. This could be an issue as Myanmar moves toward national elections later this year, when international pressure to ensure that the elections are free, fair, and inclusive will increase. It is less likely to be an issue with Thailand, if only because the international community is more skeptical of democratic progress there after a decade of political turmoil. In contrast to the

United States, deeper economic and security engagement with Vietnam will not meet with domestic Japanese resistance on human rights grounds.

Finally, ASEAN and its member countries are wary of becoming entangled in great power competition or conflict in the region and will seek to balance expansion in relations with one power with commensurate gains with another. In that regard, Tokyo may occasionally find that it is the victim of its own success in Japan's new presence in Southeast Asia. Amendment of the ODA Charter and/or the Japanese constitution to permit greater Japanese military activity in the region, combined with conclusion of the Trans-Pacific Partnership agreement, will likely encourage Beijing to increase its own outreach and inducements to Southeast Asia.

In a similar vein, Japan's reinvigorated Southeast Asia policy has clear parallels to the US rebalance to Asia, particularly in its focus on the South China Sea. As Japan moves forward in the region, Tokyo will likely be amenable to consultation and coordination with Washington, but will make an effort to maintain a working distance from the US in Southeast Asia.

Chronology of Japan - Southeast Asian Relations January – April 2015

Jan. 29-31, 2015: Philippine Defense Secretary Voltaire Gazmin makes a three-day visit to Tokyo to confer with Japanese Ministry of Defense officials on bilateral security concerns.

Feb. 5, 2015: The first tranche of coast guard ships promised by Japan in 2013 to strengthen Vietnamese patrol and surveillance capacity arrive in Vietnam.

Feb. 8-10, 2015: Thailand Prime Minister General Prayuth Chan-ocha arrives in Tokyo for consultations on joint investment projects. He is the first Thai leader to visit Japan since the Thai coup in May 2014.

Feb. 10, 2015: Japan's Cabinet approves new guidelines for foreign aid, stipulating for the first time that Japan can fund foreign military forces.

Feb. 15, 2015: Japan and ASEAN agree to launch the ASEAN-Japan Dialogue on Transnational Crime and Terrorism.

March 6, 2015: Japan and Laos agree to forge a bilateral strategic partnership when Laotian Prime Minister Thongsing Thammavong visits Tokyo, elevating bilateral relations from the comprehensive partnership established in 2010.

March 16, 2015: Japanese Foreign Minister Kishida Fumio and Vietnamese Vice President Nguyen Thi Doan hold talks on ensuring maritime security, an obvious reference to the South China Sea, on the margins of the UN World Conference in Disaster Relief Reduction in Sendai.

March 22-25, 2015: Indonesian President Joko Widodo visits Japan, his first state visit outside Southeast Asia. He and Prime Minister Abe Shinzo sign a defense agreement to cooperate on military training and technology and agree to set up a bilateral forum on maritime security.

April 6, 2015: Japanese-funded Tsubasa Bridge across the Mekong River opens in Cambodia. It will strengthen transportation links in the “southern economic corridor” of mainland Southeast Asia, linking Ho Chi Minh City with Bangkok via Phnom Penh. It is the third Cambodian bridge donated by Japan and the second Japanese-built bridge across the Mekong.

April 20, 2015: Sasakawa Yohei, special envoy of the government of Japan for national reconciliation in Myanmar, issues a statement praising the draft ceasefire agreement between Myanmar’s central government and the armed ethnic groups; he offers Japanese diplomatic support for a finalization of the agreement.

April 22, 2015: Prime Minister Abe addresses the Asian-African Conference in Bandung, Indonesia and expresses “deep remorse” for Japan’s actions in World War II but does not offer an apology. Although it creates friction with Japan’s Northeast Asian neighbors, it has little impact in Southeast Asia.

April 27, 2015: Thai government publicly announces the formation of a Thai-Japanese project to build the Dawei Special Economic Zone in Myanmar and indicates that a formal agreement will be signed in May.

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