



Regional Overview:

A Frustrating Start to 2015 for the US

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

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.