



Regional Overview:

The Rebalance Picks up Steam*

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

The big news for this reporting period is the granting of “fast track” Trade Promotion Authority (TPA) to President Obama by the US Congress. This keeps hopes alive for the Trans-Pacific Partnership (TPP), the economic centerpiece of the Obama administration’s “pivot” or “rebalance” to Asia. The political and military legs of this multidimensional strategy got a boost as Secretary of State John Kerry attended the annual ASEAN Regional Forum (ARF) ministerial meeting in Kuala Lumpur and Secretary of Defense Ashton Carter headlined the show at the Shangri-La Dialogue in Singapore. China continues to make its presence felt in regional affairs as well; President Xi Jinping attended dual summit meetings in Ufa, Russia with other BRICS and Shanghai Cooperation Organization (SCO) leaders and hosted a Conference on Interaction and Confidence Building Measures in Asia (CICA) Special Working Group and Senior Officials Committee Meeting and first CICA Youth Council Conference in Beijing, while continuing to pursue his Silk Road and AIIB initiatives, even as China’s economy took a significant hit. Meanwhile, Pyongyang engaged in another round of Russian roulette but backed down when it became apparent Seoul was prepared to pull the trigger. Finally, the 70th anniversary of the end of World War II put history on the front pages.

Tripping over TPP

The Obama administration, along with other supporters of the Trans-Pacific Partnership trade negotiations, heaved a huge sigh of relief in June, when Congress passed legislation authorizing Trade Promotion Authority, which is considered indispensable to the conclusion of any large-scale trade deal. TPA is called “fast track” because it prevents Congress from renegotiating the terms of a deal put before it – it can only vote up or down, speeding up legislative deliberations (and hence “fast track”). President Barack Obama made one of his rare trips to the Capitol to win support, prevailing over resistance mostly from his own party, but also from Republicans who hate giving the president any legislative victories (especially when it means reducing Congressional prerogatives). The House passed the bill June 12, the Senate did the same 12 days later, and the president signed it into law on June 29.

That opened the door to the next round of negotiations among TPP representatives in July in Maui, but they couldn’t close the deal. Post-mortems blamed disputes between Japan and North America over cars (Mexico was particularly incensed over “rules of origin” that would impact its

* This article is extracted from *Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations*, Vol. 17, No. 2, Sept. 2015. Preferred citation: Ralph Cossa and Brad Glosserman, “Regional Overview: The Rebalance Picks up Steam,” *Comparative Connections*, Vol. 17, No. 2, Sept. 2015, pp. 1-16.

access to the US market), New Zealand recalcitrance over trade in dairy items (pique inspired by Canada's refusal to open its market, which prompted the US and Japan to low-ball their offers), a split between Australia and the US over sugar markets, and US resistance to any cuts in the duration of intellectual property rights monopoly periods for next-generation drugs. US Trade Representative Michael Froman said the talks made "significant progress" – Australian Trade Minister Andrew Robb agreed, adding that "98 percent is concluded" – but the tough issues remained, well, hard to resolve. In his analysis for *The Oriental Economist*, Rick Katz argued that deals negotiated with Congress to secure TPA reduced Froman's negotiating room.

There is fear now that the failure to reach agreement means that no deal will be concluded for at least another year and a half. Canada holds an election in October and the conservative government of Prime Minister Stephen Harper needs to hold the line on agriculture imports to avoid losing votes. That means that he cannot negotiate a deal until after that ballot – assuming he wins; an opposition victory will raise the bar to any deal – which then pushes any final agreement to 2016 and the midst of a US presidential campaign, which is no time for bold legislative action. If that assessment is correct, then there is the possibility that a final deal won't be concluded until 2017 or 2018.

Shangri-La: Carter steals the show

Defense Secretary Ashton Carter drew the biggest headlines at the annual Shangri-La Dialogue in Singapore following his May 30 keynote address. Once again, Beijing chose to send a lower-ranking delegation, headed by Vice Adm. Sun Jianguo, PLA deputy chief of the General Staff. While Carter's remarks focused on building a "shared regional architecture that is strong enough, capable enough, and connected enough to ensure that all Asia-Pacific people and nations have the opportunity to rise – and continue to rise – in the future," he minced no words in discussing Chinese activities in the South China Sea: "with its actions in the South China Sea, China is out of step with both the international rules and norms that underscore the Asia-Pacific's security architecture, and the regional consensus that favors diplomacy and opposes coercion."

Carter talked about the need to "respect rights, not just might," arguing further that "an effective security order for Asia must be based — not on spheres of influence, or coercion, or intimidation where big nations bully the small — but on alliances of mutual security, international law and international norms, and the peaceful resolution of disputes." He expressed "deep concerns about any party that attempts to undermine the status quo and generate instability there, whether by force, coercion, or simply by creating irreversible facts on the ground, in the air, or in the water."

While acknowledging that all claimants had developed outposts of differing scope and degree, he argued that China "has gone much farther and much faster than any other," further noting Washington's deep concern over "the pace and scope of land reclamation in the South China Sea, the prospect of further militarization, as well as the potential for these activities to increase the risk of miscalculation or conflict among claimant states." (As an aside, DoD needs to come up with a better term than "land reclamation" to describe China's effort to build islands where only reefs existed before.)

Calling for a “peaceful resolution of all disputes,” Secretary Carter insisted on “an immediate and lasting halt to land reclamation by all claimants” and an end to “further militarization of disputed features,” further noting that “America will support the right of claimants to pursue international legal arbitration and other peaceful means to resolve these disputes, just as we will oppose coercive tactics.” He then captured headlines around the world by forcefully stating “(T)here should be no mistake: the United States will fly, sail, and operate wherever international law allows, as U.S. forces do all around the world. . . . After all, turning an underwater rock into an airfield simply does not afford the rights of sovereignty or permit restrictions on international air or maritime transit.” Carter also announced a new Southeast Asia Maritime Security Initiative earmarking up to \$425 million for maritime capacity-building efforts in Southeast Asia.

In more general terms, Carter stressed the administration’s commitment to the rebalance, noting that in its next phase, “DoD will deepen long-standing alliances and partnerships, diversify America’s force posture, and make new investments in key capabilities and platforms.” He further stressed that the rebalance “is about more than just security. The United States is increasing economic and diplomatic engagement” as well, noting that the TPP had “just passed an important milestone in the U.S. Congress,” and that, when completed, “will unlock tremendous economic opportunities, not only for the United States, but for countries across the Pacific Rim.”

Along the sidelines of the Shangri-La Dialogue, Carter conducted trilateral consultations with South Korean Minister of National Defense Han Min-koo and Japanese counterpart Gen Nakatani. The three “seriously assessed the North Korean threat and agreed to closely coordinate with the international community to deter North Korean provocations” while reemphasizing “their immutable opposition to North Korea’s possession and continued development of nuclear weapons.” Carter also conducted a trilateral meeting with Nakatani and Australian Defense Minister Kevin Andrews to exchange views on regional security issues, while also meeting bilaterally with counterparts from Australia, Japan, Malaysia, and Singapore. Following his Singapore visit, Carter traveled to Hanoi, where he signed a Joint Vision Statement that committed the US and Vietnam to greater operational cooperation, and then on to India to sign a new US-India Defense Framework that will guide military cooperation for the next decade.

ARF Ministers underscore SCS concerns

Secretary of State John Kerry also had an eventful visit to Asia centered around the 22nd annual ASEAN Regional Forum ministerial on Aug. 6. As was the case at Shangri-La, the South China Sea dominated the headlines, especially after Chinese Vice Foreign Minister Liu Zhenmin asserted that the dispute should not be discussed at the meeting: “This is not the right forum. This is a forum for promoting cooperation. If the U.S. raises the [SCS] issue we shall of course object. We hope they will not.” Of course the assembled ministers did raise the topic, not just at the ARF but at the Aug. 4 ASEAN Foreign Ministers Meeting that preceded the larger gathering.

Recall at the ASEAN Foreign Ministers Meeting in Cambodia in July 2012, the assembled ministers were unable for the first time in ASEAN’s history to issue a joint communiqué as host Cambodia yielded to Chinese pressure to avoid the subject. It almost happened again this time, but host Malaysia prevailed over the objection of “some members” to include the SCS issue in

the ASEAN Minister's Joint Communiqué (which was finally issued on Aug. 6). The ASEAN Ministers "took note of the serious concerns expressed by some Ministers on the land reclamations in the South China Sea, which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the South China Sea" and "reaffirmed the importance of maintaining peace, security, stability, and freedom of navigation in and over-flight above the South China Sea." They also "reiterated the importance of expeditious establishment of an effective COC [Code of Conduct] . . . with the objective, among others, to enhance trust and confidence amongst parties."

The ASEAN ministers' comments set the stage for discussion at the ARF Ministerial that followed. The ARF Chairman's Statement echoed the ASEAN minister's call for the "full and effective implementation of the Declaration on the Conduct of Parties in the South China (DOC) in its entirety" while looking forward to the "expeditious establishment of the COC." The ministers "reaffirmed the importance of maintaining peace, security and stability, respect for international law, unimpeded lawful commerce, freedom of navigation and over-flight, including in the South China Sea." They further "called on all parties to exercise self-restraint in the conduct of activities, and avoid actions that would complicate or escalate tension."

Secretary Kerry, in his remarks, assured his assembled counterparts that ASEAN was at the "very center" of the region's multilateral architecture and "that is where the United States of America wants it to remain. ASEAN is essential to upholding the rules-based system in Asia and to ensuring that all countries, big and small, have a say in how we address shared challenges, including economic development, climate change, human trafficking, and marine conservation." He also assured them that the US "shares the frequently expressed desire of ASEAN members to preserve the peace and stability of the South China Sea. We want to ensure the security of critical sea lanes and fishing grounds, and we want to see that disputes in the area are managed peacefully and on the basis of international law."

During a press conference on the sidelines of the ARF meeting, Kerry was more specific when it came to construction efforts by China (and others) in the SCS: "What's really needed, though, is an agreement to stop not just the reclamation but the large-scale construction and militarization. So it's not just an issue of reclamation. And our hope is . . . that people stop all three and that they step back and work the process of the code of conduct and whatever other legal process to try to resolve these issues." Kerry also reiterated "America's strong support of freedom of navigation, overflight, and other lawful uses of the sea. These rights, I would remind everybody, are universal rights and they must be respected by every nation, large and small."

Kerry also participated in a 10+1 US-ASEAN bilateral session and met separately with a number of ASEAN ministers as well as his Russian and Chinese counterparts, the latter including what was described by *Reuters* as a "blunt discussion on the South China Sea." Chinese Foreign Minister Wang Yi, in his own 10+1 meeting with the ASEAN ministers reportedly told them that "outside powers" should keep out of the South China Sea dispute and that China and ASEAN should redouble efforts to reach a code of conduct.

Secretary Kerry also visited Singapore and Vietnam (and Egypt and Qatar) on this, his 13th trip to the Indo-Asia-Pacific region as secretary of state.

ARF-DPRK: Pyongyang struggles for traction

Once again the ARF Chairman's Statement "underlined the importance of peace, security and stability in the Korean Peninsula and emphasized the need to manage the dispute peacefully," and called for the resumption of Six-Party Talks. Over apparent DPRK objections, it noted that "most Ministers called on the DPRK to comply fully with its obligations to all relevant UNSC Resolutions." It also "supported the reunification of the two Koreas including through the continuation of the inter-Korean talks and cooperation and reiterated the importance of addressing humanitarian concerns."

While DPRK attendance at ARF meetings has been hit or (mostly) miss, DPRK Foreign Minister Ri Su-Yong attended this year's meeting in Malaysia as part of a Southeast Asia jaunt that reportedly also saw him visiting Indonesia, Laos, Singapore, and Vietnam and possibly Myanmar as well – North Korean reporting on the trip was sketchy, to say the least. According to an unnamed ROK Foreign Ministry official, "Ri's trip appears to aim at strengthening relationships with the Southeast Asian countries in a move to come out of international isolation and gather ground in the global diplomatic arena."

Ri's saber-rattling made headlines in Kuala Lumpur: "If the United States continues to strengthen [the US-ROK] military alliance, engage in large-scale buildup of arms, and use North Korea as an excuse, a Second Korean War is inevitable." Ri said the North "has what it takes to confront war, regardless of US decisions." He also asserted that "no matter what kind of war is to take place, it will bring about Korean unification." We agree with him regarding the outcome, although not on the presumed victor in such a confrontation. Ri also defended his nation's nuclear and long-range missile programs: "In order to protect North Korean sovereignty and its people from a nuclear disaster, we have no choice but to resort to measures of self-defense," stating that a fourth nuclear test "depends on US attitudes." A spokesman for Ri also asserted that "the US is hell-bent on increased level of provocations in front of the door of the DPRK."

The ARF meeting is unique in that it brings into one room all Six-Party Talks participants (North and South Korea, China, Japan, Russia, and the US). Not only was the opportunity to informally resume a six-way discussion missed, it appears that Ri also failed to meet either his US or ROK counterparts. He did hold informal talks with Japanese Foreign Minister Fumio Kishida, reportedly to discuss the ongoing investigation into the fates of Japanese citizens abducted by the North in the 1970s and 1980s. Ri also met Russian Foreign Minister Sergey Lavrov; it is unclear if he held talks with his Chinese counterpart.

North-South Russian roulette

While the two foreign ministers accomplished no more than a perfunctory handshake over dinner in Kuala Lumpur, the two Koreas did hold a senior-level meeting in August after a series of events – the presumed North Korean placement of land mines in the DMZ that seriously injured two ROK soldiers and, in retaliation, a resumption by Seoul of propaganda broadcasts into the North that disparaged its young leader, Kim Jong Un – resulted in the declaration of a "quasi-

state of war” and a threat to attack the loudspeakers by Pyongyang if the broadcasts did not cease in 48 hours (with a specified 5PM deadline on Aug. 22).

North Korean threats of this nature are not new. What was new was the ROK’s response: President Park Geun-Hye showed up for a press conference in battle fatigues and told Pyongyang that the broadcasts would continue beyond the demanded DPRK deadline until the North apologized for the earlier mining incident. Washington strongly backed Seoul in its demand for an apology and halt to further provocations. In the early morning hours of Aug. 25, after a 43-hour meeting – led by South Korea’s Director of National Security Kim Kwan-Jin and Unification Minister Hong Yong-pyo and their North Korean counterparts, Director of the General Political Bureau of the North Korean Army Hwang Pyong-so and Secretary of the Central Committee of the Workers’ Party Kim Yang-gon (who oversees inter-Korean relations) – the North Koreans (in our view) blinked. (See Aidan Foster-Carter’s accounting in his North-South Korea chapter for a more detailed discussion.)

Pyongyang expressed “regret” over the land mine incident and, in return, Seoul agreed to stop propaganda broadcasts “considering no unusual activity along the border occurs,” thereby serving notice that broadcasts would resume if further incidents ensued. The North, in turn, agreed to lift its “quasi-state of war” declaration and most importantly (from a ROK perspective) agreed to arrange reunions for families separated by the 1950-53 Korean War in time for the Chuseok (Thanksgiving) Holidays in September. Both sides also agreed to “hold talks in Pyongyang or Seoul at an early date in order to improve ties and have multi-faceted dialogue and negotiations in the future.” Provided the divided family program resumes as promised and serious North-South talks resume – a big assumption given Pyongyang’s previous performance – this will be seen in the South as a clear diplomatic victory for President Park.

Six-party/US-DPRK prospects remain bleak

Despite this apparent willingness to resume North-South deliberations, there was little indication that Six-Party Talks would resume anytime soon, as Pyongyang continues to insist on being treated as a nuclear weapon state, something the others won’t (and shouldn’t) consider. The prospect for US-DPRK talks also seemed slim as most analysts kept an eye on the 70th anniversary of the founding of the Korean Workers’ Party on Oct. 10, in anticipation of another DPRK missile test/satellite launch to mark the occasion. It’s possible – perhaps even likely – that the North will then put out some feelers in hopes that the Obama administration, in its final year, may seek a “breakthrough” with the North (on Pyongyang’s terms, of course).

Sydney Seiler, US special envoy for the Six-Party Talks, argued in Seoul in late July that Washington’s nuclear agreement with Iran was “an excellent example of US flexibility and willingness to engage with countries with whom we have had longstanding differences.” Seiler noted that “The Iran deal demonstrated the value and possibilities that negotiations bring,” pointing out that the “door is open” if Pyongyang chooses to “choose a different path.” The North has made it clear that it has no interest in following Iran down that particular path. The North’s Ambassador to China, Ji Jae-ryong, announced that, unlike Iran, the DPRK “is a nuclear weapons state both in name and reality and it has interests as a nuclear weapons state.” The North has no intention of negotiating away its nuclear weapons capability as long as

Washington's "hostile attitude" prevails, Ji proclaimed, noting that the North's nuclear deterrent was "not a plaything to be put on the negotiating table, as it is the essential means to protect its sovereignty and vital rights from the U.S. nuclear threat and hostile policy which have lasted for more than half a century."

Chinese regional initiatives: BRICS/SCO/CICA

China continues its own version of the pivot as it deepens its involvement in regional organizations that do not involve the US, including BRICS (Brazil, Russia, India, China, South Africa), the Shanghai Cooperation Organization (SCO), and the Conference on Interaction and Confidence Building Measures in Asia (CICA).

The BRICS and SCO Summits were held back to back in Ufa, Russia and hosted by President Vladimir Putin. The big news at the BRICS meeting was the launch of the New Development Bank (NDB), also known as the BRICS bank, with an initial capital of \$100 billion. The bank will be based in Shanghai; its first president will be K.V. Kamath, former chairman of Infosys Limited, the second-largest Indian IT services company, and non-executive chairman of ICICI Bank, India's largest private bank. The NDB is set to issue its first loans next April. This is among four new financial institutions championed by China, the others being the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, and the SCO Development Bank.

The SCO has traditionally had six members: China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The big news was the inclusion of two new members, India and Pakistan, at the Ufa Summit. President Putin stated that the accession of the two South Asian states would increase the SCO's "political and economic potential" and enhance its "capabilities to react to modern threats and challenges." Iran's Joint Comprehensive Plan of Action nuclear deal with the P5+1 group (the US, Britain, France, Germany, Russia and China) also paves the way for Tehran's full membership of the SCO, which is expected next year. The SCO leaders also signed a declaration reiterating their readiness to continue working on creation of a Development Bank and Development Fund within the SCO while supporting China's proposal to create a Silk Road economic belt across the SCO member-states.

Finally, Beijing hosted several CICA events over the past four months including the First Annual Conference of the Non-governmental Forum of the Conference on Interaction and Confidence-Building Measures in Asia in May and a CICA Special Working Group and Senior Officials Committee Meeting and CICA Youth Council Conference in August. Recall it was at the CICA Summit in Shanghai last year that President Xi gave his "Asia for Asians" speech. Founded in 1999, CICA now involves 26 countries from East, Southeast, and Southwest Asia; it "pursues its policy based on the principles of sovereign equality, non-interference in internal affairs of the Member States." Korean analyst Lee Jaehyon [observes](#) that for all its rhetoric, China appears to be emulating the US and creating its own hub-and-spoke system in the region.

Alarm bells in China

While international attention has been focused on Chinese actions in the South China Sea, the more important development may be the country's economic situation. China's economy has

slowed from the explosive double-digit growth of the past two decades to something that approximates the official target growth rate of 7 percent. (There are questions about the reliability of official statistics in China; the ability of the economy to continually hit the exact target figures is unnerving – especially when other statistics, such as energy demand, seem anomalous.) This new pace reflects a decision by Beijing authorities to try to shift the moving force of the economy from exports to more domestic-driven demand and reduce factors that would encourage the economy to overheat.

While no one expected this transition to be smooth, no one anticipated the tumult of this summer. The biggest problem has been a steep decline in the country's stock markets: share prices in Shanghai and Shenzhen fell about 30 percent during the summer, the sharpest decline in over 20 years, and creating combined losses in value of about \$3 trillion (a figure that dwarfs the Greek economic crisis). Since share prices in those two exchanges had swelled some 120 percent in the last year, some deflating was in order: a bubble was plainly at work. But the stocks that were inflating were small- and medium-size companies and those holding the inflating stocks were small investors who had taken on big margin positions and had borrowed heavily to get in on the action. The bursting of the bubble meant that those investors were going to be hurt: according to government statistics, loans to investors for stock purchases increased 900 percent over the last two years. And if, as frequently occurs, the collateral for those loans is real estate holdings, then those investors' homes could be at risk. The prospect of large numbers of ordinary Chinese taking big losses is unnerving: today's Chinese don't know what it is like to lose money. This experience may well test the resilience of Chinese society – and by extension the government and the Party.

The government has pulled out the stops to halt the slide, doing everything from restricting the shorting of stocks, manipulating margin requirements, prodding large entities to invest in shares and hold stocks, to suspending trading and IPOs, and going after individuals for spreading rumors that threaten market stability (sometimes called journalism). Nothing has done the trick. The government has invested hundreds of billions of dollars in the market to prop up shares to little effect (reportedly most afternoons before the close); that has tarnished its reputation for competence and exposed its lack of faith in market practices.

Doubts about the Beijing's government's economic policy were magnified in August when it announced that it was moving the RMB from a "managed float" in which the currency could only move within a narrow band each day to a wider band in which the market would play a larger role in setting its exchange value. Officially, the step was part of the effort to move to a freer floating rate, a critical step in the drive to get the RMB accepted in the IMF's Special Drawing Rights (SDR) basket, which would signal the yuan's acceptance as a reserve currency.

The immediate consequence of the move was a significant devaluation of the RMB: it registered its biggest drop in value in 21 years. That move helped the slowing Chinese economy, providing instant competitiveness and a ready boost to exporters. The indirect consequences may prove quite damaging, however. First, China's foreign exchange reserves fell \$94 billion in August as a result of efforts by the People's Bank of China to prop up the RMB every day at the close of trading to keep it from falling too far. Second, again, it exposed the Beijing government's professions of faith in market economics as hollow. Third, the continued fall, and the impact on

China's trading partners, also exposed as empty the government's rhetoric about win-win solutions and good neighborliness (at least in economic matters). Finally, the drop in foreign exchange reserves will at some point begin to squeeze China's largesse and undercut efforts to win (read: "buy") friends through new financial institutions.

The ripples from Chinese decisions are spreading. The slowdown has reduced China's demand for the raw materials that feed its manufacturing machine. African nations such as Sierra Leone, Angola, Zambia, and Liberia are considered especially vulnerable to the new normal in China. China's foreign direct investment is also expected to take a hit, which will end up bruising many emerging market economies that have come to rely on its investments. One study concluded that Australia, Brazil, Russia, Chile, and Korea will be especially hard hit by the currency devaluation. It can be assumed that key institutions, such as the military, will not be affected by the slowdown or any cut in foreign exchange reserves.

The Chinese Communist Party has, since the adoption of economic reforms more than two decades ago, established its legitimacy on the ability to offer steadily improving lives to Chinese; its claim to rule is based on economic returns, not ideology. That image is now badly dented and if investors take big hits, the credibility of the party and its legitimacy could be at risk.

AIIB gets off the ground

Fortunately for Beijing, it managed to get its new international financial institution, the Asian Infrastructure Investment Bank (AIIB), off the ground before the summer economic madness. The bank's Articles of Agreement were signed by 50 of the 57 prospective founding members on June 29. By August, one more country joined those ranks but no government has ratified the articles of agreement.

Questions about the bank's operations are being slowly resolved; China will retain the prerogatives of the largest shareholder, but it will not be able to do as it pleases. It isn't clear how the financial troubles Beijing has encountered over the summer will constrain its options or shape Chinese thinking. A slowdown at home will increase the pressure to exploit opportunities provided by the AIIB and along the Silk Road to goose the domestic economy. Concerns about the AIIB challenge to the international economic order have not been eliminated, but the general mood has shifted – not least because so many governments are now represented within it.

History comes alive

This summer was unusually hot – not just because of the temperature, but because of tensions generated by history. Aug. 15 marked the 70th anniversary of the end of World War II, and the commemorations this year were more freighted than usual: Japanese Prime Minister Abe Shinzo had for over a year insisted that he would make a different kind of statement, one that broke with precedent and reflected a different approach to the past. There were whisperings that Abe would repudiate the Kono Statement (that acknowledged Japanese government responsibility for the plight of the comfort women) and the Murayama Statement (the most forthright apology for Japan's wartime behavior that was issued at the 50th anniversary in 1995). That prospect became

a focal point of regional diplomacy, with China, South Korea, and the US all deeply worried about what Abe might say.

He previewed his thinking in speeches to the Australian Parliament in July 2014, the 50th anniversary of the Bandung Conference in April of this year, and a joint session of the US Congress at the end of that month. He commissioned “an advisory panel on the 20th century and Japan’s role and the world order in the 21st century.” The panel presented its findings on Aug. 6, 2015, and they largely anticipated the prime minister’s speech on Aug. 14. The panel rooted Japanese behavior in that of the time, when the world was dominated by the West and imperialism was an accepted mode of government policy. Nonetheless, it conceded that Japan acted aggressively (although some panel members dissented from the use of this word) and caused great harm to regional nations.

In his Aug. 14 speech, Abe pledged to uphold and honor the earlier government declarations: the “position articulated by the previous Cabinets will remain unshakable into the future.” He conceded that “Japan gradually transformed itself into a *challenger* to the *new international order* ... Japan took the wrong course and advanced along the road to war.” He made plain that “upon the innocent people did our country inflict immeasurable damage and suffering” and pledged “Incident, aggression, war – we shall never again resort to any form of the threat or use of force as a means of settling international disputes.” The statement included four key words – “aggression” (*shinryaku*), “colonial domination” (*shokuminchi shihai*), “deep remorse” (*tsusetsu na hansei*), and “apology” (*owabi*) – that were seen as critical by non-Japanese for assessing the past. Finally it acknowledged that “we Japanese, across generations, must squarely face the history of the past. We have the responsibility to inherit the past, in all humbleness, and pass it on to the future.”

The US was satisfied with the statement as were most governments. South Korean President Park Geun-hye expressed her displeasure in remarks on Aug. 15, saying “it is hard to deny that Prime Minister Abe Shinzo’s statement ... did not quite live up to our expectations.” China’s Foreign Ministry spokesperson was also disappointed, noting that “Japan should have made an explicit statement on the nature of the war of militarism and aggression and its responsibility on the wars, made sincere apology to the people of victim countries, and made a clean break with the past of militarist aggression, rather than being evasive on this major issue of principle.”

In his remarks on the occasion, Japan’s emperor broke with the past, but in ways that neighbors would appreciate. He expressed “deep remorse” for Japan’s actions during World War II, a sentiment that not only went beyond that of Prime Minister Abe but also showed more contrition than he expressed in every previous commemoration, when he used the phrase “deep sorrow.”

Seoul’s disappointment was especially acute as it (along with Tokyo) marked on June 22 the 50th anniversary of the normalization of relations with Japan. There were hopes that this event would spur the two governments to get their relationship back on track: each leader went to the other’s embassy to celebrate the occasion. Alas, the opportunity was missed as relations failed to rebound.

There were other historical commemorations: as always, there were the August ceremonies marking the atomic bombings of Hiroshima and Nagasaki. Caroline Kennedy became the second US ambassador to attend the events on Aug. 6 marking the devastation of Hiroshima. Joining her was Undersecretary of State for Arms Control and International Security Rose Gottemoeller, who also attended commemorations in Nagasaki on Aug. 9. Japanese still hold hopes that President Obama will attend one of the two ceremonies before he leaves office as a sign of his commitment to nuclear disarmament.

China played its own history card with a parade on Sept. 3 to mark the 70th anniversary of its victory over Japan. The parade was only the fourth in the 39 years since the Maoist era, and the first ever that did not celebrate the founding of the People's Republic. It was intended to demonstrate China's military might, while simultaneously reassuring neighboring countries of Beijing's commitment to peace. The anti-Japanese tenor of the event – a reminder that Japan has been and can again be a threat to regional peace – unnerved many governments, prompting them to keep their distance. History remains as divisive as ever in East Asia.

Looking ahead

For all those differences, the last four months of 2015 will provide ample opportunities for regional leaders to meet and do something positive. President Obama will hold summits with Xi Jinping and President Park, the UN General Assembly will hold its annual opening session, APEC and the G20 will hold their annual leaders meetings, and there are reports of a summit between Prime Minister Abe and President Park along the sidelines of the tentatively scheduled “Plus Three” Summit (China, Japan, ROK) this fall. If those men and women wish to demonstrate real leadership they will have plenty of chances. We aren't holding our breath.

Regional Chronology

May – August 2015

May 3, 2015: Meeting on the sidelines of the Asian Development Bank annual meeting, the 18th ASEAN Plus Three Finance Ministers' and Central Bank Governors' Meeting (AFMGM + 3) is held in Baku, Azerbaijan.

May 6, 2015: Japanese and Philippine coast guards conduct joint anti-piracy exercises in the Philippines.

May 9, 2015: North Korea announces it successfully fired a ballistic missile from a submarine.

May 12, 2015: Two Japanese destroyers and one of the Philippines' newest warships conduct maneuvers involving maritime domain awareness, search and rescue, and disaster response.

May 12-13, 2015: Seventh round of negotiations on a trilateral free trade agreement (FTA) among China, Japan, and the Republic of Korea is held in Seoul.

May 14-16, 2015: Indian Prime Minister Narendra Modi visits China and South Korea.

May 14-28, 2015: Chief negotiators for the Trans-Pacific Partnership countries meet in Guam.

May 15, 2015: Third China-Japan-ROK Counterterrorism Consultation meeting held in Beijing.

May 16-19, 2015: Secretary of State John Kerry visits China and South Korea.

May 16-23, 2015: Deputy Secretary of State Antony Blinken visits Vietnam, Indonesia, and Myanmar.

May 18-22, 2015: US Pacific Command hosts defense leaders from 23 countries (excluding China) in Hawaii at the inaugural Pacific Command Amphibious Landing Symposium (PALS).

May 20, 2015: US Navy *P-8 Poseidon* surveillance aircraft conducts overflights in the region of the Spratly Islands. Chinese Navy repeatedly warns the aircraft to depart the airspace.

May 20, 2015: Foreign ministries of Indonesia and Malaysia agree to provide up to a year of humanitarian assistance and shelter for as many as 7,000 Bangladeshi and Rohingya migrants left adrift in Southeast Asian waters.

May 21-25, 2015: Naval forces from Singapore and China conduct inaugural *Exercise Maritime Cooperation*, described by Singapore's Ministry of Defense as a "milestone in the bilateral defence relationship." The exercise involves conventional naval warfare serials, such as gunnery firings and maneuvering drills.

May 24-26, 2015: Malaysian Prime Minister Najib Razak visits Japan and meets Prime Minister Abe Shinzo. They sign the [Japan-Malaysia Joint Statement on Strategic Partnership](#).

May 25, 2015: China lodges a complaint with the US over the US Navy *P-8A Poseidon* that flew over parts of the Spratly Islands on May 20.

May 25-27, 2015: Vietnamese Defense Minister Phùng Quang Thanh visits India and meets Prime Minister Narendra Modi and Defense Minister Manohar Parrikar.

May 26, 2015: China issues a [white paper](#) on its military strategy, stressing "active defense" and pledging closer international security cooperation.

May 26, 2015: The ASEAN Regional Forum (ARF) *Disaster Relief Exercises (DiREx) 2015* convenes in Malaysia and is co-chaired by Beijing and Kuala Lumpur. The discussion focuses on regional coordination and cooperation on disaster relief mechanisms.

May 26-27, 2015: The lead negotiators to the Six-Party Talks from the US, Japan, and South Korea meet in Seoul to consult on ways to make substantive progress in North Korea's nuclear issues at all levels, including deterrence, pressure and dialogue.

May 27, 2015: US Secretary of Defense Ashton Carter meets Philippine Secretary of National Defense Voltaire Gazmin in Hawaii, discussing security issues in the South China Sea and reaching an agreement to hold a 2-plus-2 assistant secretary-level meeting as soon as possible.

May 29, 2015: Thai government hosts summit with more than 20 nations and international organizations participating to seek solutions to the crisis of asylum seekers fleeing Bangladesh and Myanmar's Rakhine State.

May 29, 2015: US Special Representative for North Korea Policy Sung Kim says at a media briefing in Beijing that China agrees that "pressure" should be a part of its policy on North Korea, and the US believes that China is fully implementing sanctions on North Korea.

May 29-31, 2015: Shangri-La Dialogue is held in Singapore.

May 31-June 1, 2015: Secretary of Defense Carter pays an official visit to Vietnam and meets Minister of Defense Phung Quang Thanh; they sign a joint vision statement.

June 1, 2015: Chinese Commerce Minister Gao Hucheng and South Korean Trade Minister Yoon Sang-jick sign a bilateral FTA in Seoul.

June 2-3, 2015: Secretary of Defense Carter visits India, meeting Prime Minister Narendra Modi and Defense Minister Manohar Parrikar.

June 2-5, 2015: Philippines President Benigno Aquino visits Japan and meets Prime Minister Abe. They agree to initiate talks on a framework for the transfer of defense equipment and technology and to discuss a visiting forces agreement for Japanese Self-Defense Force personnel visiting the Philippines to facilitate joint training and exercises.

June 8-14, 2015: Vice Chairman of China's Central Military Commission Fan Changlong visits the US with stops at a Boeing aircraft factory and several military installations. He also meets Defense Secretary Carter in Washington.

June 11, 2015: Zhou Yongkang, the former secretary of China's Central Political and Legal Affairs Commission and a member of the 17th Chinese Communist Party's Politburo Standing Committee is sentenced to life in prison for bribery, abuse of power, and leaking state secrets.

June 11, 2015: Anonymous US officials suggest that China may have been behind a massive US government data breach in April 2015. Chinese officials call the allegations "counterproductive" and "irresponsible."

June 17-19, 2015: Chinese State Councilor Yang Jiechi and Vietnamese Deputy Prime Minister and Minister of Foreign Affairs Pham Binh Minh co-host the eighth meeting of the China-Vietnam Steering Committee for Bilateral Cooperation in China.

June 18-30, 2015: US and Philippines conduct their 21st annual *Cooperation Afloat Readiness and Training (CARAT) Philippines* military exercise.

June 22-26, 2015: Philippines and Japan hold second joint naval maneuvers of the year in the South China Sea.

June 23-24, 2015: Seventh meeting of the US-China Strategic and Economic Dialogue (S&ED) is held in Washington, DC.

June 24, 2015: US Congress renews trade promotion authority for the president more commonly referred to as “fast track” or TPA, which is seen as needed to finalize negotiations on the Trans-Pacific Partnership (TPP).

June 25, 2015: US State Department releases its [Country Reports on Human Rights Practices in 2014](#), detailing human rights abuses in several Asian countries.

June 26, 2015: In its annual rebuttal to US accusations of human rights violations by the US State Department, Beijing issues its own [report](#) and accuses the US of being “haunted by spreading guns” and racial discrimination.

June 26, 2015: US hosts the seventh trilateral dialogue with India and Japan in Honolulu to exchange views on a broad range of regional and global issues of mutual interest.

July 2, 2015: ASEAN Secretariat announces during meeting in Kuala Lumpur that the group will create a fund to aid regional countries that host the victims of human trafficking. US State Department and the UN High Commissioner for Refugees also participate in the meeting.

July 5-19, 2015: US and Australia conduct sixth *Talisman Sabre (TS2015)* biennial military exercise involving nearly 30,000 personnel. Forty Japanese also participate in the exercise.

July 6-10, 2015: Vietnam’s Communist Party General Secretary Nguyen Phu Trong travels to the US and meets President Barack Obama.

July 7-13, 2015: Five-member tribunal hearing Manila’s case against Beijing’s South China Sea claims at the Permanent Court of Arbitration in The Hague holds a hearing on preliminary jurisdiction and admissibility of claims.

July 9-10, 2015: Fifteenth Shanghai Cooperation Organization (SCO) Summit and fifth BRICS Summit is held in Ufa, Russia.

July 11, 2015: Myanmar’s opposition National League for Democracy (NLD) announces that it will participate in the parliamentary elections scheduled for Nov. 8 even though party opposition leader Aung San Suu Kyi will not be eligible to serve as president.

July 13-24, 2015: US and Singapore conduct 21st annual *CARAT Singapore* naval exercise.

July 21, 2015: Japanese Cabinet approves the Defense Ministry’s [white paper](#) for 2015, which gives significant attention to “China’s military threat.”

July 22-31, 2015: Chinese Navy conducts military training in the waters east of Hainan Island in the South China Sea. During the training, “no vessel is allowed to enter the designated maritime areas,” according to China’s Maritime Safety Administration.

July 25-Aug. 1, 2015: US Special Envoy for Six-Party Talks Sydney Seiler travels to Seoul, Beijing, and Tokyo for meetings with senior officials on North Korea policy.

July 27, 2015: US State Department releases its [2015 Trafficking in Persons Report](#), assessing government efforts around the world to combat modern slavery.

July 28-31, 2015: Ministers from TPP countries meet in Hawaii to finalize negotiations. Outstanding issues include access to Canada’s agricultural market, Australia’s concerns about US pharmaceutical patent rules, Vietnam’s ability to meet rules-of-origin requirements, and labor rights in Mexico and Vietnam.

July 29, 2015: Ninth China-ASEAN senior officials meeting on the implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) is held in Tianjin to discuss a code of conduct (COC) in the South China Sea.

July 31, 2015: China and Southeast Asian nations agree to set up a foreign ministers’ hotline to address emergencies, avoid accidents and miscalculations in the South China Sea. The regional foreign ministers' hotline will be the first involving China. Manila and Hanoi established a naval hotline in 2014 to monitor ongoing events in the South China Sea.

July 31, 2015: South Korean Director General of the Foreign Ministry’s North Korean Nuclear Affairs Bureau Kim Gunn, Japanese Deputy Director General of the Foreign Ministry’s Asian and Oceanian Affairs Bureau, and US Special Envoy for the Six-Party Talks Sydney Seiler meet in Tokyo to discuss next steps on North Korea’s denuclearization.

Aug. 1-5, 2015: ASEAN-related foreign minister and post-ministerial meetings (48th ASEAN, 16th ASEAN+3, and fifth East Asia Summit) are held in Kuala Lumpur.

Aug. 4, 2015: Two South Korean soldiers are injured by landmines inside the demilitarized zone (DMZ). The South Korean military blames Pyongyang for placing the mines in the area.

Aug. 4-8, 2015: Secretary of State John Kerry visits Asia with stops in Singapore, Kuala Lumpur, and Vietnam.

Aug. 4-10, 2015: US and Indonesian navies conduct *CARAT* exercise. Activities include amphibious landings and anti-submarine warfare.

Aug. 5, 2015: Chinese Foreign Minister Wang Yi states that Beijing has halted land reclamation in the South China Sea, and calls on countries in the region to speed up talks on how claimant states should conduct themselves in the disputed waters.

Aug. 6, 2015: ASEAN Regional Forum is held in Kuala Lumpur.

Aug. 14, 2015: North Korea rejects accusations by South Korea that it was responsible for landmine explosions on Aug. 4 inside the DMZ that wounded two South Korean soldiers.

Aug. 14, 2015: Japanese Prime Minister Abe Shinzo delivers a speech commemorating the 70th anniversary of the end of World War II in which he acknowledges the Murayama and Kono Statements, but largely fails to satisfy the Chinese and South Korean demands for an apology.

Aug. 17-21, 2015: US and Malaysia conduct *CARAT Malaysia 2015*, a joint military exercise.

Aug. 17-28, 2015: South Korea-US joint military exercise *Ulchi Freedom Guardian* is held in Korea. North Korea condemns the exercise as a “declaration of war” and boasts of its ability to make retaliatory strikes against Seoul and the White House.

Aug. 20-25, 2015: ASEAN Economic Ministers Meeting and related meetings are held in Kuala Lumpur. Ministers from the countries involved in the Regional Comprehensive Economic Partnership announcement agreement on the “modalities” for the partnership on Aug. 24.

Aug. 20-28, 2015: China and Russia conduct a joint naval exercise, *Joint Sea-2015 (II)*, in the Peter the Great Gulf, waters off the Clerk Cape, and the Sea of Japan.

Aug. 20, 2015: US Department of Defense releases its [*Asia-Pacific Maritime Security Strategy*](#).

Aug. 22-25, 2015: North and South Korea meet in Panmunjom and reach agreement on measures to reduce tensions. The North “expresses regret” over recent mine blasts that maimed two ROK soldiers and the South agrees to switch off loudspeakers broadcasting propaganda messages across the border.

Aug. 27-Sept. 14, 2015: Militaries from China, Australia, and the US conduct Exercise *Kowari* in Darwin, Australia.

Aug. 28-29, 2015: US National Security Advisor Susan Rice visits China and meets President Xi Jinping as well as State Councilor Yang Jiechi, Foreign Minister Wang Yi, and General Fan Changlong, a vice chairman of China’s Central Military Commission.