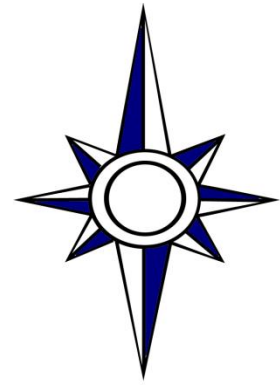


# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## Regional Overview:

### **The Rebalance Remains a Reality**

**Ralph A. Cossa, Pacific Forum CSIS**  
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US Defense Secretary Chuck Hagel and Secretary of State John Kerry continued their “pivots” to Asia over the summer months, respectively attending the Shangri-La Dialogue and the ASEAN Regional Forum (ARF), before joining up for a 2+2 with their Aussie counterparts. President Obama’s failure to mention his Asia rebalance during his “major foreign policy address” at West Point (incorrectly) raised questions about his administration’s commitment to the region as the Middle East and Eastern Europe continued to boil over. No wonder no one seemed to have much time to pay attention to Pyongyang as it continued its (idle) threats and insults. Meanwhile, there was little progress reported on the economic centerpiece of the US pivot, the “gold standard” Trans-Pacific Partnership (TPP), even as China continued its pursuit of an alternative “Asia for Asians” approach, best manifested by the Regional Comprehensive Economic Partnership (RCEP) and President Xi’s speech at the Conference on Interaction and Confidence Building Measures in Asia (CICA). Finally, two of the world’s largest democracies, India and Indonesia, held landmark elections, in stark contrast to Thailand where the military leadership tried to legitimize its rule amid lingering questions as to when true democracy will be restored.

### **The “Obama Doctrine”**

President Obama’s commencement address at West Point on May 28 appears to have been intended to send Americans and the international community a number of important messages. One of them was NOT that the US commitment to the Asia “pivot” or “rebalance” was waning. For some, especially in Asia, the failure to mention this much-touted Asia policy rekindled fears that it was being reconsidered, if not abandoned. Those who read it that way missed a few major points, although the administration must share the blame for the misinterpretation.

Yes, the pivot was not mentioned, but Obama did state that “regional aggression that goes unchecked – in southern Ukraine, the South China Sea, or anywhere else in the world – will ultimately impact our allies, and could draw in our military.” Putting Ukraine and the South China Sea in the same sentence does not signal neglect or a downplaying of the challenges the US faces in Asia. His very pointed references to China, to the South China Sea, and even to the necessity of the US finally ratifying the UN Convention on the Law of the Sea (UNCLOS) all demonstrate that the Obama administration’s commitment to Asia remains alive and well, as did his inclusion of defense of allies as a US “core interest”: “the United States will use military force, unilaterally if necessary, when our core interests demand it – when our people are threatened; when our livelihood is at stake; or when the security of our allies is in danger.” The only place where the security of our allies is directly threatened today is in Asia, on the Korean Peninsula, and in the East and South China Seas.

The real source of confusion regarding the president's West Point speech was that, administration hype notwithstanding, this was not really a "major foreign policy address" to "outline a broad vision for America's role in the world" or "to outline top national security goals." As was appropriate to the immediate audience to which it was delivered, the address was primarily about military strategy, and more specifically about the use of military force. There was no reference to APEC or the Trans-Pacific Partnership (TPP), but also no references to the Trans-Atlantic Free Trade Agreement or any other trade matters; other than a brief reference to support for democracy, human rights, and free and open economies, the speech was primarily about how best to combat challenges to US security.

In the most simplified terms, it was Obama's version of the "Powell Doctrine," in which then-General and Chairman of the Joint Chiefs of Staff Colin Powell famously laid out a list of questions that should be answered affirmatively before the US uses military force. These questions helped guide the George H.W. Bush administration as it prepared for the use of force to push the Iraqis out of Kuwait. Failure to follow this doctrine a decade later created a situation that overextended the US military, the US economy, and US credibility or "soft power": these are the "costly mistakes," from Obama's perspective, that "came not from our restraint, but from our willingness to rush into military adventures – without thinking through the consequences; without building international support and legitimacy for our action, or leveling with the American people about the sacrifice required."

The new "Obama Doctrine," not unlike Powell's, cautions against the use of force as the first or best alternative: "US military action cannot be the only – or even primary – component of our leadership in every instance. Just because we have the best hammer does not mean that every problem is a nail." Recall one of Powell's questions: "Have all other non-violent policy means been fully exhausted?" Not to overplay the similarity, Powell also asked: "Do we have genuine broad international support?" Obama takes this one step further, arguing that in instances when the use of force is necessary, "we should not go it alone. Instead, we must mobilize allies and partners to take collective action.... We must do so because collective action in these circumstances is more likely to succeed, more likely to be sustained, and less likely to lead to costly mistakes."

During his West Point address, Obama also addressed head on the issue of "America's relative decline." Relative to what? As Obama correctly noted, "by most measures, America has rarely been stronger relative to the rest of the world. Those who argue otherwise – who suggest that the US is in decline, or has seen its global leadership slip away – are either misreading history or engaged in partisan politics." Compared to the height of the Cold War, there remains no peer competitor to the US, militarily, politically, or economically.

### **Hagel's reinforcing message**

Secretary Hagel made direct reference to the West Point speech in his remarks at the annual Shangri-La Dialogue in Singapore: "President Obama laid out the next phase of America's foreign policy.... He made clear we will balance our diplomacy, development assistance, and

military capabilities, and that we will strengthen our global partnerships and alliances. That is how America is implementing its strategy of rebalancing to the Asia-Pacific.”

Hagel asserted that “(T)he rebalance is not a goal, promise, or a vision – it is a reality. Over the last year, President Obama launched comprehensive partnerships with Vietnam and Malaysia, held a summit with Chinese President Xi, and last month visited three of our five regional treaty allies – Japan, South Korea, and the Philippines – as well as Malaysia. In the Philippines, he and President Aquino announced a new Enhanced Defense Cooperation Agreement on the rotational presence of U.S. forces – the most significant milestone for our alliance in over a decade.”

Hagel also said “prosperity is inseparable from security, and the Department of Defense will continue to play a critical role in the rebalance – even as we navigate a challenging fiscal landscape.” He outlined four broad security priorities: encouraging the peaceful resolution of disputes while upholding principles including the freedom of navigation and standing firm against coercion, intimidation, and aggression; building a cooperative regional architecture based on international rules and norms; enhancing the capabilities of our allies and partners to provide security for themselves and the region; and strengthening our regional defense capabilities.

In the past, Hagel and his predecessors stressed the need to cooperate with China (among others) to ensure regional peace and prosperity and he repeated this message. But he was also much tougher and more specific in noting the challenge that Beijing’s policies and actions were posing: “One of the most critical tests facing the region is whether nations will choose to resolve disputes through diplomacy and well-established international rules and norms...or through intimidation and coercion. Nowhere is this more evident than in the South China Sea. . . . China has called the South China Sea ‘a sea of peace, friendship and cooperation.’ And that’s what it should be. But in recent months, China has undertaken destabilizing, unilateral actions asserting its claims in the South China Sea.”

He made Washington’s position abundantly clear: “we firmly oppose any nation’s use of intimidation, coercion, or the threat of force to assert these claims. We also oppose any effort – by any nation – to restrict overflight or freedom of navigation – whether from military or civilian vessels, from countries big or small. The United States will not look the other way when fundamental principles of the international order are being challenged.”

As documented in our chapter on US-China relations, the senior Chinese delegate at Shangri-La, Lt. Gen. Wang Guanzhong, deputy chief of the PLA General Staff Department, took great exception to Hagel’s “unwanted accusations” (and those of Japan Prime Minister Abe Shinzo), accusing him of “flaring rhetoric that usher destabilizing factors into the Asia-Pacific to stir up trouble, and a speech with unconstructive attitude.” Many were in fact surprised by Hagel’s bluntness, which must be seen as an expression of US frustration with Beijing’s “aggressive actions” toward US allies in both the South China Sea and East China Sea, while pretending to be the innocent victim of the aggression of others (or the target of the US pivot, which Beijing sees as the real source of the problem). Many were also again disappointed that China chose to send a lower ranking-officer to this gathering of the senior-most defense officials; while the defense minister does attend the ASEAN Defence Ministers Meeting Plus (ADMM+) meetings,

in all but one instance, the PLA has been represented at Shangri-La by a deputy chief of the General Staff.

Hagel also strongly endorsed a “rules-based order [that] requires a strong, cooperative regional security architecture,” praising ASEAN and the ADMM+ and calling on the nations to “work together to provide rapid humanitarian assistance and disaster relief.” He further announced that he was asking USPACOM commander Adm. Sam Locklear to host his regional counterparts to discuss concrete ways to establish greater maritime security awareness and coordination.

### **Kerry’s reaffirmations**

Secretary Kerry reinforced Washington’s commitment to regional security cooperation and the peaceful settlement of disputes during his sixth trip to the region. Kerry visited Myanmar on Aug. 9–10 to attend the annual ARF Ministerial Meeting and a Lower Mekong Initiative (LMI) Ministerial Meeting in Nay Pyi Taw. He also met Myanmar officials in the capital before traveling to Yangon to meet Daw Aung San Suu Kyi.

Not surprisingly, ARF discussions focused on the South China Sea. Kerry supported a Philippine proposal for a freeze on destabilizing actions in keeping with the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC), noting that a freeze would be “a way of actually locking into place the very promises that people have already made.” China rejected the proposal and it did not find its way into the final Chairman’s Statement. As they have for the past 12 years (to little avail), the ministers did support the “early conclusion to the code of conduct” which all parties keep promising to enact. Kerry pushed for its early implementation: “While we all share the hope that ASEAN and China will accelerate negotiations on a meaningful code of conduct, we think the urgency of developments means that it is not enough simply to wait for that solution to arrive. Obvious dangers arise during waiting time. The claimants need to take steps now to lower the temperature.”

He also noted that the failure of all claimants to clarify their claims adds to the uncertainty, which in turn “limits the prospect for a mutually agreeable resolution or equitable joint development arrangements. But let me be clear: We believe the obligation to clarify claims in keeping with international law applies to all claimants, not just China.” Despite this attempt to appear even-handed, Beijing accused Kerry of once again instigating problems, insisting that outside interference was not wanted or helpful; most other ARF participants disagreed, recognizing that tensions in this vital waterway could affect all.

The problem with the freeze proposal is that each of the parties claims (with some justification) that the others have been cheating and feels that they have a right to catch up or even the score. That’s why the more sensible proposal is not a freeze per se but a rollback to the status quo ante, to what each state possessed as of the signing of the DOC in 2002. Instead of challenging the claimants to accept a Washington or Philippine proposal, they should just be asked to honor their own commitments made under article five of the DOC: “The Parties undertake to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability including, among others, refraining from action of inhabiting on the presently

uninhabited islands, reefs, shoals, cays, and other features and to handle their differences in a constructive manner.”

While in Nay Pyi Taw, Kerry also attended the Seventh Lower Mekong Initiative (LMI) Ministerial Meeting. According to a State Department Media Note, the LMI is the region’s only forum for addressing cross-border development and policy challenges facing the five Lower Mekong partner countries: Cambodia, Laos, Myanmar, Thailand, and Vietnam. Initiated by then-Secretary of State Hillary Clinton in 2009, the LMI holds four official events and many project and program events annually across six pillar areas: Agriculture and Food Security, Connectivity, Education, Energy Security, Environment and Water, and Health, as well as cross-cutting areas such as Women’s Empowerment and Gender Equality and the Water, Energy, and Food Security Nexus. At this year’s meeting, the ministers announced a renewed Lower Mekong Initiative program for the next five years that will focus the organization on its most successful, in-demand signature programs.

Kerry also met bilaterally with Myanmar officials, praising Nay Pyi Taw for its efforts in chairing ASEAN this year, duties that will culminate in November’s East Asia Summit (EAS), which will bring President Obama back to Myanmar for his second visit. He kept the pressure on for continued political and constitutional reform and progress in dealing with serious ethnic problems: “I made it very clear that these are important changes that need to take place in the course of the evolution of Myanmar into a democracy,” Kerry stressed. “This is not about Burma meeting US demands, it’s about Burma meeting the potential of the country. It will not be able to reach its full potential ... unless they address the issues that exist right here at home.” The US focus continues to be on the 2015 elections and whether Daw Suu will be allowed to run for the presidency: “next year’s election will absolutely be a benchmark moment for the whole world to assess the direction Burma is moving in.”

## **2+2 down under**

The US and Australia marked the 29<sup>th</sup> anniversary of the AusMin process when Secretary of State Kerry and Defense Secretary Hagel met counterparts Minister for Foreign Affairs Julie Bishop and Minister for Defence Sen. David Johnston in Sydney on Aug. 12. Their talks covered regional and global security concerns, ranging from Afghanistan to the Ukraine, and highlighted the allies’ determination to collaborate on strategic planning, to develop common approaches to regional security challenges, and to harness opportunities for greater defense cooperation across the Asia Pacific and Indian Ocean regions. The two governments see their alliance as a cornerstone of larger efforts to build capacity, work with other allies and partners on shared security concerns, and increase interoperability among defense forces.

The biggest takeaway of the meeting was the conclusion of a 25-year pact that would more than double the number of US troops rotating through Darwin from the current 1,200 to around 2,500 by 2017. It also calls for an expansion of cooperation on ballistic missile defense systems. All participants denied that the agreement was aimed at any particular country, Hagel spoke for the group when he said that it will “expand our regional cooperation here in the Asia-Pacific from engagement with [the Association of Southeast Asian Nations] to the trilateral cooperation that we have been working on with Japan.”

## **Kerry's island hopping**

Secretary Kerry did some island hopping on his way home from Australia, stopping first in the Solomon Islands to commemorate the “stunning bravery” of the US Marines who, 62 years earlier, began the Guadalcanal campaign that served as the “turning point” of the war in the Pacific. He then traveled to Honolulu, where he spoke about the continued US commitment to Asia and the “new model” relationship with Beijing.

Kerry stressed that “America’s security and prosperity are closely and increasingly linked to the Asia Pacific. And that’s why President Obama began what is known as the rebalance to Asia in 2009. That’s why he’s asked me to redouble my own efforts in the region over the next two and half years.” He talked about four specific opportunities: creating sustainable economic growth, powering a clean energy revolution, promoting regional cooperation, and empowering people.

Responding to allegations that the US was retrenching or disengaging from Asia, Kerry argued that “nothing could be further from the truth.” While noting that the US is “more engaged and more active in more countries and more parts of the world than any time in American history,” he argued that the Obama administration “will never forget the long-term strategic imperatives for American interests . . . [and] nowhere are those strategic opportunities clearer or more compelling than in the Asia Pacific.”

Turning to Sino-US relations, he stressed that “we are committed to avoiding the trap of strategic rivalry and intent on forging a relationship in which we can broaden our cooperation on common interests and constructively manage our differences and disagreements. But make no mistake: This constructive relationship, this ‘new model’ relationship of great powers, is not going to happen simply by talking about it. It’s not going to happen by engaging in a slogan or pursuing a sphere of influence. It will be defined by more and better cooperation on shared challenges. And it will be defined by a mutual embrace of the rules, the norms, and institutions that have served both of our nations and the region so well.”

## **US-DPRK mutual condemnation society**

During his Honolulu speech, as elsewhere during his trip, Kerry pulled no punches in dealing with the challenges posed by North Korea, condemning Pyongyang’s quest for nuclear weapons, its proliferation activities (which “pose a very serious threat to the United States, the region, and the world”), its pursuit of a nuclear-armed ballistic missile capability, and its “horrific human rights situation.” He praised the Report of the United Nations Commission of Inquiry on Human Rights in the Democratic People’s Republic of Korea “that revealed the utter, grotesque cruelty of North Korea’s system of labor camps and executions,” noting that “such deprivation of human dignity just has no place in the 21st century.”

Pyongyang begged to differ. The newspaper of the Workers Party of Korea called Kerry’s comments “clumsy and poor wordplay and mockery and insult to the Korean people.” Meanwhile, the North’s *Rodong Sinmun* went so far as to accuse the US of terrorist behavior: “Such harsh hostile moves pursued by the US against the DPRK for the last several decades are

unethical and state-sponsored terrorism unprecedented in history.” Dismissing Washington’s offer for improved ties in return for denuclearization, *Rodong Sinmun* asserted that “the US has never wanted improved relations with the DPRK but worked hard to overthrow it by force of arms, waiting for a chance through procrastination.” So much for “strategic patience.”

Pyongyang also expressed its disgust for its sole ally and benefactor China following President Xi Jinping’s first visit to Seoul (without first visiting Pyongyang): “Some spineless countries are blindly following the stinking bottom of the US, also struggling to embrace Park Geun-hye, who came to a pathetic state of being.” On the surface at least, it would appear that the prospects for a resumption of Six-Party Talks appears pretty slim.

One never seems to know what goes on beneath the surface, however. According to unconfirmed ROK press reporting (citing unnamed multiple diplomatic sources), a group of US officials clandestinely traveled to Pyongyang in mid-August, reportedly to seek the release of three detained US citizens: Kenneth Bae, Miller Matthew Todd, and Jeffrey Edward Fowle. Administration officials have long hinted that their release could serve as one of the signs of “sincerity” necessary for Washington to consider re-instituting the Six-Party Talks. If true, the trip was apparently to no avail, with one source being quoted as saying “the US appears to have not gained any tangible results from the trip.”

The game may not be over, however. As we were preparing to go to press, the North allowed the three captives to hold unprecedented interviews with *CNN*. All three said that they wanted Washington to send an envoy to North Korea to help bring them home. That they remain chips in an apparent high-stakes poker game seems pretty clear; less clear is what game the North is trying to play and what it really seeks in return for their release.

The only potential “good news” to report is the lack of anticipated bad news. Speculation was running high earlier in the year that the North was preparing for its fourth nuclear test. While preparations for the test have apparently been completed, none was conducted over the past four months (and Don Zagoria is taking bets there will not be one this year). The North did conduct a number of short and medium range missile launches, especially to “commemorate” Xi’s visit to Seoul, but has also refrained from renewed testing of its long-range missiles. This could change, however. A major construction program under way at the North’s Sohae Satellite Launching Station since mid-2013, focused on upgrading facilities to handle larger, longer-range rockets with heavier payloads, appears to be nearing completion, suggesting that Pyongyang may be able to test longer-range rockets at its new launch site before the end of this year.

### **Japan’s collective self-defense**

On July 1, the Japanese Cabinet reinterpreted the constitution to permit the exercise of the right of collective self-defense (CSD). While this is a domestic political development, it has implications for the US-Japan alliance and regional security, although the impact has been exaggerated: there is, as most observers point out, less than meets the eye. The limits are significant. Japan can act only when three conditions have been met: Tokyo can aid an ally with which it has a “very close relationship” if there is a threat to constitutional rights to life, liberty, and happiness of Japanese citizens. Second, there is no other diplomatic or negotiated means to

protect both that nation and its citizens but through the use of military force. Third, the use of military force is kept to a “bare minimum.” Those three conditions would seem to severely constrict Japanese behavior. Moreover, the change must be followed by enabling legislation, which will likely take a couple of years to pass. Finally, Prime Minister Abe himself has said that the change will not lead to Japan fighting in foreign wars.

As the conditions make clear, the change in the interpretation will have the biggest impact on the US-Japan alliance. After all, the first qualifier is “aiding an ally with which it has a very close relationship,” and Japan’s only alliance is with the US. The two countries will now be able to train and plan together in new ways. In theory, the change should facilitate Japanese participation – from a distance; no troops will be deployed – in a contingency on the Korean Peninsula. Not surprisingly, Korean security planners are nervous about the change, mostly because they are not sure what it means. Japan has been slow to brief ROK counterparts – the blame for that goes both ways – but the lack of legislation is a good part of the problem. Tokyo needs to address ROK anxieties. China was particularly vocal in the run-up to the change, but the Foreign Ministry response was muted once the change was adopted by the Cabinet. Other nations are either unconcerned or welcome the decision. Australia, which has forged a strong security relationship with Japan and continues to strengthen that partnership, has been enthusiastic. Southeast Asian governments have been aggressively courted by the Abe government since it took office, and seem happy to accept security assistance, usually in the form of equipment and training. Proximity to China creates anxieties and those governments are eager to engage Tokyo – as long as that engagement does not require them to choose between Tokyo and Beijing.

### **Democratic pageants and pains**

**India.** India held elections during April and May that yielded a landslide victory for the Bharatiya Janata Party (BJP) and propelled Narendra Modi into the prime minister’s office. Modi, the chief minister of the state of Gujarat, is a Hindu nationalist who played up his can-do pro-business sentiment during the campaign. The BJP victory was expected with the Indian public fatigued by a decade of Congress Party rule. Sub-5 percent economic growth, high inflation, rampant corruption, and a sense that the party had lost its way all contributed to the BJP landslide: the party won 282 seats in the legislature, up from 116 in the previous assembly and 10 seats more than needed to claim a majority.

Modi has been a tireless traveler. He met Chinese President Xi Jinping at the BRICS Summit in July and visited Tokyo at the end of August. India figures prominently in Japan’s diplomatic agenda and there has been much speculation about the relationship between Modi and Japanese counterpart Abe Shinzo. They see each other as kindred spirits in intent and world view. Both are wary of Chinese intentions and eager to work together to check Beijing’s assertive behavior.

**Indonesia.** In a closely watched ballet, Jakarta Gov. Joko Widodo, known to most Indonesians as “Jokowi,” bested former Gen. Prabowo Subianto for the presidency, taking 53 percent of the vote to Prabowo’s 47 percent. The results are important for a number of reasons. First, there is the demonstration effect when Southeast Asia’s largest country holds a successful democratic election. That impact was magnified when Prabowo contested the results and was overruled by the courts; the readiness of him and his backers to accept that decision bodes well for Indonesian



democracy. Similarly, Jokowi's win is a victory for outsiders, a reminder that democracy should be for all Southeast Asians, not just political elites. Jokowi is a Muslim, but his support for tolerance of other religious faiths is an important signal amidst signs of growing intolerance for non-Muslims in Indonesia. Finally, his win allows the US to dodge a bullet as Prabowo had been banned from entering the US as a result of human rights violations by Special Forces under his command in 1998.

**Thailand.** By contrast, Thailand again made plain its difficulties with democracy. The downward spiral intensified with the Constitutional Court's May decision that Prime Minister Yingluck Shinawatra abused her power in 2011 when she replaced the secretary general of the National Security Council, and ordered that she step down from office, along with all the members of her Cabinet that were in office at the time of the offense. A few days later, Gen. Prayuth Chan-ocha, head of the Royal Thai Army, launched a coup against the caretaker government, insisting that a military-led National Council for Peace and Order was the country's only salvation.

The military assumed control of all offices in the national government and introduced internet censorship while rounding up its opponents and key officials in the former government. Less than a week after the coup, the Thai king appointed Gen. Prayuth to run the new government. An interim constitution was revealed in late July. It established a new legislature that formally named Prayuth prime minister a month later. The constitution also set up a provisional Cabinet along with a committee to draft a new constitution, as well as a reform council that would OK the new constitution. Significantly, the constitution also granted immunity to members of the military for any actions they made during or after the coup. The government has banned public criticism of the interim constitution, amid fears that the new document will be drafted to ensure that Thaksin's power and influence are eradicated.

### **At CICA, Xi talks NASC, and the BRICS join the chorus**

While US officials played up the US "rebalance" to Asia, China's President Xi Jinping provided his own ideas about regional security order in early May. At the Summit of the Conference on Interaction and Confidence-Building Measures in Asia (CICA) held in Shanghai, Xi outlined his "New Asian Security Concept" (NASC). The CICA is a little-known organization, established in 1999, with a secretariat in Almaty, Kazakhstan, and a current membership of 26 member states, 7 observer states, and 4 observer organizations. A leader-level summit is held every four years: it was this meeting at which Xi unveiled his thinking.

The NASC draws on the "New Security Concept" (NSC) that Beijing advanced in the late 1990s, which had the core concepts of "mutual trust, mutual benefit, equality, and coordination." The NSC was an attempt to frame Chinese foreign and security policy as Beijing engaged more regional partners and sought to counter fears of its outreach and the modernization of US alliances in Asia. Implicit in this framework is a criticism of alliances, which are for Chinese "a Cold War legacy," but also inappropriate since they privilege allies and are therefore most assuredly not based on "mutual trust" or "equality."

Noting that "regional security cooperation has reached a new phase," Xi called on the assembled grandees – Vladimir Putin and Ban Ki-moon among them – to set up a new regional security

architecture, with the New Asian Security Concept at its core. The NASC is “common, comprehensive, cooperative and sustainable” security for Asia and, once again, demands that countries move on from the “old era of Cold War and zero-sum mentality.” Curiously for an organization that only includes five East Asian nations among its membership – Cambodia, China, Mongolia, South Korea, and Vietnam (Indonesia, Japan, Malaysia, and the Philippines are observers) – Xi said that “it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia.” (He did soften the statement a bit by noting that Asia must cooperate with other countries elsewhere in the world, but the overall tone did alarm many who don’t share Xi’s thinking.)

The NASC also emphasizes development, which Xi called “the greatest security and the master key to regional security issues.” To put some meat on the bones of that statement, Xi along with four other leaders at the BRICS Summit that was held in Brazil this summer, announced the decision to open the New Development Bank. Two years of discussion produced a compromise with something for everyone: headquartered in Shanghai, the first president will come from India, the first chair of the Board of Governors will come from Russia, the first chair of the Board of Directors will come from Brazil, and a regional center will be set up in South Africa. Initial authorized capital will be \$100 billion with initial subscribed capital of \$50 billion, apportioned evenly among all founding members. The bank will focus on infrastructure and development projects, with the first loans going out in 2016. Critics note that initial lending will be just under \$3.5 billion, a proverbial drop in the bucket. Moreover, the founders say the bank will “complement existing international arrangements.” That should quell the breathless speculation about a challenge to existing global governance mechanisms, even if the BRICS leadership is happy to see their efforts as such.

### **TPP reaches the final stretch**

In Honolulu, Secretary Kerry praised the “state-of-the-art” Trans-Pacific Partnership (TPP) as representing “a really an exciting new chapter in the long history of America’s mutually beneficial trade partnerships with the countries of the Asia Pacific.” Kerry’s enthusiasm notwithstanding, there have been few signs of progress in recent months. That is partly because the negotiations are being very closely held. While this may make it harder for critics to pick a deal apart, it will mean that there will be howls when the agreement is unveiled. Given the resistance from President Obama’s own Democratic Party – the biggest hurdle for any deal, although GOP support is increasingly subject to challenge – this is a dangerous strategy. Obama needs Trade Promotion Authority to get TPP approved and holding back details of what would be contentious in the best of circumstances is likely to only increase resistance.

The first hurdle, however, is forging a deal. The most positive sign thus far is silence; if talks weren’t progressing there would be denunciations and angry finger pointing over negotiations that failed. Instead, senior and working-level discussions proceeded apace, with the highlights of this reporting period (such as they were) being a two-day ministerial in Singapore in early May that “made progress in market access discussions and advanced outstanding rules issues,” and a 10-day negotiators’ meeting in Ottawa in July that “discussed labor, state-owned enterprises, services, investment, and all areas of market access, among others. These discussions were

concurrent with a small number of working-level, technical group meetings held with the objective of advancing remaining rules.”

This is all in lead-up to a meeting of top negotiators in Hanoi that will convene in early September to work out technical problems. Japan’s *Jiji* press reported that negotiators will try to lay a foundation for political decisions that could (should?) be made when the 12 TPP nations hold a ministerial meeting in October. The dates of the ministerial are not set in stone, but it is necessary if a final deal is to be realized as anticipated in November. Chris Nelson cites Robert Wang, the senior US official for APEC, to note that Obama is expected to launch a “roadmap” to a Free Trade Area of the Asia Pacific when he goes to Beijing in November for the annual Asia Pacific Economic Cooperation Leaders Meeting. All in all, our next report should be a doozy.

### **Regional Chronology\*** **May – August 2014**

**May 2, 2014:** China National Offshore Oil Corporation (CNOOC) deploys a deep-water drilling rig, the *HD-981*, in disputed waters near the Paracel Islands in the South China Sea.

**May 4, 2014:** China’s Maritime Safety Administration announces that all ships are prohibited from entering a 1.6 km radius (subsequently expanded to 5 km) surrounding an oil drilling area near the Paracel (Vietnam Hoang Sa; China: Xisha) Islands until operations end on Aug. 15.

**May 5, 2014:** Thailand’s Constitutional Court dismisses Prime Minister Yingluck Shinawatra from office for abuse of power, along with nine Cabinet officials.

**May 5-14, 2014:** US and the Philippines conduct *Balikatan* military exercise featuring live-fire drills, landing exercises, search-and-rescue operations, humanitarian response operations, and demonstrations of maritime surveillance systems. A small contingent from Australia participates.

**May 6, 2014:** Philippine National Police maritime patrol arrests 11 Chinese fishermen whose vessel is intercepted 60 nm off the coast of Palawan province. China demands the release of the fishermen, saying they were in an area where China has “undisputable” sovereign rights.

**May 10-11, 2014:** Myanmar hosts the 24<sup>th</sup> ASEAN Summit in Nay Pyi Taw.

**May 19, 2014:** Thai military declares martial law.

**May 19, 2014:** Philippines and Indonesia reach settlement of maritime boundaries.

**May 19-20, 2014:** Trans-Pacific Partnership (TPP) Ministerial Meeting is held in Singapore.

**May 19-20, 2014:** Russian President Vladimir Putin visits China. He and President Xi Jinping attend the opening of the Conference on Interaction and Confidence Building Measures in Asia.

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\* Chronology compiled by Pacific Forum CSIS research assistant Julian Wolfson

**May 19-21, 2014:** Eighth ASEAN Defense Ministers Meeting is held in Nay Pyi Taw.

**May 19-26, 2014:** Russia and China conduct *Maritime Cooperation-2014* naval exercises off China's east coast near Shanghai.

**May 21, 2014:** Thai military declares a coup and suspends the constitution. Army Gen. Prayuth Chan-ocha is identified as the junta leader.

**May 21, 2014:** North Korea fires artillery shells into water near South Korea ships.

**May 26, 2014:** Chinese Foreign Minister Wang Yi visits South Korea and meets counterpart Yun Byung-se to discuss the North Korea's nuclear program as well as an upcoming visit by Chinese President Xi to Seoul.

**May 26-28, 2014:** Japanese and North Korean officials meet in Stockholm. North Korea agrees to reopen its investigation into the whereabouts of the remaining Japanese citizens believed to have been abducted by the North Korean government. Japanese government will relax sanctions.

**May 26, 2014:** Narendra Modi is sworn in as prime minister of India.

**May 27-June 1, 2014:** Malaysian Prime Minister Najib Razak makes a state visit to China.

**May 30-June 1, 2014:** Shangri-La Defense Forum is held in Singapore.

**May 30, 2014:** Japanese Defense Minister Onodera Itsunori, US Secretary of Defense Chuck Hagel, and Australian Defense Minister David Johnston hold trilateral talks in Singapore on the margins of the Shangri-La Dialogue.

**May 31, 2014:** Japan Defense Minister Onodera Itsunori, South Korea Defense Minister Kim Kwan-jin, and US Secretary of Defense Hagel meet on the sidelines of the Shangri-La Dialogue in Singapore.

**June 2-5, 2014:** US Commerce Secretary Penny Pritzker leads a delegation of US business executives and members of the US-ASEAN Business Council to Vietnam, the Philippines, and Myanmar for meetings with heads of state, cabinet officials, and business leaders.

**June 4, 2014:** Permanent Court of Arbitration announces that China will have until Dec. 15 to file a memorial countering Philippine evidence in its case against Chinese claims in the South China Sea. China's Foreign Ministry restates its refusal to participate in the case.

**June 11, 2014:** Foreign and defense ministers of Japan and Australia meet in Tokyo and agree to cooperate on defense equipment and technology research and development. Hydrodynamics, used in submarines, will be the first area of the joint research.

**June 11, 2014:** Japan accuses China of flying fighter jets “dangerously close” to two of its military planes near disputed waters in the East China Sea where China’s air defense identification zone (ADIZ) overlaps with that of Japan.

**June 11-12, 2014:** Australian Prime Minister Tony Abbot visits the US and meets President Barack Obama.

**June 16, 2014:** South Korea and the US hold the first in a planned series talks to discuss the transfer of wartime operational command of South Korean troops.

**June 16, 2014:** Philippine Foreign Secretary Albert del Rosario calls for a moratorium on actions that can provoke tensions in the South China Sea.

**June 16-20, 2014:** New Zealand Prime Minister John Key visits the US. He meets President Obama, Secretary of State John Kerry, and Federal Reserve Chair Janet Yellen.

**June 17, 2014:** Japan agrees to relax visa requirements for nationals of Indonesia, the Philippines, Vietnam, and India.

**June 17, 2014:** US State Department urges reforms in Myanmar to ensure free elections.

**June 17-18, 2014:** Inter-sessional meeting of the negotiations on the Japan-China-South Korea Free Trade Agreement is held in Tokyo.

**June 18, 2014:** Chinese State Councilor Yang Jiechi visits Vietnam and meets Prime Minister Nguyen Tan Dung and Foreign Minister Pham Binh Minh in Hanoi to exchange views on bilateral relations and ongoing maritime tensions.

**June 19, 2014:** The 18<sup>th</sup> ASEAN-ROK Dialogue is held in Busan. For the first time, a separate dialogue on security is included.

**June 20, 2014:** South Korean Navy holds live-fire drills near Dokdo/Takeshima Islands. Japan’s Chief Cabinet Secretary Suga Yoshihide denounces the exercises.

**June 20, 2014:** Japan announces completion of a review of the Kono Statement issued in 1993 regarding the forced sexual-slavery of South Korean women during World War II.

**June 20, 2014:** Unofficial civil referendum on electoral reform is held in Hong Kong, with over 700,000 participants.

**June 20, 2014:** US State Department publishes the 2014 Trafficking in Persons report, adding Thailand and Malaysia to the list of countries that have failed to tackle human trafficking. Both countries protest this characterization.

**June 21-26, 2014:** Singapore Prime Minister Lee Hsien Long visits the US and meets President Obama, Vice President Biden, and National Security Advisor Susan Rice. Lee calls for US support to finalize the TPP.

**June 21-27, 2014:** Fifth round of negotiations for the Regional Comprehensive Economic Partnership is held in Singapore.

**June 23, 2014:** International Criminal Court decides that North Korea will not face war crimes for the 2010 artillery attack on Yeonpyeong Island and sinking of the ROK Navy ship *Cheonan*.

**June 23, 2014:** European Union condemns the recent coup in Thailand and halts all official visits and postpones the signing of a partnership and cooperation accord.

**June 24, 2014:** Philippine President Benigno Aquino visits Japan and meets Prime Minister Abe, offering support for Abe's plan to reinterpret the constitutional ban on collective self-defense.

**June 25, 2014:** US Ambassador to China Max Baucus, in his first public address since his arrival in March, criticizes China's lack of protection for basic rights such as freedom of expression.

**June 25-28, 2014:** Zhang Zhijun, director of China's Taiwan Affairs Office, visits Taiwan to reciprocate Mainland Affairs Council Chairman Wang Yu-chi's trip to China in February.

**June 26, 2014:** North Korea launches three short-range projectiles off its east coast, claiming they represent state-of-the art precision guided missiles.

**June 26-July 1, 2014:** US and Philippines conduct *Cooperation Afloat Readiness and Training (CARAT)* naval exercises near disputed South China Sea waters claimed by China.

**June 26-Aug. 1, 2014:** *Rim of the Pacific (RIMPAC)* naval exercises involving 22 countries, 49 surface ships, six submarines, more than 200 aircraft, and 25,000 personnel are held in Hawaii.

**June 27-30, 2014:** Myanmar President Thein Sein visits China and meets President Xi to celebrate the 60<sup>th</sup> anniversary of an agreement on the five principles of peaceful coexistence between China, India, and Myanmar.

**June 29-30, 2014:** Japanese Foreign Minister Kishida Fumio visits Cambodia and meets Prime Minister Hun Sen.

**June 30, 2014:** North Korea launches two short-range projectiles into the East Sea.

**June 30, 2014:** North Korea's National Defense Commission proposes a mutual halt of hostile military activities on the peninsula. South Korea dismisses the proposal as insincere.

**July 1, 2014:** An estimated 500,000 protestors carrying banners with slogans, including "We want real democracy" and "We stand united against China" attend a rally in Hong Kong to mark the anniversary of the handover of the territory from the United Kingdom to China.

**July 1, 2014:** North Korean and Japanese officials meet in Beijing to discuss the reinvestigation of the abductions of Japanese citizens in the 1970s and 1980s.

**July 1, 2014:** Japan's Cabinet approves a resolution that will allow the country to exercise the right to collective self-defense by reinterpreting the pacifist Constitution.

**July 2, 2014:** North Korea fires two missiles off its eastern coast.

**July 2, 2014:** Chinese government and media criticize Japanese decision to exercise the right of collective self-defense.

**July 2-3, 2014:** Philippine Foreign Affairs Secretary Albert Del Rosario visits Hanoi and meets Vietnamese counterpart Pham Binh Minh. They agree to establish a joint commission "to formulate a road map in working towards a strategic partnership."

**July 3, 2014:** Japan lifts some unilateral sanctions on North Korea after progress is made on investigating Cold War kidnappings of Japanese nationals by the DPRK.

**July 3-4, 2014:** Chinese President Xi Jinping visits South Korea.

**July 3-12, 2014:** Trade officials meet in Ottawa to discuss the Trans-Pacific Partnership.

**July 4, 2014:** Chinese Coast Guard detains six Vietnamese fishermen for "illegally operating in Chinese territory."

**July 4, 2014:** Vice Chairman of China's Central Military Commission Fan Changlong meets Indian Army Chief of Staff Bikram Singh to boost bilateral military cooperation.

**July 6-12, 2014:** Japanese Prime Minister Abe visits Papua New Guinea, New Zealand, and Australia to discuss concerns in energy, trade, and defense.

**July 9, 2014:** North Korea fires two short-range missiles into the East Sea. For the first time in 20 years the missiles are fired from an inland area rather than a coastal region.

**July 9-10, 2014:** US-China Strategic and Economic Dialogue (S&ED), co-chaired by Secretary of State Kerry, Treasury Secretary Jacob Lew, State Councilor Yang Jiechi, and Vice Premier Wang Yang is held in Beijing.

**July 11, 2014:** Japanese Defense Minister Onodera visits Washington and meets Secretary of Defense Hagel.

**July 12, 2014:** North Korea condemns the docking of the *USS George Washington* in the South Korean port of Busan.

**July 13, 2014:** North Korea launches two short-range missiles into the East Sea.

**July 14, 2014:** Chinese government condemns Prime Minister Abbott's pro-Japanese and anti-Chinese comments during Prime Minister Abe's recent visit to Australia.

**July 15, 2014:** President Xi Jinping visits South America to attend the annual BRICS Summit and to visit countries in the region.

**July 15, 2014:** US Chief of Naval Operations Adm. Jonathan Greenert visits China and meets counterpart Adm. Wu Shengli in Beijing.

**July 15, 2014:** South Korea resumes humanitarian funding for North Korea after four years of economic sanctions stemming from the sinking of the South Korean corvette *Cheonan*.

**July 16-21, 2014:** US and South Korea conduct annual naval exercises off the east coast of South Korea. The exercise includes a trilateral search and rescue exercise involving US, South Korean, and Japanese maritime forces.

**July 17, 2014:** China removes its offshore oil rig from contested waters near the Paracel Islands, a month before schedule.

**July 17, 2014:** Malaysian Airlines flight 17 shot down over eastern Ukraine.

**July 22, 2014:** Joko Widodo is officially declared winner of Indonesia's presidential election.

**July 22, 2014:** Japan and Mongolia sign a free trade agreement.

**July 23, 2014:** Japan and South Korea resume high-level talks on wartime sex slaves in Seoul.

**July 23, 2014:** China and South Korea hold fourth Defense Strategic Dialogue in Beijing.

**July 24, 2014:** Japan government rejects UN Humans Rights Committee call to take responsibility for its use of sex slaves during World War II.

**July 25-30, 2014:** US and Indian navies, along with Japan Maritime Self-Defense Force conduct annual *Malabar* exercise. Portions of the exercise are held off the southern coast of Japan.

**July 25-Aug. 4, 2014:** Japanese Prime Minister Abe visits Latin America and the Caribbean.

**July 26, 2014:** North Korea launches a short-range missile into the East Sea.

**July 28, 2014:** Fifteen Pacific Island countries hold the Pacific Islands Forum in Palau.

**July 28, 2014:** President Xi meets Laotian counterpart Choummaly Saygnasone in Beijing.

**July 28-Aug. 2, 2014:** People's Liberation Army Navy conduct military drills off the Gulf of Tonkin and in the East China Sea.



**July 28-29, 2014:** Fourth Mekong-ROK Foreign Ministers Meeting takes place in Seoul.

**July 29-Aug. 7, 2014:** US and Singaporean navies hold annual *CARAT* exercises in the South China Sea.

**July 30-Aug. 1, 2014:** Secretary of State Kerry visits India and meets Prime Minister Narendra Modi at the fifth annual Strategic Dialogue between the two countries.

**July 30, 2014:** North Korea fires four projectiles into the East Sea.

**Aug. 1, 2014:** Chinese military announces the development of the *Dongfeng-41*, a nuclear missile with multiple independently targetable re-entry vehicles with a range of 7,500 miles.

**Aug. 1, 2014:** Japanese Foreign Minister Kishida meets Vietnamese Prime Minister Nguyen Tan Dung in Hanoi. Japan agrees to provide Vietnam six naval vessels.

**Aug. 1-22, 2014:** *Pitch Black* air combat exercise with fighter aircraft from the US, Singapore, France, Thailand, the UAE, New Zealand, and Australia is held near Darwin, Australia.

**Aug. 2-6, 2014:** North Korean Foreign Minister Ri Su Yong visits Laos, Vietnam, Myanmar, Indonesia, and Singapore in conjunction with his attendance at the 21<sup>st</sup> ASEAN Regional Forum and East Asia Summit Foreign Ministers Meeting.

**Aug. 3, 2014:** Chinese media condemn Japan's decision to name individual islets of the Senkaku/Diaoyu Islands.

**Aug. 5, 2014:** Japan releases its 2014 Ministry of Defense white paper, which is criticized by South Korea for claiming the Dokdo/Takeshima islets as Japanese territory.

**Aug. 5-10, 2014:** The 47<sup>th</sup> ASEAN Foreign Ministers Meeting/Post Ministerial Conference, the 21<sup>st</sup> ASEAN Regional Forum, the 15<sup>th</sup> ASEAN Plus Three Foreign Ministers Meeting, and the fourth East Asia Summit Foreign Ministers' Meeting are held in Nay Pyi Taw.

**Aug. 8-13, 2014:** Secretary of State Kerry travels to Myanmar, Australia, and Solomon Islands.

**Aug. 8-10, 2014:** Secretary of Defense Hagel visits India and meets Foreign Minister Sushma Swaraj and Defense Minister Arun Jaitley.

**Aug. 9, 2014:** Australia announces it will join the US in humanitarian airdrops in Iraq.

**Aug. 11-12, 2014:** Secretary of State Kerry, Secretary of Defense Hagel, and Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey meet Australian Foreign Minister Julie Bishop and Defense Minister David Johnston for annual Australia-US Ministerial Consultations in Sydney.

**Aug. 11-15, 2014:** Singapore hosts annual *Southeast Asia Cooperation and Training (SEACAT)* naval exercises with personnel from Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and the United States participating.

**Aug. 12, 2014:** Russia begins military drills near the Kuril Islands. Japan issues a protest.

**Aug. 14, 2014:** North Korea fires five short-range rockets into the East Sea.

**Aug. 14-17, 2014:** US Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey visits Vietnam to become the first chairman to visit Vietnam since 1971.

**Aug. 14-18, 2014:** Pope Francis visits South Korea, marking the first papal visit to an Asian country since 1999.

**Aug. 15, 2014:** Three Japanese Cabinet members and other politicians visit Yasukuni Shrine on the anniversary of Japan's surrender in World War II. Prime Minister Abe does not visit the shrine, but sends an offering. The visit and offering are condemned by China and Korea.

**Aug. 18-29, 2014:** US and South Korea conduct annual *Ulchi-Freedom Guardian* military exercise. North Korea demands the exercise "should be cancelled unconditionally," adding that failure to do so would push the "Korean peninsula to the brink of a war and increase the danger of a nuclear war."

**Aug. 21-22, 2014:** President Xi Jinping visits Mongolia and meets President Tsakhiagiin Elbegdorj. They agree to upgrade bilateral relations to a comprehensive strategic partnership.

**Aug. 22, 2014:** US Department of Defense denounces dangerous intercept of US reconnaissance aircraft by armed Chinese fighter aircraft over the South China Sea.

**Aug. 23, 2014:** Chinese Defense Ministry spokesman rejects a US protest of the previous day accusing China of dangerous harassment of US surveillance flights over the South China Sea.

**Aug. 24-29, 2014:** Shanghai Cooperation Organization (SCO) conducts *Peace Mission 2014* joint military exercise to deter the "three evil forces" (terrorism, separatism, and extremism) in Inner Mongolia.

**Aug. 25, 2014:** Thailand's coup leader, Prayuth Chan-Ocha is formally endorsed as prime minister by King Bhumibol Adulyadej.

**Aug. 31-Sept. 3, 2014:** Indian Prime Minister Modi visits Japan and meets Prime Minister Abe.