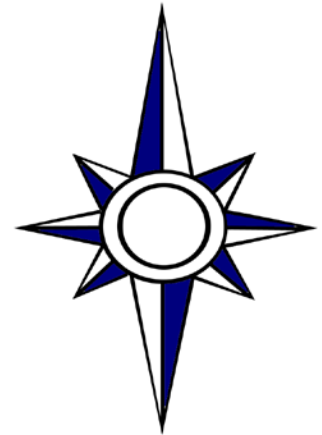




Pacific Forum CSIS



# Comparative Connections



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

*edited by*

Carl Baker  
Brad Glosserman

January – April 2016  
Vol. 18, No.1  
May 2016

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## Pacific Forum CSIS

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

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A Triannual Electronic Journal on East Asian Bilateral Relations

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

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

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

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**by Sheila Smith, Council on Foreign Relations and Charles McClean, University of California, San Diego**

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

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North Korea’s fourth nuclear test in January and long-range rocket launch in February drew global opposition in the form of UN Security Council (UNSC) Resolution 2270 and condemnation by regional leaders. Pyongyang, however, promptly dismissed such calls with a series of short- and mid-range missile launches in March and April. Presidents Xi Jinping and Park Geun-hye expressed support for full implementation of UN sanctions in bilateral talks at the Nuclear Security Summit (NSS) in Washington. Foreign Ministers Wang Yi and Yun Byung-se pledged their commitment to denuclearization at the fifth Foreign Ministers Meeting of the Conference on Interaction and Confidence Building Measures in Asia (CICA) in Beijing on April 27-28, where Xi declared that China “will absolutely not permit war or chaos on the peninsula.” Despite Beijing’s hardened rhetoric, current tensions on the Korean Peninsula point to enduring differences between Beijing and Seoul’s strategic preferences.

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**H-Bomb Plus THAAD Equals Sino-Russian Alliance?**

**by Yu Bin, Wittenberg University**

The first months of 2016 witnessed a significant escalation of tension in Northeast Asia following North Korea’s fourth nuclear test on Jan. 6. The test, coupled with renewed US-ROK interest in deploying the Terminal High-Altitude Area Defense (THAAD) system, presented China and Russia with a “double-layered predicament”: nuclear proliferation on the heavily militarized Korean Peninsula and a direct threat to their nuclear deterrence posture. Meanwhile, talk of a Sino-Russia alliance was back on track in China. In reality, however policies of the two powers seemed to go in different directions. Russia continued to surprise the world, including China, over its involvement in Syria. For China, the “One Belt, One Road” initiative took Xi Jinping to three major Muslim nations (Iran, Saudi Arabia, and Egypt) in January. China also dispatched its own Syrian special envoy and initiated a mini-security alliance with Afghanistan, Pakistan, and Kyrgyzstan to the displeasure of Moscow. By the end of April, the two countries announced they would conduct their first-ever joint anti-missile drills in Russia.

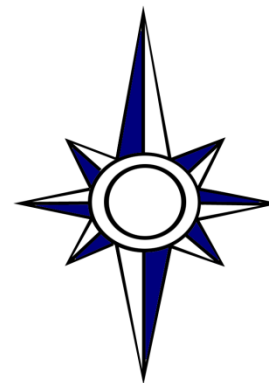
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**Incremental, But Groundbreaking Steps**

**Catharin Dalpino, Seton Hall University**

Two objectives drive Japan’s increasing engagement with Southeast Asia: stimulating Japanese economic growth through investment in large-scale infrastructure abroad, and supporting regional maritime domain awareness. While Tokyo officially denies any suggestion of rivaling or checking China with these policies, the timing and nature of Japan’s “pivot” to Southeast Asia would suggest otherwise. The number of “first-ever” Japanese defense initiatives with Southeast Asian countries in the past year, correspond to rising concern in the region over China’s moves in the South China Sea. New developments in regional security relations reflect a revision of Japanese defense guidelines and of the US-Japanese alliance, both of which emphasize greater interaction with regional partners. On the economic side, Japan and China are in direct competition for infrastructure projects in Southeast Asia, particularly in Myanmar. This will likely be the case for the next several years as ASEAN seeks to undergird the ASEAN Economic Community with new transportation grids.

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**Regional Overview:**

**Déjà Vu All Over Again ... Only Worse!**

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

North Korea mixed things up a bit in early 2016, this time starting with a nuclear test – its fourth – and then following up a month later with a missile test/satellite launch; usually the order is reversed. Other than that it was déjà vu all over again, only worse. There were also a number of shorter-range ballistic missile launches and the usual threats (with graphic video), while the prospects for dialogue seemed to dim even further. Meanwhile, Chinese activities in the South China Sea (SCS) are being described by everyone (except Beijing) as further militarization of its artificial islands, as everyone (except Beijing) eagerly awaits the ruling by the Permanent Court of Arbitration in The Hague on a case the Philippines has brought against China’s SCS claims – Beijing has already preemptively rejected the Court’s jurisdiction, so no happy ending appears in store for anyone. The G7 also weighed in on the SCS issue, much to China’s dismay. It’s for certain the G20 won’t (since China is host this year). The AIIB is taking shape, with most worries not being realized. Finally, after eight months of listening to pundits predict that the Trump phenomenon was sure to fade, Donald Trump has become the “presumptive” Republican nominee. His opponent seems likely to be former Secretary of State Hillary Clinton, in what is shaping up to be a battle of the known versus the unknown (and largely unpredictable).

**DPRK: going from bad to worse**

Pyongyang began the new year with a bang. On Jan. 6, the DPRK conducted its fourth nuclear test. While experts doubt Pyongyang’s claim that it was a hydrogen bomb, international condemnation was quick. Not so quick was the United Nations Security Council (UNSC) response. In the past, Pyongyang has violated UNSC resolutions, waited for the new list of sanctions to be announced, and then conducted another provocation to demonstrate its complete disdain for the UNSC. This time, the North apparently got tired of waiting. While the Security Council dithered and a late January visit to Beijing by Secretary of State John Kerry moved the parties no closer to an agreement on just what the next round of sanctions should entail, Pyongyang decided to go ahead with another satellite launch (a.k.a. missile test), albeit not until after Chinese diplomat Wu Dawei made a trip to the North to try to persuade them not to do so.

This apparent slap in the face to Beijing – the North reportedly moved the launch up a day to coincide with the eve of Chinese Lunar New Year – resulted in the “toughest ever” UNSC sanctions, which Pyongyang immediately rejected and disrespected by launching a series of

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additional shorter-range ballistic missile tests, including from road-mobile launchers and a submarine. As DPRK Foreign Minister Ri Su-Yong observed when he visited the UN in April, “If they believe they can actually frustrate us with sanctions, they are totally mistaken.... The more pressure you put on to something, the more emotionally you react to stand up against it.”

Ri’s bravado notwithstanding, there is no doubt that the sanctions, at least on paper, are the toughest ever. The sanctions laid out under [UNSC Resolution 2270](#) “have broader scope, target more DPRK pressure points, and have unprecedented inspection and financial provisions, including mandatory inspections of cargo to and from the DPRK and a requirement to terminate banking relationships with DPRK financial institutions.” The US Mission to the UN [Fact Sheet](#) claims that the sanctions “make it much harder for the DPRK to raise funds, import technology, and acquire the know-how to continue its illicit nuclear and ballistic missile programs.” All this assumes, of course, that they will be religiously enforced. Call us skeptics on this one!

Much more likely to be strictly enforced were new unilateral sanctions announced by the Obama administration under [Executive Order 13722](#), which, among other measures, froze North Korean government assets in the United States, banned US exports to or investment in North Korea, and expanded a US blacklist to anyone, including non-Americans, who deals with North Korea. The ROK also instituted its own tough sanctions and in a sign that it was no longer “business as usual” shut down the Kaesong Industrial Complex, which had been an important source of hard currency (and jobs) to the North.

### *Grand Bargain offered and rejected*

During his rare interview with the *Associated Press* in New York, Ri also offered a grand bargain to the US: “Stop the nuclear war exercises in the Korean Peninsula, then we should also cease our nuclear tests.” Ri reportedly told the *AP* that “It is really crucial for the United States government to withdraw its hostile policy against the DPRK and as an expression of this, stop the military exercises, war exercises, in the Korean Peninsula. Then we will respond likewise.” If the exercises are halted “for some period, for some years,” he added, “new opportunities may arise for the two countries and for the whole entire world as well.” President Obama, in response, stated that Pyongyang would “have to do better than that,” noting that there were better channels of communication than media interviews. Seoul likewise rejected the overture, calling the proposal “absurd.”

The North’s demands that the US end its “hostile policy” are not new. But just what this would entail was spelled out in a recent [PacNet #25](#) by DPRK researcher *Jong Nam Hyok from the Foreign Ministry’s Institute for American Studies*: “The danger of a war can be completely averted only when the US withdraws its troops stationed in south Korea, quits reinforcing its armaments, and suspends hostile military acts such as joint military drills as a result of the conclusion of a peace agreement.” Then, and only then, would Pyongyang be prepared to talk about denuclearization: “As long as belligerent and hostile relations between the DPRK and the US continue to exist, talk of ‘respect for sovereignty,’ ‘equality,’ and denuclearization of the Korean Peninsula sounds hollow, devoid of any practical significance.”

Washington has rejected the freeze proposal and quest for direct peace talks; the US position has long been that the road to peace on the Peninsula must run through Seoul. Pyongyang's insistence that the peace accord be bilateral is – and should be – totally unacceptable to Washington. Jong's *PacNet* showed a glimmer (but only a glimmer) of flexibility in this regard: "Given the fact that it is a party to the Korean War and to the issue of reunification, one cannot say that south Korea is totally irrelevant to establishing lasting peace mechanism by way of replacing the Armistice Agreement with a peace agreement. Nonetheless, under the circumstances where the US stations its huge armed forces in the south targeting the DPRK and takes hold of wartime control over the south Korean armed forces, it is meaningless to give precedence to north-south talks on signing a peace agreement." The day the DPRK starts referring to its southern neighbor as the Republic of Korea or ROK, perhaps some forward movement might occur.

### *Threats and more threats*

As hostile as US policy may appear to be to Pyongyang, the reverse is equally if not more true. In addition to the standard rhetoric of turning Seoul or Washington into a "sea of fire," the North has also claimed that its hydrogen bomb was the biggest ever – "much bigger than the one developed by the Soviet Union" – also claiming that it could be delivered on the United States: "If our bomb is fitted to an Intercontinental Ballistic Missile (ICBM) and falls on New York, Manhattan Island, all of the residents will die instantly with the whole of their city ... no, the whole of the mainland being completely devastated."

When the South Korean press started reporting that the annual *Key Resolve/Foal Eagle* exercises this year included a "beheading" or "decapitation" mission against Kim Jong Un himself – which neither the US military nor South Korea's Defense Ministry has confirmed – Pyongyang responded by threatening a "preemptive nuclear strike of justice," with the Korean People's Army warning it would "liberate the whole of south Korea including Seoul ... with an ultra-precision blitzkrieg strike of the Korean style." The threats of preemption became so bold that it prompted the Russian Foreign Ministry to issue the following the statement (as translated by *ITAR TASS*): "We consider it to be absolutely impermissible to make public statements containing threats to deliver some 'preventive nuclear strikes' against opponents," the statement warned, "Pyongyang should be aware of the fact that in this way the DPRK will become fully opposed to the international community and will create international legal grounds for using military force against itself in accordance with the right of a state to self-defense enshrined in the United Nations Charter."

Through it all, the US appeared hopeful and receptive to some form of dialogue. Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel stressed in early April that "the United States and our partners have not given up on diplomacy. We'll keep trying to find the way forward," further stating that "the way forward isn't hard to visualize. It starts with the DPRK freezing all of its nuclear activities like Iran did ... and it starts with a credible declaration of its past activities and IAEA inspection of its nuclear site." He also noted that "the goal of sanctions is not to destroy North Korea. It's to bring North Korea's leaders to their senses." The goal is to bring North Korea's leaders to the realization that at the end of the day, there is no viable alternative to authentic negotiations to the nuclear issue."

While hope may spring eternal, by the end of April, the North seemed to have slammed the door shut on any prospects of future dialogue: “Our consistent principled stance is to never hold dialogue under unilateral pressure. Dialogue and military threat, and dialogue and sanctions can never go hand in hand... Our nuclear issue has already left the dialogue table long ago because of the United States’ increasingly hostile acts.” With reports that another nuclear test was in the offing, perhaps to commemorate the Workers Party Congress in early May – the first such gathering in 36 years, apparently aimed at validating and solidifying Kim Jong Un’s rule – the situation appears destined to get worse.

### **South China Sea: militarization, by almost any measure**

When it comes to situations moving from bad to worse, the South China Sea situation also ranks high on anyone’s list. Any semblance of credibility remaining behind Chinese President Xi Jinping’s statement that “China does not intend to pursue militarization” of the Spratly Islands – made to President Obama during Xi’s visit to Washington last September – quickly evaporated during the past four months. Then again, the Chinese have long maintained that their claim to all territories in the South China Sea is “indisputable,” despite there being five other claimants (Brunei, Malaysia, the Philippines, Taiwan, and Vietnam); perhaps Beijing’s definition of “militarization” likewise differs from those used by the rest of the world.

Details regarding the Chinese build-up on and around its manmade islands can be found elsewhere in the journal or on the CSIS website under its [Asia Maritime Transparency Initiative](#). The US view on what’s happening was summed up pretty succinctly by US Pacific Command Commander Adm. Harry Harris during his Feb. 23 Senate testimony: “In my opinion China is clearly militarizing the South China Sea. You’d have to believe in a flat earth to believe otherwise.” In response, the US continues its “freedom of navigation” operations throughout the South China Sea, to demonstrate that it will “continue to fly, sail, and operate wherever international law allows.” This was underscored in April when Secretary of Defense Ashton Carter sailed aboard the *USS Nimitz* aircraft carrier during exercises off the Philippines, where he announced that the US would begin conducting joint South China Sea air and naval patrols with the Philippine Armed Forces.

International law is likely to be put to the test this spring when the Permanent Court of Arbitration in The Hague presents its ruling on a case the Philippines has brought against China’s nine-dashed line claim. Most (but not all) legal experts expect the ruling to be in Manila’s favor. But, other than allowing the Philippines and its supporters (the US clearly among them) to claim the moral high ground, the practical outcome remains unclear since Beijing has preemptively announced that it will not abide by the Court’s ruling. The international press is filled with speculation that a negative ruling might also prompt Beijing to declare an air defense identification zone (ADIZ) in the South China Sea. While this is possible, we would remind readers that there is less to an ADIZ than meets most eyes. As spelled out in last year’s [PacNet #36](#), there are no sovereignty claims associated with declaring an ADIZ; nor does establishment of an ADIZ prevent others from flying through any area not otherwise legally designated as sovereign territory.

The South China Sea situation was also a topic of discussion at the G7 Foreign Ministers Meeting in Hiroshima on April 10-11. The ministers adopted a Statement on Maritime Security which called on all states to “refrain from such actions as land reclamations” and building outposts “for military purposes” that could risk stability or change the status quo. Disputes should be solved “in good faith and in accordance with international law.” That anodyne language infuriated China, even though no country was specifically identified as being at fault. A Chinese Foreign Ministry spokesman urged the ministers to “stop making irresponsible remarks and all irresponsible actions, and truly play a constructive role for regional peace and stability.” Presumably that means being quiet and letting the claimants work things out among themselves.

### **G7: Japan’s turn to shine!**

Foreign ministers were meeting in advance of this year G7 Summit, which will be hosted by Japan in May on Kashiko Island in Shima, Japan. Tokyo is using the event to showcase its leading role in international management. The G7 remains as much a political as an economic gathering, so its agenda is ambitious. This year, topics will include Syria, ISIS, the global refugee crisis, and stimulating growth in Africa, along with developments closer to home such as North Korea and China’s behavior in the South China Sea. The assembled leaders will also take on economic uncertainty and issues identified in the G20 meetings (discussed below).

At the Hiroshima G7 Foreign Ministers Meeting, the ministers condemned the recent terrorist attacks in Turkey, Belgium, and other regions and announced that a G7 action plan on countering terrorism would be adopted at the G7 Ise-Shima Summit in May. They also condemned “in the strongest terms” North Korea’s nuclear test and missile launches and demanded an end to additional tests, launches, or other destabilizing or provocative actions. They acknowledged the threats posed by historical levels of refugees, the crises in Iraq, Syria, and Libya, as well as challenges posed by climate change, corruption, narcotics trade, and other problems.

Befitting a meeting in Hiroshima, they issued two statements calling for nuclear disarmament and nonproliferation, one of which is called the Hiroshima Declaration. In it, the foreign ministers reaffirmed their “commitment to seeking a safer world for all and to creating the conditions for a world without nuclear weapons.” The foreign ministers visited the Hiroshima Peace Memorial Museum; considerable attention was devoted to the reaction of US Secretary of State John Kerry, the first US secretary of state to visit. He called the museum “gut wrenching.”

Kerry’s visit prompted intense speculation on whether President Obama would in turn visit the site, which many Japanese (and other disarmament advocates) see as the culmination of his effort to eliminate nuclear weapons, announced in his 2009 Prague Speech. Reportedly, the president is leaning toward a visit during the Leader’s Summit in May, but there will be “no apology” for the dropping of the US atomic bomb – nor have the Japanese sought such a statement. Opinions are deeply divided on the wisdom of such a visit, with many in the US and in Asia unconvinced of the wisdom of such a gesture. The pros and cons of an Obama visit to Hiroshima are argued in [PacNets #37](#) and [#38](#).

Consistent with the Abe government's intent to show that Japan remains a "first-tier nation" and one that should be leading on the global level, Tokyo is making the most of its G7 stewardship. Hosting the summit poses two challenges for Tokyo, however. The first concerns the Abe government's efforts to keep the value of the yen low, which it sees as essential to the economic recovery that continues to sputter. In recent weeks, despite unprecedented monetary easing, the value of the yen is rising against the dollar, squeezing export margins, hurting corporate profitability, and undoing some of the most important gains of the last three years of Abenomics. Japanese attempts to keep the yen from strengthening look a lot like competitive devaluations to competitors and the G7 (and G20) call for currency stability risks exposing Japanese actions as self-interested or hypocritical.

The second problem concerns Russia. Note that Japan is hosting the G7, not the G8. The difference reflects Russia's absence: its membership is still suspended after annexing Crimea and backing Ukrainian separatists. Yet Japan, and Prime Minister Abe in particular, desire a rejuvenated relationship with Russia. Japanese strategists worry about pushing Moscow further into Beijing's orbit; they want to give Russian foreign policy makers more choices, which would, incidentally, diminish Chinese influence. Abe also seeks a resolution to the territorial dispute with Russia, signing a peace treaty, and reclaiming the four islands lost to the Soviet Union at the close of World War II. The biggest test for Abe is getting Russian President Vladimir Putin to visit Japan for a summit this year. That is a big request when Putin is being ostracized by the rest of the G7. Abe remains committed, however, and likely sees a deal with Putin as the cap on his tenure as prime minister. A mutually acceptable agreement seems extremely unlikely: Putin is a leader who takes territory, not one who gives it away.

### **Dueling world forums**

While Tokyo enjoys the G7 limelight, Beijing is preparing to host its own international economic gathering, the G20, with the summit scheduled to be held in Hangzhou Sept. 4-5. China seeks to make the most of its first opportunity to host the G20, which it views as the pre-eminent world economic forum (at least until such time as it is invited into the G7 club). During the first four months of 2016, 28 G20-associated meetings were held, all but nine of them in China. The statement at the finance ministers meeting, which convened in Washington in April (concurrent with the IMF/World Bank meetings each spring) highlighted uncertainty and downside risks in the economy, which included financial volatility, low commodity prices, and low inflation. They also promised to "refrain from competitive devaluations and ... not target our exchange rates for competitive purposes." Coming on the heels of publication of the "Panama Papers" with its revelations about offshore tax havens, the group pledged to work harder to fight money laundering and tax avoidance.

### **The AIIB gets down to business**

On Jan. 16, the Asian Infrastructure Investment Bank opened its doors with a lavish ceremony presided over by Chinese President Xi Jinping. The new bank is expected to lend \$10-15 billion annually over its first five or six years on "high-quality, low cost" projects to help meet Asia's basic infrastructure needs. The bank will begin lending in the second quarter of 2016 and has a target of \$1.2 billion in loans that first year. Thirty founding countries hold just over 74 percent



of bank shares; other governments that signed the AIIB agreement have until the end of the year to finish ratification procedures and claim their own shares. China provided \$29.78 billion of the AIIB's total capital stock of \$100 billion, and then added another \$500 million.

Questions about the AIIB's operations have been resolved and many of those answers should quell concerns about the institution's challenge to the international financial order. For example, it will lend in dollars, although it may raise capital in other currencies. The bank will have an internal department focused on compliance and integrity that reports directly to the bank's board. Projects will be legally transparent and protect social and environmental interests, but the bank leadership cautioned that it will not force borrowers to adopt free-market practices favored by other international financial institutions like the IMF. On April 13, the AIIB signed a framework agreement with the World Bank to co-finance projects, and the two institutions are reportedly discussing nearly a dozen projects in Central Asia, South Asia, and East Asia. On May 2, the presidents of the AIIB and the Asian Development Bank signed a memorandum of understanding so that the two can work together on jointly financed projects. The first, a major new highway in Pakistan anticipated to cost \$273 million, was announced a day later.

In Congressional testimony, the top US Treasury international official allowed that the bank could serve as a "constructive addition" to the world's international finance if it follows best practices and institutes proper safeguards. US membership was a long way down the road, however. Meanwhile, Taiwan said that it would only apply for membership if it was treated with "equality and dignity," neither of which was on offer when the AIIB president said that the island government was not a sovereign state and could therefore only apply through China's Ministry of Finance.

### **A security institution as well**

In late April, President Xi renewed his call for a new regional security approach that would feature "Asian security by Asians" at the fifth Foreign Ministers Meeting of the Conference on Interaction and Confidence Building Measures in Asia (CICA). Established in 1992, CICA includes 26 member countries and 12 countries and international organizations as observers. Xi stirred things up two years ago at the 2014 CICA Summit when he laid out a vision for regional security that he claimed would better reflect Asian needs and characteristics. In both speeches, he highlighted the need for mutual respect, consensus-building and accommodation of each other's comfort levels, all of which sound good but are hard to detail in practice. Most observers see the rhetoric as meaning the end of US alliances in the region, a diminished US presence, and a higher Chinese profile.

In his remarks to the foreign ministers, Xi said that China would permit neither war nor instability on the Korean Peninsula, a warning that seemed to be directed at both Pyongyang and Washington – and reminded Seoul that for all its frustrations with Beijing, China remains a deciding force in peninsular affairs. Finally, Xi announced that China would be extending its chairmanship of CICA another two years. That is not unprecedented: Turkey did the same when its first two-year term expired in 2012.

## **The race narrows and Trump prevails in the GOP**

US politics entered uncharted waters with the presumed victory of Donald Trump in the race for the 2016 GOP presidential nomination – it won't be official until the Republican convention in Cleveland in June. Trump sealed the deal after his victory in the May 3 Indiana primary, which was followed by the suspension of the campaigns of his two remaining rivals, Texas Sen. Ted Cruz and Ohio Gov. John Kasich. Trump's win demonstrated that the conventional rules of US politics no longer seem to apply (although eagle-eyed observers note that Trump performed almost exactly as polls a year ago predicted). The challenge for the GOP is now uniting behind his candidacy. That may prove more difficult than anyone anticipated with core members of the Republican establishment, such as former Presidents George H.W. and George W. Bush and House Speaker Paul Ryan, currently refusing to back the presumptive nominee.

In the Democratic race, Hillary Clinton continues to march toward the nomination – the numbers indicate her victory is assured – but Sen. Bernie Sanders insists that he will contest the nomination to the last vote. Sanders claims that momentum and enthusiasm are on his side, but the party establishment is behind Clinton and her supporters look more like a cross section of the Democratic Party than does Bernie's crowd. The question for the Democrats is how far Sanders will go in pursuit of the nomination – will he embrace scorched earth politics? – and what will Clinton do to win over him and his supporters .

A Clinton presidency would travel a predictable path. Her policy preferences are on the record; the one anomaly is her disavowal of the Trans-Pacific Partnership (TPP) trade deal, one indication of Sanders' influence on her campaign. Given Clinton's commitment to the rebalance, however, it is hard to see her sticking with that position if she wins the White House.

Trump is another matter, however. His penchant for off-the-cuff comments and his lack of knowledge on key issues is for most observers embarrassing and worrisome (not for him, though). On trade, for example, Trump disparages TPP – along with every other trade agreement his predecessors have signed – because the US got “a bad deal.” He would renegotiate TPP, and demand that all US trade partners stop “taking advantage” of his country. Trump has pledged to stop the hemorrhaging of US jobs and the flight of US companies, although how he would do that is unclear. (He has difficulty providing any policy details.) When pushed, he seems to favor big tariffs to raise the price of imported goods to balance US trade accounts.

When asked about US alliances, Trump is scathing, insisting that allies take advantage of the US and don't pull their own weight. He would demand more money from them to support the US presence and the effort his country makes in their defense. In his foreign policy speech delivered in Washington on April 27, he called for summits with US allies to discuss a rebalancing of financial commitments, as well as new strategies for tackling common challenges. (That speech was an attempt to show his serious presidential side: at it, he read prepared remarks from a teleprompter. Most reviews were pretty scathing, however.) When asked if he was prepared for the consequences of a rupture with those allies in Northeast Asia, and the possibility that they might go nuclear as a result, Trump indicated he could live with that.

Trump's foreign policy is evident on his baseball cap: "Make America Great Again." His is an unabashed "America First" logic and rhetoric that many observers, especially in foreign countries, are quick to call isolationism. It is hard to say if that is a fair assessment since his pronouncements tend to be contradictory and his logic inconsistent. Without doubt, however, Trump believes that the US has not been served well by current diplomacy, that it is overextended, that it should be much more constrained in its overseas commitments, and when it does act it should do so without hesitation and without restraint (even by international laws or norms). Trump believes in peace through strength and that muscle is the most important currency in international affairs. This logic has many allies and partners of the US concerned; in every meeting and discussion, both formal and informal, the prospect of a Trump presidency is raised, with equal parts humor, disbelief, and alarm.

It's useful to recall that Trump is not the first person to run under a "make America great" banner. An earlier populist used the same slogan, while threatening to recognize Taiwan as an independent country, recognize Jerusalem as the capital of Israel, and take back "our" Panama Canal. His hard-nosed approach had many detractors convinced that, if he won, the US would soon be at war with the Soviet Union. His name was Ronald Reagan, whose name Trump frequently invokes. That's not to say that Trump would become more Reagan-like if elected. It is to say that reality, along with the checks and balances built into the US system, often temper what's been promised (or threatened) during an election campaign. We can only wait and see!

### **Regional Chronology** **January – April 2016**

**Jan. 2, 2016:** China lands a small civilian aircraft on a recently completed runway on Fiery Cross Reef (Chinese: Yongshu, Philippines: Kagitingan, Vietnam: Da Chu Thap). Vietnam, Philippines, and Japan protest the action, accusing China of destabilizing the region.

**Jan. 6, 2016:** China lands two large civilian aircraft on Fiery Cross Reef, drawing more protests from Vietnam and the Philippines.

**Jan. 6, 2016:** North Korea claims to have successfully conducted a thermonuclear test at its Pungye-ri nuclear test site saying it has "successfully joined the ranks of advanced nuclear states." Seismic monitoring agencies report a 5.1 magnitude tremor in the vicinity of the site.

**Jan. 7, 2016:** In a phone conversation with Chinese Foreign Minister Wang Yi, US Secretary of State John Kerry says that the Chinese approach to dealing with North Korea "has not worked and we cannot continue business as usual."

**Jan. 8, 2016:** South Korea resumes broadcasting information across the DMZ as a response to the Jan. 6 North Korean nuclear test.

**Jan 10, 2016:** A US *B-52 Stratofortress* strategic bomber flies over South Korea in what is described a "major show of force" after North Korean nuclear test.

**Jan. 12, 2016:** Philippine Supreme Court rules that the 2014 US-Philippine Enhanced Defense Cooperation Agreement (EDCA) is constitutional, allowing implementation of the agreement without ratification by the Philippine Senate.

**Jan. 12, 2016:** US and Philippine defense and foreign affairs secretaries meet in Washington for their annual “2+2” meeting to discuss bilateral security issues.

**Jan. 13, 2016:** Hwang Joon-kook, South Korea’s special representative for Korean Peninsula peace and security affairs, meets US and Japanese counterparts Sung Kim and Ishikane Kimihiro in Seoul for “in-depth talks” on possible responses to the North’s nuclear test.

**Jan. 14, 2016:** Special Representative Hwang visits China to meet counterpart Wu Dawei.

**Jan. 14-21, 2016:** Deputy Secretary of State Antony Blinken travels to Tokyo, Nay Pyi Taw, Seoul, and Beijing.

**Jan. 16, 2016:** Asian Infrastructure Investment Bank (AIIB) is launched in Beijing.

**Jan. 16, 2016:** Democratic Progressive Party (DPP) wins the presidency and an outright legislative majority in Taiwan.

**Jan. 20-21, 2016:** Deputy Secretary Blinken and Chinese Vice Foreign Minister Zhang Yesui co-chair the inter-sessional meeting of the China-US Strategic Security Dialogue in Beijing.

**Jan. 20-28, 2016:** Vietnam Communist Party Congress is held in Hanoi.

**Jan. 21-23, 2016:** Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel visits Singapore to lead the US delegation at the fourth US-Singapore Strategic Partnership.

**Jan. 25-27, 2016:** Secretary of State John Kerry visits Asia with stops in Laos, Cambodia, and China for “meetings with senior leaders ... to discuss a range of global, regional, and bilateral issues, including North Korea.”

**Jan. 26-30, 2016:** Japanese Emperor Akihito and his wife Michiko visit the Philippines, marking the 60<sup>th</sup> anniversary of the normalization of diplomatic relations between the two countries.

**Jan. 28, 2016:** Taiwan President Ma Ying-jeou visits Taiping Island (Itu Aba) in the South China Sea. US and Vietnam criticize the visit for adding tension to the disputed waters.

**Jan. 30, 2016:** US Navy destroyer *USS Curtis Wilbur* conducts a freedom of navigation (FON) operation in the South China Sea involving “innocent passage” without prior notification within 12nm of Triton Island in the Paracels. China responds with “resolute opposition,” accusing the US of violating Chinese law and undermining regional peace.

**Feb. 4, 2016:** Ministers from the 12 Trans-Pacific Partnership (TPP) member countries sign the final version of the trade agreement in Auckland, New Zealand.

**Feb. 7, 2016:** North Korea launches a rocket carrying the *Kwangmyongsong-4* satellite from its Sohae Satellite Launching Station.

**Feb. 7, 2016:** UN Security Council condemns the North Korean rocket launch.

**Feb. 9-19, 2016:** US and Thailand cohost the annual *Cobra Gold* military exercise, focusing on multilateral operations in counterpiracy and humanitarian assistance and disaster relief.

**Feb. 10, 2016:** South Korea announces the total shutdown of a jointly run industrial park in Kaesong, saying Pyongyang had been using it to fund its nuclear weapons programs.

**Feb. 15-16, 2016:** President Barack Obama hosts the leaders of the 10 ASEAN countries for a summit at Sunnylands, California.

**Feb. 16-18, 2016:** Japanese Maritime Self-Defense Force (MSDF) and the Vietnamese Navy conduct a joint exercise off the coast of Danang in central Vietnam.

**Feb. 22, 2016:** Vice Adm. Joseph Aucoin, commander of US Seventh Fleet, urges Australia to carry out naval patrols within 12nm of China's artificial features in the South China Sea.

**Feb. 23, 2016:** China confirms the deployment of fighter jets to Woody Island.

**Feb. 25, 2016:** Chinese Foreign Minister Wang Yi states that the Philippines violated Article 4 of the 2002 Declaration on Conduct of Parties in the South China Sea by resorting to arbitration instead of dialogue and bilateral negotiations.

**Feb. 29, 2016:** Philippines and Japan sign an agreement allowing the transfer military equipment and technology to Manila in an expansion of their 2015 Memorandum of Defense Cooperation.

**March 2, 2016:** UN Security Council unanimously adopts [UNSC Resolution 2270](#), the toughest sanctions ever imposed on North Korea, in response to its fourth nuclear test and rocket launch.

**March 7-Apr. 30, 2016:** South Korea and US conduct *Key Resolve* (Mar. 7-18) and *Foal Eagle* military exercises, involving more than 300,000 ROK and 15,000 US troops.

**March 13, 2016:** China's chief justice, Zhou Qiang, says China will launch an "international maritime judicial center" to safeguard its territorial claims and protect its maritime rights.

**March 14-25, 2016:** Cambodia and US militaries conduct seventh annual *Angkor Sentinel* humanitarian and disaster relief exercise focusing on military engineering, explosive-ordnance disposal, transport, and leadership development.

**March 17, 2016:** North Korea test-fires two medium-range ballistic missiles into the East Sea (Sea of Japan).

**March 17, 2016:** US Chief of Naval Operations Adm. John Richardson confirms the US military has seen increased Chinese activity around Scarborough Shoal.

**March 18, 2016:** UN Security Council issues a unanimous statement saying that North Korea's March 17 missile launches "constituted a clear violation of UN Security Council resolutions."

**March 18, 2016:** Sixth annual US-Philippines Strategic Dialogue held in Washington with a focus on implementation of the EDCA and modernization of the Philippine Armed Forces.

**March 19-20, 2016:** Chinese Coast Guard vessel rams a Chinese fishing boat to pry it free from the Indonesian boat that was towing it. Indonesian authorities had seized the boat for fishing illegally in Indonesian territory in the Natuna Sea.

**March 21, 2016:** Australian Defense Minister Marise Payne tells reporters in Kuala Lumpur that Australia will continue sending ships and planes to defend freedom of navigation and overflight in the South China Sea.

**March 29, 2016:** Myanmar President Thein Sein lifts a state of emergency in the western state of Rakhine on his last day in office.

March 30, 2016: Htin Kyaw, the first democratically-elected president in more than 50 years, is inaugurated in Myanmar.

**March 31, 2016:** Vietnamese Coast Guard announces the seizure of a Chinese resupply vessel that was allegedly disguised as a fishing boat for trespassing into Vietnamese territorial waters.

**March 31, 2016:** President Obama meets Japanese Prime Minister Abe Shinzo and South Korean President Park Geun-hye in Washington to discuss North Korea. He meets separately with Chinese President Xi Jinping on the sidelines of the Nuclear Security Summit.

**March 31 2016:** Malaysia Foreign Ministry summons the China's ambassador for "clarification" and "to register Malaysia's concern" over the encroachment of some 100 Chinese fishing boats into Malaysia's territorial waters in the South China Sea, which were accompanied by a Chinese Coast Guard vessel.

**March 31-April 1, 2016:** Fourth and final Nuclear Security Summit is held in Washington.

**April 3, 2016:** Chinese military aircraft lands on Fiery Cross Reef for an emergency evacuation of three ill Chinese construction workers stationed there.

**April 3-6, 2016:** Two Japanese destroyers, the *JS Ariake* and *JS Setogiri*, and the submarine *Oyashio* make a port call to Subic Bay.

**April 4-16, 2016:** Philippines and US conduct *Balikatan* military exercise at several locations in the Philippines.

**April 5, 2016:** Chinese FM Wang Yi visits Myanmar to meet counterpart Aung San Suu Kyi.

**April 7, 2016:** Vietnam's National Assembly elects Nguyen Xuan Phuc as prime minister. The Politburo and Central Committee of the Vietnamese Communist Party nominated him for the post in January.

**April 9, 2016:** *Korea Central News Agency (KCNA)* reports that Kim Jong Un has overseen a successful test of a "heavy-lift" engine of a "new-type" of intercontinental ballistic rocket at the Sohae Space Center.

**April 10-11, 2016:** G7 Foreign Ministers Meeting is held in Hiroshima.

**April 10-16, 2016:** US Secretary of State Ashton Carter visits India and the Philippines.

**April 12-15, 2016:** Indonesia hosts *Komodo 2016* naval exercise near Padang, involving forces from 14 countries.

**April 13, 2016:** China's Foreign Ministry summons diplomatic representatives of "relevant countries" from the Group of Seven (G7) nations to express its dissatisfaction with the joint statement about the South China Sea issued by G7 foreign ministers at a meeting in Japan.

**April 15, 2016:** Secretary Carter announces five US aircraft and 200 personnel will remain in the Philippines after the conclusion of *Balikatan* to support joint patrols in the South China Sea.

**April 15, 2016:** China's Ministry of National Defense confirms visit of Gen. Fan Changlong, vice chairman of the Central Military Commission, to artificial islands in the South China Sea.

**April 20-22, 2016:** Deputy Secretary of State Blinken travels to Hanoi and Jakarta.

**April 22, 2016:** A 92 member supra-party delegation of Diet members' led by Cabinet Minister Takaichi Sanae visits Yasukuni Shrine.

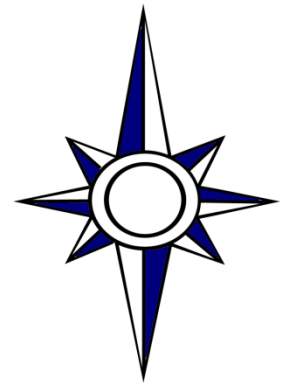
**April 24, 2016:** Chinese FM Wang Yi meets counterparts from Brunei, Cambodia, and Laos. They reach a four-point consensus on the South China Sea, emphasizing that the dispute should be resolved through consultations and negotiations of the claimant states.

**April 27-28, 2016:** The 22<sup>nd</sup> China-ASEAN Senior Officials Consultation is held in Singapore. The meeting focuses on advancing China-ASEAN relations and regional cooperation in East Asia. Chinese Foreign Affairs Vice Minister Liu Zhenmin urges ASEAN states to resolve territorial disputes through dialogue and warns of "negative consequences" if the Philippines wins an arbitration case in The Hague.

**April 27-28, 2016:** Fifth Foreign Ministers Meeting of the Conference on Interaction and Confidence-Building Measures in Asia (CICA) is held in Beijing.







**US-Japan Relations:  
2016 Opens with a Bang**

**Sheila Smith, Council on Foreign Relations  
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The early months of 2016 were relatively steady for the US-Japan relationship until the US presidential primaries began to stir things up. For the first time in decades, Japan became the focus of debate on the campaign trail. Republican frontrunner Donald Trump began to single out Japan on trade and on security cooperation. To be sure, Japan had company as Trump took aim at all US alliances, but his [suggestion](#) that the United States should simply let Japan and South Korea go nuclear shocked many, including Japan's Foreign Minister Kishida Fumio.

The United States and Japan continued to refine alliance coordination in the face of North Korea's renewed nuclear testing and missile launches. Tokyo and Washington also continued their maritime cooperation as Beijing's behavior in the South China Sea continued to roil regional waters. Japan suffered an unexpected [setback](#) in its cooperation with Australia, however, as its bid to provide Canberra with its next-generation conventional subs was outdone by the French offer. The Futenma base standoff with Gov. Onaga took an unexpected turn when Prime Minister Abe Shinzo announced suddenly that he and the governor had agreed to a compromise [settlement](#). Tokyo would halt construction and Naha would agree to merge the court cases and would fully comply with the court decision on how to proceed.

Politics now consume both countries as both Japan and the US face elections later this year. Anticipation that Abe would call a double election this summer ended after Chief Cabinet Secretary Suga Yoshihide declared that only the regularly scheduled Upper House [election](#) would be held so that the government could concentrate on recovery efforts in Kumamoto Kyushu, the site of a deadly earthquake. Economic growth continues to elude the Abe Cabinet, and the prime minister still confronts the prospect of an additional consumption tax hike in the spring of 2017. In the US, the primaries are winding down with Donald Trump the expected nominee for the Republican Party and Hillary Clinton in the lead for nomination by the Democratic Party. The US-Japan alliance seems already to be suffering from "Trump shocks" even before the election decides the next US president.

**The North Koreans test again**

On Jan. 6, the North Koreans conducted their fourth nuclear test, followed one month later with the launch of an intermediate range missile. Within several weeks, Pyongyang followed up with

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a series of rocket launches that were aimed at the Sea of Japan, and on April 24, reportedly conducted a submarine-launched ballistic missile test. While the rocket tests failed and the SLBM launch was widely viewed as suspect, they nonetheless demonstrated Kim Jong-un's intent to accelerate the acquisition of an arsenal capable of challenging the regional security order. Photos of Kim in front of the missile launch pad only added to the sense that he is intent on continued provocation.

Tokyo and Washington remained in close contact throughout, and trilateral cooperation with Seoul deepened. The conclusion of the bilateral Japan-ROK agreement on the so-called comfort women in the final days of 2015 allowed for a smoother diplomatic conversation between Seoul and Tokyo on how to respond to the North. At the United Nations, Japan's seat on the UN Security Council facilitated a quick diplomatic response, and the US and Japan proposed a new harsher round of sanctions. But Japan had no direct line to Beijing this round, a notable difference from the last time North Korea conducted a nuclear test. Washington and Beijing did not reach an agreement until April when Foreign Minister Wang Yi visited the United States.

The North Korean tests provided the first opportunity to use the newly created US-Japan Alliance Coordination Mechanism, allowing for real-time, close consultations between Washington and Tokyo. In March, Minister of Defense Nakatani Gen ordered *Aegis* ballistic-missile defense warships and land-based *Patriot PAC-3* rocket to intercept any missiles that showed signs of reaching Japanese territory. Japan's missile defense system remained on high alert until May, when the government canceled the order after concluding that there was no longer any immediate danger of incoming missiles.

### **US-Japan cooperation on the South China Sea continues**

The United States and Japan continue to consult on how to respond to China's land reclamation in the South China Sea. Tokyo announced a [new agreement](#) with Manila to provide military equipment and conduct joint research and development on March 27, including five second-hand Beechcraft *TC-90 King Air* reconnaissance planes previously used by the Maritime Self-Defense Force (MSDF) for training. On April 3, two MSDF destroyers and a training submarine visited the Philippines to observe the annual US-Philippine *Balikatan* exercises, the first port call to include a submarine in 15 years. This year's exercises included a maritime defense component, and Japan will join as a formal member next year. Following their visit to Manila, the two destroyers then visited Cam Ranh Bay in Vietnam, the first Japanese military port call since the end of World War II. At a [press conference](#) in Tokyo, Minister of Defense Nakatani said that the Japanese government hoped to use the port call as an opportunity to further develop Japan-Vietnam relations and defense cooperation.

These port visits to Manila and Cam Ranh Bay came as Permanent Court of Arbitration in The Hague is expected to issue a ruling in the coming weeks concerning an arbitration case lodged by the Philippines concerning China's maritime claims in the South China Sea. [China has continued to boycott the proceedings](#), and has said it will not abide by the ruling. In the lead-up to the G7 Summit meeting in Hiroshima in April, the Chinese Foreign Ministry repeatedly called on Prime Minister Abe and the Japanese government not to comment on the South China Sea. On Jan. 17, Abe said in an interview with the *Financial Times* that Japan ["harbours very strong concern"](#)

about China's territorial claims, though he balanced this statement with praise for Beijing's economic policies. On Feb. 29, Assistant Foreign Minister Kong Xuanyou voiced strong discontent with Tokyo's open [criticism](#) of Beijing during a meeting with Japan's Deputy Foreign Minister for Political Affairs Shinsuke Sugiyama. At the G7 meeting in Hiroshima on April 11, foreign ministers from Canada, France, Germany, Italy, Japan, the United Kingdom, and the US issued a [joint statement](#) on maritime security, expressing strong opposition to "any intimidating coercive or provocative unilateral actions that could alter the status quo and increase tensions."

### **Futenma relocation, 20 years and counting?**

Yet another twist in the standoff between the Abe Cabinet and Gov. Onaga Takeshi of Okinawa Prefecture created a stir in March. With several court cases – variously initiated by the prefecture and the central government – over the relocation plan for the US Marine airfield at Henoko, the prospects for constructing the new base seemed difficult to predict.

On March 4, however, Chief Cabinet Secretary Suga announced that the Abe Cabinet had concluded an [out-of-court settlement](#) with Gov. Onaga. The settlement consolidated the separate court cases and committed both sides to an expeditious implementation of whatever the court decided. This move took many in Tokyo, Naha, and Washington by surprise, but seemed clearly influenced by a political calculation over the upcoming summer election. Construction was halted, and the courts will deliberate. Expectations are high in the Japanese government that a conclusion will be reached by the end of 2016, and that ultimately the central government will prevail. If so, Onaga will be expected to end his opposition to his predecessor's approval of the landfill permit, and allow the project to move forward. If, however, the Okinawa Prefectural Government wins the legal battle, Tokyo will have to abandon its Henoko plan, thus opening up again a conversation between the US and Japanese governments on how to move the US Marines out of Futenma.

While there seems little progress in gaining a consensus in Okinawa in support of the Henoko option, the region has changed considerably since the mid-1990s. Today, Okinawa is the site of new attention by Japan's Self-Defense Force as its new Southwestern strategy is implemented. The mission of island defense is now a high priority, with maritime, air, and ground force deployments to Okinawa's many islands increasing. The Ministry of Defense announced that its new radar facility in Yonaguni Island (93 miles southeast of the Senkakus) was operational March 28, with both Ground Self-Defense Force (GSDF) and Air Self-Defense Force (ASDF) units deployed there. The ASDF is moving a second *F-15* squadron to Naha, and the MSDF has increased its tempo of operations in the East China Sea, moving submarines and surface ships through Katsuren far more frequently than two decades ago. In addition, the development of a new amphibious landing unit in the GSDF brings more exercises and training closer to Okinawa's islands and waters. Twenty years after the US and Japan agreed to close the Futenma Marine Air Station, it is Japan's own military that seeks greater access to bases in Okinawa.

### **TPP prospects**

After more than five years of negotiations, ministers from the US, Japan, and 10 other Pacific nations officially reached an agreement on the Trans-Pacific Partnership (TPP) in October 2015.

Prime Minister Abe said at the time that his government would do all it could to secure parliamentary approval of the TPP. In his opening policy [speech](#) to the Diet on Jan. 22, Abe reiterated the importance of TPP for Japan's economy, calling it "truly a grand plan for the long-term future of our nation." The 12 member nations officially signed the [TPP agreement](#) on Feb. 4 in Wellington, New Zealand. On March 8, Abe's Cabinet approved a set of bills to ratify the TPP agreement and submitted them to the Diet for approval.

Deliberations on the TPP bills began on April 7 in a special committee set up in the House of Representatives, chaired by former Farm Minister Nishikawa Koya. However, the bills immediately ran into strong opposition from the [Democratic Party \(DP\)](#) (formerly Democratic Party of Japan) and other smaller parties. Members of the DP had obtained a copy of a forthcoming book from Nishikawa entitled *The Truth about TPP*, in which Nishikawa allegedly gave inside details on the TPP negotiations. The DP objected in particular to a part of the book in which Nishikawa said that US negotiators had offered a series of concessions ahead of President Obama's visit to Japan in April 2014. The DP said it was unaware of these concessions, and pressured Economic Revitalization Minister Ishihara Nobuteru for more details. Ishihara, who replaced Amari Akira as TPP minister, said that he could not comment on the closed-door negotiations. In protest, DP lawmakers walked out of the committee on April 8, saying that Nishikawa should be removed.

The special committee resumed deliberations 10 days later on April 18. However, by this time, the government had mostly turned its attention to responding to the devastating earthquakes in Kumamoto Prefecture on April 14 and 16. On April 19, Liberal Democratic Party (LDP) executives, including Secretary-General Tanigaki Sadakazu and Diet Affairs Chief Sato Tsutomu, announced that it would be difficult to approve the TPP bills during the current session (set to end June 1) because of the Diet's tight schedule and the Kumamoto earthquakes. If negotiations are not concluded during the current session, they will resume in an extraordinary session of the Diet, which will be convened after the House of Councillors election in July.

On the US side, there has not been much progress since the official signing of the TPP agreement in February. Leading presidential candidates from both the Republican and Democratic parties, including Donald Trump, Ted Cruz, Hillary Clinton, and Bernie Sanders, have all [criticized the TPP](#) as harmful for US jobs. The Obama administration nevertheless maintains that it will do all it can to seek ratification of the TPP. Last summer, President Obama won a hard-fought battle in Congress to gain Trade Promotion Authority (TPA). TPA means that the TPP agreement can be brought before the Congress through an expedited "fast-track" process, where it will receive a straight up-or-down-vote without the possibility of amendments or filibuster. However, at the moment, it remains doubtful whether a vote will happen before the November presidential election.

### **Earthquake disaster in Kumamoto**

In April, the alliance yet again faced a natural disaster in Japan when two devastating earthquakes struck Kumamoto in the southern island of Kyushu. The first earthquake struck on April 14 at a magnitude of 6.2 and was centered close to the surface near the inland town of Ueki; a second larger quake at magnitude 7.0 struck two days later, while many residents were

seeking shelter in evacuation centers across the region. Over 44,000 people were displaced, and at 49 people lost their lives. The [US and Japanese militaries coordinate their response](#), and within three days, two *MV-22B Ospreys* from the 31st Marine Expeditionary Unit had delivered relief supplies to Hakusui Sport Park on the island of Kyushu in support of GSDF relief efforts.

## **2016 elections and the “Trump shocks”**

The first months of 2016 have introduced new politics into discussions of the alliance as two elections loom. Japan faces an Upper House election in the summer, and the United States faces its presidential election in November.

In Tokyo, the Upper House election expected in July will shape Abe’s options for the next few years. A double election is no longer an option, but many wonder aloud if Abe will need to call a Lower House election in the fall to address some of his critical policy challenges. First and foremost will be the Diet deliberations on TPP, but there is also the question of postponing the expected hike in Japan’s consumption tax. At present, the Abe Cabinet is required to raise the consumption tax from 8 to 10 percent in the spring of 2017, but given the economic doldrums of late, few of his economic advisors encourage this. Even Joseph Stiglitz was brought in to argue against it. To postpone the tax yet again, however, would raise serious questions about Japan’s fiscal health, and would require yet another poll to ensure the electorate is supportive. Second, there is widespread hope within the LDP that it can gain a simple majority in the Upper House. This could position the party better should Abe decide to build a coalition with other parties around one of his goals, the amendment of Japan’s Constitution. Under Article 96 of the Constitution, a two-thirds majority of both Houses is necessary to begin consideration of a national referendum.

The opposition party in Japan remains weak, although the DPJ and the Tokyo-based Japan Innovation Party merged on March 27 to form a new, larger reform based party, now called simply the Democratic Party (DP). It is not clear yet whether this new party can formulate a strong party platform since the two parties disagree on a variety of critical issues. Nonetheless, their electoral cooperation raises the prospect of greater options for Japan’s voters, and perhaps some leverage with which to temper the Abe Cabinet’s ambitions, especially on the new security laws and on Constitutional revision.

In the US, Donald Trump’s increasing support makes him now the likely Republican Party nominee for president. In the final months of the primaries, the anti-Trump candidates, Ted Cruz and John Kasich, combined their efforts to try to attract voters away from Trump, but to no avail. Trump’s foreign policy remains a problem for many, as does his strong antagonism towards trade agreements, including the TPP. In two separate interviews, one with the [Washington Post](#) and another with the [New York Times](#), candidate Trump argued for downgrading US alliances, and specifically in Asia, to allowing Japan and South Korea to defend themselves against North Korea. While his major complaint seems to be that the US is getting a bad deal out of its alliance with Japan, Trump seems to be advocating for a far broader retrenchment of the US military in his “America first” foreign policy vision.

Needless to say, these “Trump shocks” have created deep concern in Tokyo. In meeting after meeting on the US-Japan alliance, senior Japanese policymakers have noted their concern over the future of the alliance should candidate Trump become president. In a major symposium in Washington over Golden Week, former Japanese Defense Minister Morimoto Satoshi suggested that a weakening of the alliance would be the greatest threat to Japan’s security.

For the remaining months of the Obama administration, the US and Japan will continue to focus on their regional cooperation on maritime issues. The president’s visit to Japan May 26-27 for the G7 Summit in Ise-shima will provide the opportunity for the much anticipated presidential visit to Hiroshima. The president himself has also become a strong domestic advocate of the need for TPP, [writing an op-ed in the \*Washington Post\*](#) on May 2 that clearly argues for strong U.S. economic engagement in Asia, saying, “The world has changed. The rules are changing with it. The United States, not countries like China, should write them.” But the politics in both countries this summer will amplify domestic debate over trade and the alliance. If the early months of 2016 provide any sense of what is ahead, stay tuned for more “Trump shocks.”

## **Chronology of US-Japan relations** **January – April 2016**

**Jan. 6, 2016:** North Korea conducts its fourth nuclear test.

**Jan. 6, 2016:** Foreign Minister Kishida Fumio and US Ambassador to Japan Caroline Kennedy meet to jointly condemn North Korea’s nuclear test.

**Jan. 14-15, 2016:** G7 Global Partnership against the Spread of Weapons and Materials of Mass Destruction holds its first meeting under Japan’s chairmanship in Tokyo.

**Jan. 16, 2016:** US Deputy Secretary of State Antony Blinken, Japanese Vice Foreign Minister Saiki Akitaka, and Korean Vice Minister Lim Sung-nam meet in Tokyo to discuss the recent North Korean nuclear test, regional issues, and cooperation on health security and development.

**Jan. 22, 2016:** FM Kishida and Ambassador Kennedy sign a new Special Measures Agreement, which outlines the costs that Japan will bear over the next five years under the Status of Forces Agreement for US armed forces in Japan.

**Jan. 24, 2016:** Ginowan Mayor Sakima Atsushi in Okinawa is reelected with the backing of the Abe government.

**Jan. 30, 2016:** *USS Curtis Wilbur*, a US guided-missile destroyer, conducts a freedom of navigation (FON) operation within 12nm of the Chinese-administered Triton Island in the Paracel Island chain in the South China Sea.

**Jan. 31, 2016:** Japanese Ministry of Defense announces that it will double the number of *F-15* fighter jets in Naha, bringing the total to about 40.



**Feb. 1, 2016:** Okinawa Prefectural Government files a new lawsuit against central government over the planned Futenma relocation.

**Feb. 4, 2016:** Trans-Pacific Partnership agreement is signed by the twelve member nations, including the US on Japan, in Wellington, New Zealand.

**Feb. 18, 2016:** US and Japan announce that daytime flights between the US and Tokyo International Airport (Haneda) are expected to begin in fall 2016 for the first time since 1978.

**Feb. 21, 2016:** 28,000 protestors surround the National Diet to protest the plan to relocate Futenma within the Okinawa Prefecture.

**March 2, 2016:** Adm. Harry Harris, commander of US Pacific Command, tells a security conference in New Delhi that the US, Japan, and India will hold naval exercises in waters off the northern Philippine Sea sometime this year.

**March 3-4, 2016:** Third senior-level US-Japan Development Dialogue is held in Washington to discuss issues including the Sustainable Development Goals and Japan's G7 leadership.

**March 4, 2016:** Prime Minister Abe Shinzo agrees to an out-of-court settlement for three lawsuits filed over the Futenma relocation.

**March 7, 2016:** Land Minister Ishii Keiichi orders Okinawa Gov. Onaga Takeshi to "correct" his cancellation of an approval for the landfill work at the Futenma replacement site. Chief Cabinet Secretary Suga says the move is in line with the March 4 settlement.

**March 7, 2016:** Ministry of Health, Labor, and Welfare requires food processors and exporters to obtain HACCP (Hazard Analysis and Critical Control Point) to further showcase food safety in Japan ahead of the ratification of the TPP agreement.

**March 8, 2016:** Cabinet approves a bill seeking the ratification of the TPP agreement and eleven TPP-related measures, submitting them to the Diet for deliberation.

**March 11, 2016:** Fifth anniversary of Great East Japan earthquake, tsunami, and nuclear disasters.

**March 21, 2016:** In an [interview with the \*Washington Post\*](#), Republican presidential candidate Donald Trump says that he does not believe the US gains anything by having bases in Japan and South Korea, and that both should pay more for their own defense.

**March 23, 2016:** Okinawa and central government officials begin talks over the Futenma relocation, the first since the court-mediated agreement on March 4.

**March 26, 2016:** In an [interview with the \*New York Times\*](#), Donald Trump suggests that he would support Seoul and Tokyo acquiring nuclear weapons capabilities.

**March 27, 2016:** Democratic Party of Japan officially merges with the Japan Innovation Party to create a new opposition party, the Democratic Party (DP).

**March 28, 2016:** Tokyo brings its new radar station on Yonaguni Island in Okinawa online.

**March 30-April 2, 2016:** PM Abe attends the Nuclear Security Summit in Washington.

**March 31, 2016:** PM Abe [responds to comments](#) made by Trump saying “whoever will become the next president of the United States, the Japan-US alliance is the cornerstone of Japan’s diplomacy.” FM Kishida says “it is impossible that Japan will arm itself with nuclear weapons.”

**April 3, 2016:** Two Maritime Self-Defense Force destroyers and a training submarine arrive in the Philippines for a port call, the first to include a Japanese submarine in fifteen years.

**April 4-16, 2016:** Japan participates as an observer in the *Balikatan* military exercises between the US and the Philippines.

**April 8, 2016:** Debate on TPP is suspended in the Diet after opposition party lawmakers walk out in protest of what they claim to be insufficient responses from Economic and Fiscal Policy Minister Ishihara Nobuteru and Nishikawa Koya, chairman of the special committee.

**April 10-11, 2016:** Secretary of State John Kerry visits Hiroshima for the G7 Foreign Ministers Meeting, becoming first secretary of state to visit Hiroshima since the end of World War II.

**April 11, 2016:** Foreign ministers at the G7 meeting in Hiroshima issue a joint statement on maritime security.

**April 12, 2016:** Two MSDF destroyers that earlier visited Manila arrive in Cam Ranh Bay, Vietnam, for a port visit, the first of its kind since the end of World War II.

**April 13, 2016:** Diet Affairs Chief Sato Tsutomu tells reporters that the LDP may give up trying to get the TPP ratified during the current session if resistance from opposition parties means that it is delayed beyond April. The current Diet sessions runs until June 1.

**April 14, 2016:** Okinawa and central government officials begin working-level talks under the court-mediated settlement deal.

**April 14, 2016:** Powerful 6.2 magnitude earthquake hits city of Kumamoto in Kyushu, Japan.

**April 16, 2016:** A second, even more powerful 7.0 magnitude earthquake hits Kumamoto Prefecture. As of the end of April, 48 people have died, and 47,000 evacuees are staying in temporary shelters.

**April 17-19, 2016:** Deputy Secretary of State Blinken travels to Tokyo to meet FM Kishida and other senior officials ahead of the third round of the US-Japan-Republic of Korea deputy-level trilateral consultations in Seoul, April 19-20.



**April 18, 2016:** Japan's House of Representatives special committee resumes deliberations on TPP. Prime Minister Shinzo Abe and other ministers attend the debates.

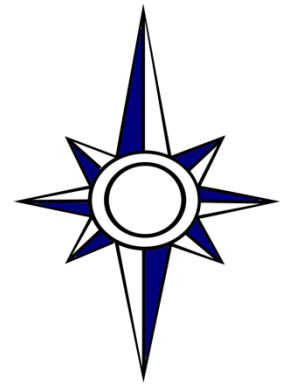
**April 23, 2016:** PM Abe flies to Kumamoto to meet with quake victims.

**April 25, 2016:** Cabinet gives areas in Kumamoto the "extreme severity" designation, allowing the central government to subsidize up to 90 percent of the costs of restoring facilities.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## US-China Relations: Navigating Friction, Forging Cooperation

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The South China Sea remained the most contentious issue in the US-China relationship in the early months of 2016. North Korea's fourth nuclear test and missile launches posed both a challenge and an opportunity. After two months of intense consultations, the US and China struck a deal that led to unprecedentedly tough sanctions on Pyongyang. Xi Jinping attended the Nuclear Security Summit in Washington DC at the end of March and held a bilateral meeting with President Obama. Their joint statements called for cooperation on nuclear security and climate change. Relations between the militaries hit a snag as Secretary of Defense Ashton Carter postponed a planned visit to China and Beijing rejected a request for a US aircraft carrier battle group to visit Hong Kong. Talks continued on a bilateral investment treaty, but China failed to submit a new "negative list," leaving prospects uncertain for concluding a BIT by the end of Obama's term.

### South China Sea continues to cause friction

Tensions between the US and China over the South China Sea simmered throughout the first four months of 2016 as a ruling neared in the case brought by the Philippines against China over Beijing's maritime claims. The first episode took place at the end of January when a US guided-missile destroyer, the USS *Curtis Wilbur*, conducted a freedom of navigation (FON) operation within 12nm of Triton Island in the Paracel Island chain. The operation was the second such FON operation since China began building artificial islands in the South China Sea. The first FON operation entailed the transit of a US Navy ship through waters close to Chinese-occupied Subi Reef in the Spratlys in October 2015.

A Pentagon spokesman explained that the operation challenged attempts by China, as well as by Taiwan and Vietnam, "to restrict navigation rights and freedoms around the features they claim by policies that require prior permission or notification of transit within territorial seas." The spokesman added that the FON operation demonstrated, as President Barack Obama and Secretary of Defense Ashton Carter have repeatedly stated, that the US will "fly, sail, and operate anywhere international law allows."

China's Foreign Ministry condemned the action and charged the US with violating the country's 1992 Territorial Sea law, which requires a foreign warship to obtain prior permission before

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entering China's territorial waters. The Defense Ministry described the action as "unprofessional and irresponsible," and warned that it could cause "extremely dangerous consequences."

A month later, on Feb. 16, the Chinese military deployed two batteries of eight *Hongqi-9 (HQ-9)* advanced surface-to-air missiles (SAMs) on Woody Island in the Paracels. The deployment occurred as President Obama was hosting leaders of the Association of Southeast Asian Nations (ASEAN) in Sunnylands, California. Apparently, China had on prior occasions placed *HQ-9* missiles on Woody Island as part of a military exercise, but then removed them. This deployment was not associated with a drill, however, and it was unclear whether the missiles would be stationed there for a longer period, perhaps permanently.

China's Defense Ministry spokesman insisted that the positioning of weaponry and equipment within China's territory was solely for defensive purposes and accused the US of "hyping up" Chinese actions. Some observers speculated that the *HQ-9* deployment was a response to the US FON operation around Triton Island. A few weeks earlier, Commander of the PLA Navy Adm. Wu Shengli warned US Chief of Naval Operations Adm. John Richardson that Chinese decisions regarding the deployment of military capabilities in the region would "completely depend on the level of threat we face." An article in the nationalist tabloid *Global Times* subsequently warned China would "respond with countermeasures" to "every provocation from the United States."

When Foreign Minister Wang Yi visited Washington the following week, the South China Sea was high on the agenda. After discussions at the State Department, Secretary of State John Kerry told the press that he emphasized the need for a diplomatic solution based on the rule of law, saying "We want to halt the expansion and the militarization of occupied features." He also urged that territorial and maritime claims be clarified in accordance with international law and reiterated the US commitment to the preservation of freedom of navigation and overflight. Wang Yi asserted Chinese rights to uphold their "territorial integrity and lawful, legitimate maritime rights and interests." He maintained that China is committed to resolving the disputes through dialogue and negotiation, while stressing that "non-militarization is not the responsibility of one party alone" and insisting that the South China Sea "is not and should not become an issue between China and the United States." Noting that he and Kerry had agreed to have further dialogue on the South China Sea, Wang noted that "it's important to prevent miscalculation."

On Feb. 26, just over a month before Xi Jinping's arrival in Washington for the Nuclear Security Summit, National Security Council Senior Director for Asia Dan Kritenbrink publicly urged the Chinese leader to extend his pledge not to militarize the Spratly Islands to include all of the South China Sea, including the Paracels. Given that Beijing views the Spratlys as undisputed and began to militarize islands there many years ago, the proposal fell on deaf ears.

The South China Sea was the most contentious issue discussed between Presidents Obama and Xi when they met on the margins of the Nuclear Security Summit at the end of March. According to *Xinhua*, Xi criticized US FON operations in the South China Sea, telling Obama that China "will never accept any action that impairs China's national sovereignty and security interests with the excuse of freedom of navigation." In addition, Xi reportedly urged the US to adhere to its commitment to not take sides in the sovereignty disputes over territory in the South China Sea and to play a constructive role in safeguarding peace and stability.

US, Philippine, and Australian forces engaged in the annual *Balikatan* military exercises in the first half of April. Defense Secretary Carter visited the Philippines and observed a portion of the exercises. Aboard the *USS John C. Stennis* aircraft carrier, he told US sailors that China's actions in the South China Sea "are causing anxiety and raising regional tensions." He added that both US allies and new partners in the region are "reaching out anew to the United States to uphold the rules and principles that have allowed the region to thrive. And we're answering that call."

In addition to visiting the Philippines, Carter stopped in India. Although the US and China had agreed last November that Carter would visit China in April, the trip was postponed, ostensibly due to scheduling problems. Chinese scholars privately expressed dismay that Carter opted to frame his Asia tour as blatantly anti-China and had skipped the opportunity to engage in dialogue with senior Chinese military leaders.

In mid-April, tensions over the South China Sea flared again when China flew a military jet to Fiery Cross Reef, marking the first time that a military aircraft landed on one of China's newly constructed air strips in the Spratlys. Chinese officials justified the mission as necessary to airlift three injured construction workers to a hospital on Hainan Island. Suggesting that the US suspected Chinese intentions, a Pentagon spokesman said it was "unclear" why the Chinese used a military rather than a civilian aircraft.

Concern surfaced in March that China may be planning to begin dredging operations at Scarborough Shoal (Chinese: Huanyan; Philippines: Panatag), just 125 miles off the Philippine coast, prompting a strong US diplomatic and military response. CNO Richardson revealed in an interview with Reuters on March 18 that the US had seen Chinese surface ship activity around the shoal, possibly conducting surveys. The Pentagon and Pacific Command remained tight-lipped about whether there was any proof that China would conduct land reclamation at Scarborough Shoal, however. Potential evidence emerged on a China-based military enthusiast Bullet Board System (BBS) forum that included an invitation to bid on a construction project on the shoal. The posting included photos of the proposed project, purportedly sponsored by the Huangyan Island Township of the Sansha City government, and included an airport, a harbor, township government buildings, a residential zone, a water treatment plant, and a resort.

In an effort to deter Chinese island building, the US flew three different air patrols near Scarborough Shoal in the third week of April. The first of the flights coincided with an announcement by Secretary Carter that the US would conduct a series of joint patrols with the Philippines. Days later, four *A-10 Thunderbolts* and two *HH-60 Pave Hawk* helicopters "conducted a flying mission through international airspace ... providing air and maritime situational awareness," according to an US Air Force statement. A report in *The Wall Street Journal* said that the Defense Department canceled a FON operation exercise in the region in favor of conducting the air operations near Scarborough Shoal.

Reacting to the expressions of US concern, Zhang Junshe, a researcher at the Chinese Navy's research institute, said in an interview with *Global Times* that if China decides to carry out construction activities on Scarborough Shoal it would be "normal" and within Chinese rights. Zhang accused the US of playing the role of a "troublemaker" and warned that "if anything

happens on Huangyan Island that we don't want to see, the US would bear the responsibility." In a likely sign of displeasure of US military activity in the South China Sea, China denied a request by the *USS John C. Stennis* and its escort ships to visit Hong Kong.

At the end of April, the US Defense Department released its 2015 fiscal year Freedom of Navigation Report, which includes a summary of excessive maritime claims that were challenged by US forces during the period of Oct. 1, 2014, through Sept. 30, 2015. The report noted US operations had been conducted challenging excessive straight baselines, jurisdiction over airspace above the Exclusive Economic Zone (EEZ), restriction on foreign aircraft flying through an Air Defense Identification Zone (ADIZ) without the intent to enter national airspace, domestic law criminalizing survey activity by foreign entities in the EEZ, and prior permission required for innocent passage of foreign military ships through the territorial sea.

On the diplomatic front, as the arbitral tribunal prepared to deliver a decision in Manila's challenge to China's claims in the South China Sea, Washington and Beijing lobbied hard for supporters of their respective positions on the case. After meeting in Hiroshima, Japan, foreign ministers from the Group of Seven (G7) delivered a lengthy and strongly worded statement on maritime security on April 11 that called on countries to observe international law and "to fully implement any decisions rendered by the relevant courts and tribunals which are binding on them, including as provided under UNCLOS." Australia and New Zealand joined the ranks of countries issuing statements in support of full implementation of the pending ruling. US officials also ratcheted up pressure on China. Speaking to Congress, Deputy Secretary of State Antony Blinken warned that Beijing risks "terrible damage to its reputation," and would further alienate countries in the region if it ignores the arbitral tribunal's ruling. China "can't have it both ways," he stated, by being a party to the Law of the Sea Convention while rejecting its provisions, including "the binding nature of any arbitration decision."

In the meantime, the Chinese Foreign Ministry worked diligently to rally support for Beijing's position that the territorial disputes should be settled through dialogue and consultations by "parties directly concerned" under the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC) rather than through arbitration. At the end of April, China claimed that the countries it had won over to its side included Fiji, Laos, Cambodia, Pakistan, India, Gambia, Poland, Belarus, Kyrgyzstan, Bangladesh, Brunei, and Russia.

### **North Korea's nuclear test presents challenge and opportunity**

Pyongyang's nuclear and missile tests in early 2016 presented an opportunity to strengthen US-China relations, but forging a common approach was challenging. Months of intensive engagement led to a positive outcome that sent a strong signal to North Korea and reaffirmed that the US and China can coordinate their policies toward North Korea effectively despite friction on other regional issues.

Both the US and China condemned North Korea's Jan. 6 nuclear detonation, which Pyongyang claimed was a hydrogen bomb. The Chinese Ministry of Foreign Affairs released a statement declaring Beijing's "firm opposition" to the test and reiterating its call for the Korean Peninsula to be denuclearized. White House Press Secretary Josh Earnest cited China's strong stance as he

emphasized the international community's condemnation of North Korea's action. Earnest said, "it's not just our stalwart allies in the Asia Pacific, like South Korea and Japan, who are voicing their disapproval of these North Korean actions, it's also notable that our collective statements are echoed by countries like China and Russia, with whom we don't always agree."

In the following weeks, however, it became clear that Washington was intent on significantly stepping up pressure on North Korea while Beijing hoped to marginally tighten existing targeted sanctions and restart the Six-Party Talks. The day after North Korea's fourth nuclear test, Secretary of State John Kerry pointedly placed a phone call to Chinese Foreign Minister Wang Yi. Kerry told reporters that he told Wang that China's approach to managing the North Korea nuclear threat had failed and "we cannot continue business as usual." According to China's Foreign Ministry spokesman, Wang indicated Beijing's willingness to work with other parties to safeguard the international nuclear nonproliferation regime, but also called for countries to "address the issue in a calm way and avoid intensifying contradictions." China's interests demanded that denuclearization be pursued in ways that would not threaten peace and stability on the Peninsula.

Persisting differences between the US and Chinese approaches were apparent on the eve of Secretary Kerry's planned visit to China at the end of January. A high-level US official anonymously told the *Dong-A Ilbo* that "Given that Kim Jong Un conducted the nuclear test despite China's opposition, China's message seems to not have been delivered properly to the regime." The official added that there are "more things the Chinese government could do" and urged Beijing to use the recent nuclear test "as an opportunity to find a way to deter and restrain North Korea's nuke ambition."

In a five-hour meeting in Beijing in which North Korea topped the agenda, Secretary Kerry urged Foreign Minister Wang Yi to support tougher UN sanctions, but ultimately they were only able to agree to pursue a new UN Security Council resolution. Kerry reportedly sought China's support on measures such as bans on oil exports to North Korea and imports of North Korean mineral resources, while the Chinese emphasized the risk that economic sanctions could pose to North Korean stability and the Chinese economy.

Determined to persuade Beijing to adopt a tougher approach and to enlist Chinese assistance in warning North Korea to not proceed with a planned ballistic missile test, President Obama called President Xi Jinping on Feb 5. A White House statement claimed that the two leaders "emphasized the importance of a strong and united international response to North Korea's provocations, including through an impactful UN Security Council resolution." China's Foreign Ministry statement on the phone call noted that Xi "stressed that the situation on the Korean Peninsula is complex and sensitive" and called for "dialogues and consultations" to preserve peace and stability on the Peninsula. It seemed the two sides were still far apart.

The day after the Obama-Xi phone call, North Korea launched a long-range ballistic missile and claimed to have successfully placed a satellite in orbit. The launch promoted closer cooperation among the US, Japan, and South Korea and may have bolstered the case for tougher sanctions. US and Chinese consultations continued in subsequent weeks. Foreign Minister Wang Yi traveled to Washington on Feb. 24 where he met Secretary Kerry as well as National Security

Advisor Susan Rice. In an unusual development, President Obama dropped by the meeting, most likely to underscore the importance of imposing biting sanctions on North Korea. At the end of the visit, it appeared that the two sides were close to an agreement on a UN resolution.

Nevertheless, China remained uneasy about the role of sanctions in persuading North Korea to give up its nuclear weapons. Wang Yi said that “sanctions are not an end in themselves,” emphasizing the need to ultimately return to the negotiating table. Earlier that month, in talks with Australia’s foreign minister, Wang had put forward a proposal to launch peace treaty negotiations in tandem with resumption of the Six Party Talks on denuclearization. Although the US didn’t reject China’s initiative, it made clear that denuclearization remains a top priority, and that talks on a peace treaty are a nonstarter as long as the North pursues its nuclear ambitions.

On March 2, after almost two months of intense discussions, the United Nations Security Council unanimously adopted Resolution 2270. Prior UNSC resolutions that followed North Korea’s nuclear tests in 2006, 2009, and 2013 had been adopted within three weeks of each year’s respective test. That the new resolution took eight weeks to negotiate was unquestionably due to diplomatic wrangling between Beijing and Washington. In contrast to prior instances, the US held out for a stronger resolution, refusing to exclude economic sanctions. Among other measures, UNSCR 2270 requires all states to inspect cargo transiting through their territory that originates in or is destined for North Korea; prohibits the sale of aviation fuel to North Korea; and bans the import from North Korea of coal, iron ore, gold, rare earths, and other minerals.

Samantha Power, the US ambassador to the UN, called the resolution “comprehensive, robust and unyielding” and recognized the leadership of China, which, she said “has worked closely with us.” Liu Jieyi, China’s UN ambassador, stated his country’s concerns about North Korea’s defiance of UN Security Council resolutions, but said that “the sanctions are not the objective themselves” and urged all nations to “keep calm and use diplomatic wisdom.” He argued that the new resolution should serve as a starting point for a political settlement of the nuclear issue on the Korean Peninsula.

Cognizant that the effectiveness of the new sanctions rest heavily on China’s compliance, the Obama administration subsequently engaged closely with Beijing on implementation. Two weeks after UNSCR 2270 was reached, Acting Under Secretary for Terrorism and Financial Intelligence Adam Szubin travelled to Beijing. According to a US Treasury press release, the lead item on Szubin’s agenda was to discuss “ways to strengthen US-China coordination . . . to ensure that sanctions targeting the North Korean regime are as effective as possible.” While Szubin was in China, US Treasury Secretary Jack Lew told a House Appropriations Committee hearing that he concluded from his conversations with high-level officials in China a few weeks prior that the Chinese are not supporting the sanctions as a favor to the United States. “They look across their border and it makes them very nervous that they can’t explain some of the actions that are reckless and that are destabilizing.... That’s why they supported the resolution. They’ve indicated an intention to implement it” Lew asserted.

On March 16, President Obama issued a new executive order to implement both UNSCR 2270 and the North Korea Sanctions and Policy Enhancement Act of 2016, providing additional authorities to US agencies to punish North Korean violators and third-party entities that do



business with North Korea. China was evidently displeased by the US decision to pass unilateral sanctions. When asked whether Beijing was concerned by the US action, the Chinese Foreign Ministry spokesperson stated that China “always opposes any country imposing unilateral sanctions” and opposes “any moves that may further worsen tensions” on the Peninsula.

The US continued to impress upon the Chinese the importance of strict compliance with UNSCR 2270 and privately urged them to provide data on their relevant interactions with North Korea, including imports of minerals. On April 21, US Special Representative for North Korea Policy Sung Kim met his Chinese counterpart. Afterward, he said “China really has a very key role to play ... we want to engage them very closely on all aspects of our North Korea effort.” In a positive move, China indicated on March 19 that it would be “open to three-way talks” with South Korea and the US on implementing the new UN Sanctions on North Korea. This position may signal a willingness by Beijing to explore new dialogue and cooperation mechanisms.

In his annual press briefing after the March 2016 National People’s Congress, Foreign Minister Wang Yi became the highest-ranking Chinese official to refer to ties with Pyongyang as “normal state-to-state relations.” This description, which until then had only been used by a Foreign Ministry spokesman, is a notable downgrade from the traditional characterization of the relationship, as “friendly neighbors,” or “closer than lips and teeth.” Wang’s statement suggests growing strains in Beijing’s relationship with North Korea. Nevertheless, China remains deeply concerned about chaos on the Korean Peninsula and continues to prioritize the preservation of stability. Wang signaled that Chinese policy had not changed in that regard, noting that Beijing would “not sit by and watch a fundamental destruction of the peninsula’s stability.” Given this reality, it is reasonable to question whether China will ease up on implementation of the UN sanctions if it detects signs of instability in North Korea.

Apart from differences over how to respond to North Korea’s nuclear and missile tests, Beijing and Washington remain at loggerheads over the possible deployment of an advanced missile defense system, the Terminal High Altitude Area Defense (THAAD) to protect South Korea and US forces deployed there. The Chinese appear to believe that the system would undermine China’s nuclear retaliatory capability. Speaking in February at the Center for Strategic and International Studies in Washington, Wang Yi, said “we believe China’s legitimate security concerns must be taken into account, and a convincing explanation must be provided to China.”

In late March, Deputy Secretary of State Antony Blinken revealed that the US had offered to hold talks with Beijing about technical aspects of THAAD to reassure the Chinese that the missile defense system would not undermine China’s strategic deterrence. Apparently, China snubbed the offer. The Chinese Foreign Ministry spokeswoman said, “We know the danger of having such a system. While pursuing one’s own security interests, one should take into consideration the others’ security interests.” Beijing’s rejection of US briefings suggest that China views THAAD primarily as a political, not a military, issue, and its opposition is rooted in its concerns about the strengthening of US alliances in Asia.

Meeting on the sidelines of the 2016 Nuclear Security Summit on March 31, President Xi and President Obama highlighted their two countries successful bilateral cooperation on North Korea. Following the summit, US and Chinese media alike noted the two countries commitment

to working together, with the handling of the UN Security Council resolution a shining example of effective US-China collaboration.

### **Climate change cooperation**

The US and China took another major step in their joint efforts to fight global warming when Xi Jinping visited Washington at the end of March. Presidents Xi and Obama agreed that both countries would sign the Paris Agreement on Climate Change on April 22, and would undertake domestic measures to join the Agreement as early as possible this year. This pledge was issued in a joint statement released during Xi's visit, the third joint US-China statement on climate change issued by the two leaders. The statement reviewed the steps taken jointly over the past three years and noted that climate change "has become a pillar of the US-China bilateral relationship."

As promised, the US and China signed the Paris Agreement in New York on April 22. Secretary of State Kerry and Vice Premier Zhang Gaoli, as special envoy of President Xi, attended the signing ceremony. In a meeting between the representatives of their two governments on the sidelines of the signing ceremony, Zhang stressed that China and the US share common interests and responsibilities and called for strengthened dialogue and deepened cooperation to contribute to the sustainable development of global energy.

### **Bilateral investment treaty close to completion?**

After eight years of negotiations, the signing of a bilateral investment treaty (BIT) between the US and China may be in sight. At least that was the message from former Minister of Commerce Chen Deming, who told the Boao Forum for Asia that most of the key issues have been resolved, raising expectations that a BIT might be signed by the end of this year. However, a week later China missed its own end-of-March deadline to submit a new "negative list" proposal to the US that would reduce the number of sectors closed to US investors. When the list is ready, it will be the third negative list exchange, and, according to the US Trade Representative (USTR) spokeswoman, it will be an important milestone. The prior two lists have been judged as too long by the US, which has insisted on a more liberalization of the Chinese investment market.

USTR Michael Froman confirmed in a statement following the March 31 Obama-Xi meeting that the US did not receive a revised negative list from China during the visit. However, he noted that "the negotiating teams are continuing to engage closely to work toward a high-standard bilateral investment treaty, as agreed by Presidents Obama and Xi in September of last year."

Chinese Vice Foreign Minister Zheng Zeguang told reporters that the two presidents pledged to accelerate the BIT negotiations and seek "to arrive at a China-US investment agreement that is mutually beneficial and win-win at an early date." Nevertheless, supporters of the agreement are worried that time is running out to reach an agreement before the end of Obama's presidency.

In late April, Deputy USTR Robert Holleyman said the Chinese had reaffirmed that they attach priority to negotiating a BIT with the US. That said, he added that the Chinese have not indicated when they will submit "an improved negative list." James Zimmerman, president of the American Chamber of Commerce in China, told reporters that he believed China would offer a

revised negative list ahead of the annual US-China Strategic and Economic Dialogue in early June. A survey of AmCham's membership found that the majority expects bilateral negotiations to go beyond Obama's presidency, with an agreement finalized in 2018.

### **Advancing nuclear security cooperation**

On the occasion of the fourth and final Nuclear Security Summit, the US and China highlighted their cooperation to reduce the threat of nuclear terrorism and promote a peaceful and stable international environment. Meeting on the margins of the larger event that included over 50 world leaders, Presidents Xi and Obama released a joint statement outlining bilateral cooperation on nuclear security that enumerated their accomplishments and ongoing engagements. Among the key achievements is the completion and opening on March 18 of the Nuclear Security Center of Excellence (COE) in Beijing. The COE is intended to train Chinese, regional partners, and international representatives in nuclear security as well as provide a forum for bilateral and regional best practice exchanges.

The joint statement also announced the successful completion of the inaugural round of bilateral talks on nuclear security, which were held in Stockholm Sweden on Feb. 20. The talks were co-chaired by Vice Foreign Minister Li Baodong and Laura Holgate, senior director for weapons of mass destruction terrorism and threat reduction on the National Security Council. The two sides affirmed that they plan to hold nuclear security consultations on an annual basis going forward. They also committed to continuing discussions on countering nuclear smuggling.

### **Looking ahead**

The last Strategic and Economic Dialogue of the Obama administration will be held in early June. Concomitantly, the US and China will hold another round of the Strategic Security Dialogue, the joint civilian-military mechanism that focuses on sensitive issues such as nuclear policy, outer space, maritime issues, and cyber security. The second round of the US-China High-Level Joint Dialogue on Cybercrime and Related Issues is also planned for June.

A key upcoming event will be the decision by the arbitral tribunal in the Philippines case against China. That decision is likely to be made in late May or June. There is the possibility that it could be followed by a period of heightened tensions in the South China Sea.

Friction in the South China Sea is likely to be the focus of the Shangri-La Dialogue in Singapore in early June. The *Rim of the Pacific (RIMPAC)* military exercises will be held in the summer, with the exact dates yet to be announced. The Chinese Navy will be participating for the second time. There is a possibility that Defense Secretary Carter will reschedule his visit to China, although the window for a trip may close after the US presidential elections in early November.

## **Chronology of US-China Relations\***

### **January – April 2016**

**Jan. 2, 2016:** China lands a civilian aircraft on Fiery Cross Reef for the first time.

**Jan. 6, 2016:** US National Security Adviser Susan Rice meets with China's Ambassador to the US Cui Tiankai to discuss North Korea's nuclear test.

**Jan. 6, 2016:** China lands two large civilian aircraft on Fiery Cross Reef, drawing more protests from Vietnam and the Philippines.

**Jan. 7, 2016:** Secretary of State John Kerry speaks by phone with Foreign Minister Wang Yi regarding North Korea's nuclear test, the Iran nuclear deal, and Syria.

**Jan. 9, 2016:** Chinese Navy hospital ship *Peace Ark* docks in Honolulu, Hawaii after a completing its three-month *Harmonious Mission 2015* humanitarian assistance exercise.

**Jan. 11, 2016:** Vice Foreign Minister Li Baodong meets visiting Assistant Secretary of State for International Security and Nonproliferation Thomas Countryman to discuss bilateral cooperation on nonproliferation and North Korea's nuclear test.

**Jan. 20, 2016:** Wu Shengli, commander of the PLA Navy, holds a scheduled video teleconference with John Richardson, US chief of naval operations.

**Jan. 20-21, 2016:** Deputy Secretary of State Antony Blinken visits China to co-host the interim Strategic Security Dialogue with Executive Vice Foreign Minister Zhang Yesui. He also meets Taiwan Affairs Office Director Zhang Zhijun to discuss Taiwan.

**Jan. 27, 2016:** Secretary of State John Kerry visits China to discuss a range of global, regional, and bilateral issues, including North Korea, South China Sea and cyber security.

**Jan. 28-29, 2016:** US Special Representative for North Korea Policy Sung Kim visits Beijing and meets Chinese counterpart Wu Dawei.

**Jan. 30, 2016:** *USS Curtis Wilbur*, a US Navy destroyer, sails within 12nm of Chinese-occupied Triton Island in the Paracels, conducting a freedom of navigation operation.

**Feb. 2, 2016:** Vice Premier Wang Yang meets US Trade Representative Michael Froman in Beijing. They discuss economic and trade issues, including a bilateral investment treaty (BIT).

**Feb. 3, 2016:** Vice Premier Wang Yang holds telephone conversation with Treasury Secretary Jacob Lew on the bilateral investment treaty and this year's G20 Summit in China.

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\* Chronology compiled by CSIS intern John Chen

**Feb. 5, 2016:** President Barack Obama speaks by telephone with President Xi Jinping to discuss North Korea's planned missile test.

**Feb. 12, 2016:** Foreign Minister Wang Yi and Secretary of State Kerry focus on North Korea in a meeting on the sidelines of the Munich Security Conference. Foreign Minister Wang also expresses China's opposition to the possible deployment of the THAAD missile defense system in South Korea.

**Feb. 19, 2016:** US Department of Commerce launches an anti-dumping and countervailing duty investigation into tires for trucks and buses imported from China.

**Feb. 20, 2016:** China and the US hold the first nuclear security dialogue co-chaired by Vice Foreign Minister Li Baodong and Senior Director of the NSC Laura Holgate.

**Feb. 23-25, 2016:** Foreign Minister Wang visits Washington. He meets Secretary of State Kerry and National Security Adviser Susan Rice. President Obama drops by the meeting with Rice.

**Feb. 28, 2016:** Vice Premier Wang Yang meets Treasury Secretary Lew in Beijing to discuss bilateral economic ties.

**Feb. 29, 2016:** Premier Li Keqiang meets Treasury Secretary Lew to discuss economic relations and the upcoming G20 summit.

**March 1, 2016:** Vice Foreign Minister Liu Zhenmin meets US Special Envoy for Climate Change of the State Department Todd Stern in Beijing.

**March 3, 2016:** Director General of the Department of Arms Control of the Foreign Ministry Wang Qun visits Washington and meets Under Secretary of State Rose Gottemoeller, Senior Director of the White House National Security Council Laura Holgate, and Assistant Secretary of State for Arms Control Frank Rose.

**March 9, 2016:** Foreign Minister Wang Yi speaks by telephone with Secretary of State Kerry about the situation on the Korean Peninsula.

**March 14, 2016:** State Councilor Guo Shengkun meets Director of the Federal Bureau of Investigation James Comey to discuss cooperation in cyber security and anti-terrorism.

**March 15, 2016:** FBI Director Comey meets Secretary of the Central Political and Legal Affairs Commission of the Chinese Communist Party Meng Jianzhu to discuss law enforcement cooperation. Meng says asks for cooperation in chasing Chinese fugitives and their illegal assets.

**March 15-16, 2016:** Acting Under Secretary for Terrorism and Financial Intelligence Adam Szubin from the US Treasury Department visits China and Hong Kong to discuss ways to implement sanctions on North Korea.

**March 16, 2016:** Vice Premier Zhang Gaoli meets Secretary of Energy Ernest Moniz in Beijing, calling for closer energy cooperation between the two nations.

**March 17, 2016:** China voices opposition to new sanctions imposed by the US on the North Korea, saying “China has always opposed any unilateral sanctions by any country.”

**March 17, 2016:** Chief of Naval Operations Adm. John Richardson says the US has seen Chinese activity around Scarborough Shoal that could be a precursor to more land reclamation.

**March 18, 2016:** The largest nuclear security center in the Asia-Pacific region, constructed by the China Atomic Energy Authority (CAEA) and the US Department of Energy, opens in Beijing. The center has the capacity to train about 2,000 nuclear security staff from China and other Asia-Pacific nations annually.

**March 31, 2016:** Presidents Obama and Xi meet on the margins of the Nuclear Security Summit in Washington.

**April 12-15, 2016:** US, China and 14 other countries conduct multilateral exercises in Indonesia.

**April 21, 2016:** Special Representative of the Chinese Government for Korean Peninsula Affairs Wu Dawei meets US Special Representative for North Korea Policy Sung Kim in Beijing.

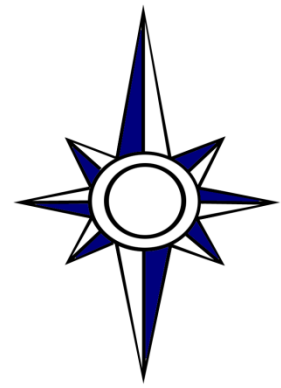
**April 22, 2016:** Secretary of State Kerry meets Vice Premier Zhang Gaoli in New York at the signing ceremony of the Paris Agreement on Climate Change.

**April 22, 2016:** Assistant Secretary of State for East Asia and Pacific Affairs Daniel Russel delivers a speech titled “China’s Growing Pains” at the University of Southern California.

**April 27, 2016:** Deputy Secretary of State Blinken testifies before the Senate Foreign Relations Committee on “US-China Relations: Strategic Challenges and Opportunities.”

**April 28, 2016:** Chinese Ministry of Foreign Affairs notifies the US that it will not permit the *USS John C. Stennis* and its escort ships to visit Hong Kong.

**April 28, 2016:** US puts China, along with Japan, Germany, South Korea and Taiwan, on a new currency watch list under a law passed in February that seeks to enforce US trade interests.



**US-Korea Relations:  
Fire, Ire, and Exercises**

**Stephen Noerper, The Korea Society**

US and South Korean concerns spiked in early 2016 as North Korea demonstrated worrying advances in nuclear weapon and missile technology. Despite a rather placid New Year address, Kim Jong Un raised international alarm with the DPRK's fourth nuclear test on Jan. 6. A month and a day later, North Korea launched a three-stage rocket, a direct violation of a UN missile ban. In the US, Congress passed more rigorous sanctions legislation, seeking to stem financial flows and punish second-party facilitators. On March 3, UN Security Council Resolution 2270 calling for tougher sanctions passed unanimously. Seoul added its own unilateral sanctions on March 8. Meanwhile, Kim Jong Un's display of a nuclear device and reentry technology, failed intermediate-range missile tests, and a successful submarine-launched ballistic missile test added to growing concerns. ROK President Park Geun-hye called for additional multilateral efforts, such as enhanced five-nation coordination. While North Korea is pushing back hard, some observers suggest its provocations and rhetoric may be as much for domestic as foreign consumption in the lead-up to the highly anticipated Party Congress in May, a first in 36 years.

**Test, launches, and threats**

Seismic activity signaled the DPRK's fourth nuclear test early on Jan. 6, a test the North's media deemed a "complete success" and labeled a "hydrogen bomb." International experts downplayed the likelihood of a true thermonuclear device based on the relatively low yield of the explosion. However the likelihood of elements of such a device, the stream of invectives, and ensuing displays signaled improvements in, or at the very least aspirations toward, miniaturization and delivery of a thermonuclear device. Analysts in the US and South Korea remain divided on the extent of North Korea's advances, with Monterey's Jeffrey Lewis asserting that its technological advances have been consistently underestimated. Detractors doubt the efficacy of reentry technology without an actual long-range missile test.

Tensions heightened as North Korea railed against the upcoming US and ROK military exercises. *Key Resolve* and *Foal Eagle* engaged more than 300,000 ROK troops and 17,000 US forces, the largest exercise between the two allies to date. The allies tested *Operations Concept 5015 (OPCON 5015)*, which was signed in June 2015 and included preemptive strikes on the DPRK. North Korea condemned the exercises as provocative and explicitly aimed at "decapitating" Pyongyang's leadership. Some US observers applauded the increased intensity given the expanding DPRK threat, while others expressed concern that the advance signaling

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about the expansion inflamed DPRK concern. The DPRK responded with a barrage of short-range missile tests alongside its heated rhetoric.

South Korea offered an assessment that North Korea had the ability to deliver up to a 1,000-pound nuclear warhead atop its *Rodong* missile, putting South Korea and most of Japan within range. Despite the public announcement, many US analysts felt that it signaled no real technological advance, although they expressed concern about the understandable fear registered among its allies. (At the Security Council and in private, Chinese and Russian analysts also expressed growing concerns about the DPRK *Rodong* delivery threat, as well as the proximity of the January nuclear test to the Chinese and Russian borders.)

On April 15, a road-mobile intermediate-range missile test dramatically failed – a setback for North Korea’s Kim Jong Un on the anniversary of his grandfather’s birth, the DPRK’s most important holiday. Seoul and Washington were quick to point out that the failed tests pose a threat by showing DPRK intentions and providing valuable lessons learned. They also warned that following this failure, Kim might be more determined to seek success by conducting a fifth nuclear test. A late April submarine-launched ballistic missile test by the DPRK was hailed as an “eye opening” success by Kim, raising international ire at the UN, despite the missile going a mere 30km. The display was reportedly one of “cold launch,” technology, signaling a vertical launch capability from a submarine. Amid the continued tests and launches, North Korean Foreign Minister Ri Su Yong, in New York for the Paris climate accords signing in late April, offered a halt to DPRK nuclear testing in exchange for cessation of US-ROK military exercises. Though dismissed by President Obama and most US and ROK analysts, some suggested it represented a potential opening that might be considered.

### **Park’s about face**

South Korean President Park Geun-hye was quick to denounce the January test with several statements. On Jan. 13, she addressed the nation, noting the serious nature of the fourth nuclear test and calling for a strengthening of ROK-US combined defense capabilities to include enhanced missile deterrence against the DPRK. At a Jan. 19 Cabinet meeting and a meeting of her national security team on Jan. 22, Park demanded a tightening of sanctions and five-party talks. The ROK military resumed loudspeaker broadcasts (silent since the August 2015 flare-up at the DMZ) and leaflet drops across the zone. Deeply angered, President Park delivered a stern address on the floor of the ROK National Assembly on Feb. 16. She explained her break from the prior policy of engaging North Korea and the decision to shut-down the Kaesong Industrial Complex. By late spring, most US and South Korean analysts saw *trustpolitik* as dead, with little likelihood of a reboot without serious gestures by the North.

Another result of the February satellite launch, which saw first-stage debris fall off South Korea and second-stage debris off the Philippines, was a shift forward by Park on South Korea’s acceptance of the deployment of the US Terminal High Altitude Area Defense (THAAD) system on the peninsula. With Park first broaching the subject in her national address, ROK Defense Minister Han Min-koo described THAAD as militarily necessary in late January. At the recommendation of UNC/CFC/USFK Commander Gen. Curtis Scaparrotti, the US and ROK



issued an announcement calling for a joint evaluation of a THAAD deployment and stating that the focus would be the DPRK, not China.

Despite China's ambassador to the ROK warning of dire consequences and a delay for UN sanctions negotiations, a senior military working group met in early March to outline system deployment considerations. In addition to Chinese opposition, US and ROK officials would face an array of challenges in deploying the system, including cost and domestic opposition. *Defense News* reports a single THAAD unit of six mobile launchers, 49 interceptors, fire control and communications, and the AN/TPY-2 radar runs \$1.6 billion, making the division of costs between the allies a question. *Yonhap* notes that several Korean cities oppose being deployment sites.

Park's move on THAAD is significant. She had courted Beijing, meeting frequently with Chinese President Xi Jinping, and attending the early September Beijing commemoration of the end of World War II. The South Korean establishment hedged accordingly on THAAD, claiming a squeeze between the US and China. Rising anxiety about the North changed that equation fundamentally, leading Park to disregard Xi's concerns. Adding fuel to the fire, Xi reportedly waited a month after the DPRK nuclear test to take Park's call, unusual given the perception of a warm relationship between the two, who had met numerous times since assuming their respective presidencies in 2012.

### **All options on the table**

Washington also condemned the latest DPRK action. Congress underscored its displeasure with the Senate voting 96-0 in support of [House Resolution 757](#), the *North Korea Sanctions Policy and Enhancement Act of 2016*. The measures provided for a tightening of the financial noose and secondary sanctions, with an eye to nuclear, missile, human rights, and cyber security threats. President Obama signed the bill into law mid-February, and on March 18 issued [Executive Order 13722](#), *Blocking Property of the Government of North Korea and the Workers Party of Korea, and Prohibiting Certain Transactions with Respect to North Korea*.

US military leaders underscored their resolve. US Pacific Command's Adm. Harry Harris, alongside UNC/CFC/USFK Commander Gen. Scaparrotti, testified in late February before the Senate and House Armed Services Committees that all options were on the table, including, in direct response to a Senate query, striking DPRK nuclear facilities. They noted support for THAAD deployment and other increases in capabilities. Their testimony, alongside US-ROK exercises, reflected an uptick in threat assessment, driven home in April by the Hill testimony of the incoming US commander in Korea, Gen. Vincent Brooks. He condemned the DPRK threat as real, immediate and advancing, with a focus on DPRK technological enhancements.

### **Electoral sway**

Domestic politics in both South Korea and the US took their own turns, raising some questions about national security positions. In South Korea, President Park and the ruling Saenuri party were dealt a serious blow in the April National Assembly elections, which left the conservative party without a parliamentary majority for the first time since 2000. Saenuri secured only 122 seats in contrast to the opposition Minjoo Party's 123 seats and the opposition breakaway

People's Party, led by tech titan Ahn Cheol-soo, a surprising 38 seats. Though voter concerns appeared to be primarily economic, focusing on jobs, household debt, and an economic morass associated with China's slowdown, observers suggested that some voters were signaling concern that the shift away from engagement with the North, especially with the shuttering of Kaesong, was too much.

*New York Times* Seoul bureau chief Choe Sang-hun suggested in the election aftermath that President Park might turn now toward primarily foreign and security policy areas, given likely gridlock on economic reform with a split Parliament. He pointed to her interest in President Obama's legacy strides with Myanmar and Cuba. However, most US analysts feel the personal, degrading diatribe against Park by the DPRK during her tenure and the National Assembly floor speech effectively closes off any political space for a meeting with Kim Jong Un. Talk of an inter-Korean leaders meeting has been a flirtation popular with South Korea's presidents concerned with a late-term legacy. Deputy Secretary of State Antony Blinken, in Seoul in April, invoked Iran, Myanmar, and Cuba when addressing the benefits of negotiation over conflict in dealing with North Korea. The battle over the 2017 ROK presidential elections meanwhile is accelerating. UN Secretary General Ban Ki-moon and People's Party head Ahn Cheol-soo appear to be possible candidates in the wake of the April National Assembly elections.

By way of US electoral politics and national security concerns, South Korean and US media reacted with puzzlement and alarm over leading Republican contender Donald Trump's comments on April 2 that Seoul (alongside Tokyo and Berlin) would need to increase burden-sharing for US forces. Implying a free ride for South Korea – quickly disputed publicly by US Ambassador to Korea Mark Lippert – Trump also suggested that South Korea and Japan should pursue their own nuclear weapons development as a counter to the threat from North Korea, raising the dangerous specter of an arms race in East Asia. The topsy-turvy nature of the US presidential primary campaign season is unsettling to many South Korean observers of the US political process, fueling quiet thoughts of developing more autonomous capabilities and questions about US long-term commitment.

## **Chronology of US-Korea Relations** **January – April 2016**

**Jan. 1, 2016:** DPRK leader Kim Jong Un offers a New Year address promising war against “invasive” outsiders, but withholding mention of DPRK nuclear development.

**Jan. 6, 2016:** North Korea conducts a fourth nuclear test of what it claims is a hydrogen bomb. Analysts dismiss the likelihood of a thermonuclear device.

**Jan 13, 2016:** ROK President Park Geun-hye addresses the public on the North Korean threat after the nuclear test and calls for enhancements in ROK-US defense readiness, to include consideration of the US Terminal High Altitude Area Defense (THAAD) system.

**Jan. 15, 2016:** The US Congressional Research Service releases its report, *North Korea-US Relations, Nuclear Diplomacy and the Internal Situation*.

**Jan. 16, 2016:** US Deputy Secretary of State Antony Blinken meets ROK Foreign Affairs Vice Minister Lim Sung-nam and Japanese Foreign Affairs Vice Minister Saiki Akitaka in Tokyo to discuss trilateral cooperation in response to the DPRK nuclear test and other issues.

**Jan. 18-19, 2016:** ROK Foreign Affairs Deputy Minister Shin Dong-ik meets UN ambassadors from the US, China, Japan, UK, and other permanent and nonpermanent UNSC member nations.

**Jan. 19-20, 2016:** Deputy Secretary of State Blinken meets ROK Foreign Affairs Minister Yun Byung-se and ROK Defense Minister Han Min-koo in Seoul, calling on China to play an “active leadership” role on DPRK nuclear concerns.

**Jan. 25, 2016:** Defense Minister Han Min-koo describes THAAD deployment as a military necessity, a shift forward from the ROK’s prior wavering.

**Jan. 26-27, 2016:** US Secretary of State John Kerry meets Chinese President Xi Jinping and Foreign Minister Wang Yi to discuss the North Korean nuclear test and a UN Security Council sanctions resolution.

**Jan. 27-28, 2016:** US Undersecretary for Political Affairs-designate Thomas Shannon visits the DMZ and holds bilateral discussions on the ROK-US alliance, global cooperation, and North Korea policy.

**Feb. 7, 2016:** North Korea launches a satellite, the *Kwangmyongsong-4*, in violation of UN missile bans.

**Feb. 8, 2016:** UN Security Council meets and strongly condemns DPRK launch.

**Feb. 9, 2016:** Presidents Park Geun-hye and Barack Obama and then Prime Minister Abe Shinzo discuss the DPRK’s satellite launch by phone.

**Feb. 9, 2016:** US Director of National Intelligence James Clapper confirms the DPRK has facilities capable of uranium enrichment and a plutonium production facility at Yongbyon, which was shuttered in 2007. He cautions that plutonium could be reprocessed in weeks to months.

**Feb. 9, 2016:** Foreign Minister Yun Byung-se meets in New York with UN Secretary General Ban Ki-moon and Secretary of State Kerry on a stricter UN resolution against the DPRK.

**Feb. 10, 2016:** US Senate passes HR 757 (North Korea Sanctions and Policy Enhancement Act of 2016) with a 96-0 vote, aimed at the DPRK’s nuclear development, human rights violations, and cyber threat.

**Feb. 10, 2016:** President Park announces the closure of the Kaesong Industrial Complex.

**Feb. 11, 2016:** Gen. Joseph Dunford, Gen. Lee Sun-jin (remote) and Adm. Kawano Katsutoshi address measures to counter the DPRK threat, such as trilateral intelligence sharing.

**Feb. 12, 2016:** US State Department Bureau of East Asian and Pacific Affairs releases a [\*Fact Sheet on US Relations with North Korea\*](#).

**Feb. 16, 2016:** President Park addresses the National Assembly on the shift to a hardline policy against North Korea, including the Kaesong shutdown.

**Feb. 18, 2016:** President Obama signs HR 757, the North Korea Sanctions and Policy Enhancement Act, into law.

**Feb. 18, 2016:** Deputy Secretary of State Blinken and ROK Deputy National Security Advisor Cho Tae-yong meet in Washington to discuss North Korea provocations.

**Feb 19, 2016:** US Naval Forces Korea opens new headquarters in Busan, following relocation from Yongsan.

**Feb. 23-24, 2016:** Commander, US Pacific Command Adm. Harry Harris and UNC/CFC/USFK Commander Gen. Scaparrotti provide Congressional testimony on DPRK provocations.

**Feb. 26, 2016:** Assistant Secretary of State for Asian and Pacific Affairs Daniel Russel meets Foreign Minister Yun Byung-se and Deputy Minister Kim Hong-kyun in Seoul to discuss DPRK provocations and bilateral and regional issues.

**March 2, 2016:** Foreign Minister Yun Byung-se delivers a keynote address to the UN Human Rights Council, underscoring cooperation against DPRK human rights abuses.

**March 2, 2016:** UNSC unanimously adopts Resolution 2270, the strongest sanctions yet imposed on the DPRK.

**March 3, 2016:** US and ROK launch a High-Level Bilateral Commission on Nuclear Energy in Washington to better coordinate nuclear cooperation as part of the new 123 Agreement.

**March 4, 2016:** US and ROK agree to create a joint working group on THAAD deployment.

**March 7-April 7, 2016:** US and ROK Marine Corps share in the enlarged *Ssang Yong 2016* military exercises, a biennial amphibious landing drill.

**March 7-April 30, 2016:** US and ROK conduct the *Key Resolve* and *Foal Eagle* combined exercises. Command post exercise *Key Resolve* runs March 7-18.

**March 11, 2016:** US Special Representative for North Korea Policy Sung Kim and ROK Special Representative for Korean Peninsula Peace and Security Affairs Kim Hong-kyun meet in Washington to discuss DPRK nuclear issues.

**March 16, 2016:** The White House issues Presidential Executive Order 13722, leveling new sanctions against the DPRK.

**March 21, 2016:** Defense Secretary Carter announces the nomination of US Army Pacific Commander Gen. Vincent Brooks to replace Gen. Scaparrotti as UNC/CFC/USFK commander.

**March 21, 2016:** Special Representative Sung Kim and Sanctions Policy Coordinator Daniel Fried meet Special Representative Kim Hong-kyun in Seoul to address UNSCR 2270, unilateral sanctions, and international coordination on DPRK provocations.

**March 23, 2016:** UN Human Rights Council (UNHRC) adopts a resolution on DPRK human rights, renewing the mandate of the special rapporteur and calling for a panel of independent experts to recommend mechanisms of accountability for the victims and ICC.

**March 24, 2016:** The Blue House holds an ad-hoc emergency National Security Council session to address inter-Korean tensions resulting from photos in the DPRK's *Rodong Sinmun* of bombing drills targeting key Seoul facilities.

**March 25, 2016:** State Department releases a fact sheet offering US support and co-sponsorship of the UNHRC resolution on DPRK human rights.

**March 31-April 1, 2016:** President Obama and President Park attend the fourth and final Nuclear Security Summit (NSS) in Washington. They meet Prime Minister Abe on the sidelines.

**April 2-6, 2016:** US Ambassador for North Korean Human Rights Robert King visits Korea, urging consideration of all human rights violators in the DPRK regime.

**April 13, 2016:** President Park and ruling Saenuri party lose seats in the National Assembly elections. The opposition parties gain seats and mandates.

**April 14, 2016:** US and ROK hold a first meeting of the High-Level Bilateral Commission on Nuclear Energy, chaired by ROK Foreign Affairs Vice Minister Cho Tae-yul and Deputy Secretary of Energy Elizabeth Sherwood-Randall.

**April 15, 2016:** DPRK intermediate-range missile launch fails on the anniversary of Kim II Sung's birth.

**April 19, 2016:** Incoming UNC/CFC/USFK Commander Gen. Brooks defends the cost effectiveness of stationing troops in Korea in Congressional testimony.

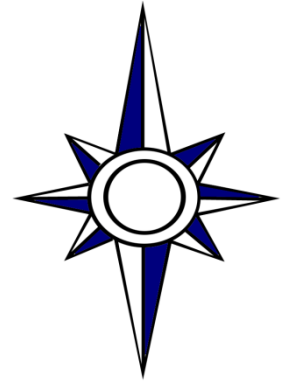
**April 23, 2016:** DPRK conducts a submarine-launched ballistic missile launch off its east coast.

**April 23, 2016:** DPRK Foreign Minister Ri Su Yong proposes in an interview a halt to DPRK testing in exchange for a curtailment of US-ROK military exercises.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**Sheldon Simon**  
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## **US-Southeast Asia Relations: ASEAN Centrality?**

The mid-February ASEAN-US Summit was the Obama administration's effort to show ASEAN's central role in the US rebalance to Asia. It was only partially successful. Several new business initiatives, labeled "US-ASEAN Connect," were inaugurated to link US and ASEAN entrepreneurs. However, security cooperation hardly advanced as the joint declaration reemphasized the importance of sovereignty and autonomy among ASEAN members and the sacrosanct nature of noninterference in members' affairs. While maritime security was included, the declaration did not mention US freedom of navigation (FON) patrols or the South China Sea disputes. In January, the Philippine Supreme Court cleared the way for the Philippine-US Enhanced Defense Cooperation Agreement, under which US forces are permitted rotational access to several Philippine military bases. The US forces will train with their Philippine counterparts, enhancing interoperability. Washington plans to increase the frequency and "complexity" of FON patrols near the artificial islands built by China, and the US has begun joint patrols with Philippine ships. Washington also announced a Southeast Asian Maritime Security Initiative that includes a \$425 million multi-year appropriation for regional capacity to improve maritime domain awareness and patrols.

### **The US-ASEAN Sunnylands Summit: high hopes, modest achievements**

In its valedictory year, the Obama administration hoped to secure its ASEAN bonds with a summit in Sunnylands, California. At the two-day event, the US president and secretary of state met most of their counterparts from the 10 ASEAN countries. As an institution, ASEAN desires to maintain its centrality in Southeast Asian security affairs, particularly with respect to South China Sea maritime disputes. Washington is prepared to provide diplomatic support for that ambition. By relying on ASEAN's leadership in regional security organizations such as the ASEAN Regional Forum (ARF), ASEAN Defense Ministers Meeting Plus (ADMM+) the East Asia Summit (EAS) and the Expanded ASEAN Maritime Forum, the Obama administration has been able to associate its policy preferences for rule of law, the peaceful settlement of disputes, and diplomatic consultations for the creation of a code of conduct for the South China Sea with Asia's most prominent security institutions led by ASEAN. (Even the PRC accepts ASEAN leadership in these organizations.)

The ASEAN countries are collectively the fourth largest US trading partner and US companies constitute the leading source of foreign direct investment (FDI) in ASEAN. At \$226 billion, US

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FDI has almost doubled since 2008 and it has invested more in ASEAN than have China, Japan, and South Korea combined. With a population exceeding 620 million, ASEAN's collective gross domestic product is \$2.4 trillion, the third largest in Asia after China and Japan. The US is ASEAN's fourth largest trading partner behind China, the European Union, and Japan. By inviting ASEAN's collective leadership to Sunnylands, the Obama administration hoped to strengthen regional institutions and support the liberal international order.

The summit's achievements were limited, however. The [Sunnylands Declaration](#) contained several new business initiatives, including a program called "US-ASEAN Connect" through which the US will set up "hubs" across the region to connect entrepreneurs and business people. "ASEAN Connect Centers" will be created in Jakarta, Singapore, and Bangkok to serve as points of contact for local businesses wanting to connect with US partners. Nevertheless, the declaration also stressed the importance of respecting each other's sovereignty, reflecting ASEAN reluctance to allow the US to become involved in ASEAN states' domestic affairs. Politically, the joint statement emphasized maritime security, safeguarding freedom of navigation and overflight, but the South China Sea disputes were not specifically referenced. Nor was ASEAN support for US FON operations. In fact, as William Tow of the Australian National University points out in a March 9 article in the *ISEAS Perspectives* series: "Washington ... privileges alliance politics and bilateralism over collective security as the best means for implementing crisis response in Asia, thus implicitly diluting 'ASEAN centrality'."

In a Feb. 16 news conference discussing the summit, President Obama stated that lowering tensions in the South China Sea required "a halt to further reclamation, new construction, and militarization of the disputed areas." Yet, this US position did not make it into the declaration. Obama also spoke of "disputes between claimants in the region [being] resolved peacefully through legal means such as the upcoming arbitration ruling under the United Nations Convention on the Law of the Sea." This position was not part of the declaration either.

As for the Trans-Pacific Partnership (TPP), now awaiting ratification by signatories, discussions on the sidelines at Sunnylands revealed concerns by a number of ASEAN members that the upcoming US election and resistance in the US Congress to trade agreements might block US ratification. Without US leadership, the TPP would be stillborn.

In sum, Sunnylands showed Washington's commitment to the institutionalization of ASEAN and sent a signal to the next US president of ASEAN's importance for US security. As for the South China Sea conflicts, divisions among ASEAN states prevented inclusion in the communiqué of maritime security challenges specific to China that were advocated by the Philippines and Vietnam. Objections from Cambodia and Laos vetoed any mention. Vientiane and Phnom Penh also blocked the Philippine call to include "arbitration" as a means of settling disputes.

### **Philippines: EDCA approval clears the way**

On Jan. 12, by a vote of 10-4, the Philippine Supreme Court cleared the way for implementation of the Philippine-US Enhanced Defense Cooperation Agreement (EDCA). Originally signed in 2014, implementation was delayed due to a legal challenge over whether the agreement was a treaty needing the concurrence of the Philippine Senate or an executive agreement that did



not. The Supreme Court ruled EDCA was an executive agreement, paving the way for the US military to station troops and equipment on a rotating basis at selected Philippine bases. At a meeting in Washington with Philippine officials that coincided with the Supreme Court decision, Secretary of State John Kerry stated: “We look forward to implementing this accord, which will increase the interoperability of our armed forces and contribute to modernization and improve our joint capacity...” The 10-year accord gives the US locations less than 500 miles from islands built by the PRC. In welcoming the Supreme Court decision, Kerry reiterated that “the United States has an ironclad commitment to the security of the Philippines.”

Philippine leaders have also praised EDCA’s promise. Sonny Solma, a spokesman for President Benigno Aquino, called EDCA a “generational” leap in defense capabilities for the Philippines, which has one of the weakest militaries in Asia. Senator Antonio Trillanes, chairman of the national defense and security committee, said the stronger US military presence “will have some psychological effect on the Chinese, knowing that the Philippines won’t be alone in this part of the world anymore.”

Under the agreement, the US will only build facilities within Philippine military bases, and no US troops, ships, or planes will be permanently deployed in the country. Much of the US effort under EDCA will be devoted to revamping the Philippine armed forces, particularly the Navy and Air Force. Until this year, the latter had only two flyable jet aircraft; the largest ship in the Navy is a second-hand US Coast Guard cutter. Last year, the Philippines asked for \$300 million in US military aid. Manila was given \$80 million by Washington, continuing to make the country the largest recipient of US military aid in Southeast Asia. On its own, the Philippines has appropriated funds to acquire a dozen *FA-50* fighter jets from South Korea, the biggest modernization project for the armed forces. The Navy is also purchasing two frigates.

Philippine opponents of the EDCA, though reluctantly acquiescing to the Supreme Court decision, argue that the agreement does not, in fact, commit the US to come to the defense of Philippine forces in the event of armed conflict with China over disputed islands or shoals. The 1951 Mutual Security Treaty refers only to an attack on Philippine territory and does not provide any assurance with respect to territories in dispute with other countries. However, Philippine media have praised EDCA’s validation. Typical was a Jan. 15 editorial in the *Philippine Daily Inquirer* that extolled the public’s support for the agreement.

US Ambassador to the Philippines Philip Goldberg in early February announced that Washington has earmarked funds under EDCA for the preparation of US facilities on five Philippine bases. Defense Secretary Voltaire Gazmin said the initial five locations are Antonio Bautista Air Base in the western island of Palawan near the South China Sea, Basa Air Base in Pampanga, Fort Magsaysay in Nueva Ecija, Lumbia airport in Cagayan de Oro and the Mactan-Benito Ebuen Air Base in Mactan. All US deployments from these bases require Philippine approval. However, it is noteworthy that all five locations are Philippine air bases rather than naval facilities. Neither of the traditional US bases, Clark Air Base and Subic Bay, was included, though Subic Bay can be used to resupply US ships. EDCA requires the US to operate only within existing Philippine military bases and neither Subic nor Clark is a military base any more. The latter is one of the country’s busiest airports and a booming economic zone, while the former is a commercial port and industrial zone. Nevertheless, visiting the Philippines in April,

Secretary of Defense Ashton Carter said that more bases could be added to the number available for US rotations and that both Clark and Subic in some form could be used by US forces.

When the US and Philippine foreign and defense ministers met in a 2+2 meeting in January, Manila proposed joint maritime patrols on the South China Sea. In early February, Ambassador Goldberg stated that the US could consider the possibility of conducting “freedom of navigation” patrols in contested waters. *Reuters* reported in mid-April that joint patrols had begun in March and were continuing. Also in April, the two allies launched the annual *Balikatan* military exercises that have evolved from counterterrorism maneuvers against radical Islamists such as the Philippines’ Abu Sayyaf to current scenarios that involve retaking territory controlled by an adversary. There were 55 US combat aircraft involved in this year’s exercises as well as 5,000 US forces and 3,500 Filipinos, plus smaller contingents from Australia and Japan. A major purpose of the exercises is to enhance interoperability among the participants. For the first time, Secretary of Defense Carter observed a portion of the maneuvers, indicating their importance for the US rebalance to the region. During *Balikatan*, Carter also stated that a small number of US marines will remain in the Philippines on a rotational basis.

Subsequently on April 15, Secretary Carter stated that the US would position 200 pilots and crew members as well as six aircraft and three helicopters at the former Clark Air Base. Five of the aircraft will be *A-10* ground attack planes, which seem more appropriate for counterinsurgency than maritime surveillance. Another aircraft is designed to transport Special Forces – again suggesting a counterinsurgency mission. Nevertheless, the US defense secretary emphasized that flight operations would “lay the foundation for joint air patrols to complement ongoing maritime patrols.” The US also plans to establish a command-and-control center in the Philippines to coordinate the joint operations. An open question remains as to how “joint” the patrols will be since the Philippines possesses one of the weakest navies and air forces in Southeast Asia. While these particular US forces will probably rotate out of the Philippines in May, others are scheduled to replace them. Time will tell whether the next air force infusion is more appropriate for sea surveillance.

### **Closer defense ties with Vietnam**

Vietnam-US defense ties have developed gradually in recent years. The legal underpinning for current military relations is found in the 2011 Memorandum of Understanding (MOU) on five areas of defense cooperation covering dialogue, exercises, and training. US Navy ships visit Vietnam’s ports and top defense officials travel to each other’s capitals. The two defense organizations cooperate in the ASEAN Defense Ministers Meeting (ADMM+). Nevertheless, full-scale defense cooperation is restricted because of the continuation of a partial US arms embargo, Washington’s slow approval process for weapons sales, and the generally negative attitude in the US Congress toward Vietnam’s human rights record. Moreover, Hanoi’s need to balance ties between the US and China means that Vietnam cannot move entirely into the US camp. Strategically, Vietnam follows a “three no’s policy”: no foreign troops on Vietnam’s soil, no alliance with one country against another, and more generally, no alliances with foreign powers at all. However, as Vietnam specialist Carl Thayer noted in his January 2016 *Background Briefing*, since the mid-2014 Chinese deployment of an oil rig in Vietnam’s EEZ,

eight members of the Vietnam Communist Party's 14-member Politburo have visited the United States. And, Washington has pledged to help Vietnam enhance its Coast Guard.

Hanoi is also an original signatory of the Trans-Pacific Partnership (TPP) agreement in an effort to reduce economic dependence on China. Whether Vietnam can meet the TPP's high standards for free labor unions and privatizing state-owned enterprises is problematic, however, though the US has granted Vietnam a five-year transition period plus another two years during which Washington will judge Hanoi's progress.

### **Cambodia: improving economic relations, continuing political problems**

Of the ASEAN 10, Cambodia and Laos have been the outliers with respect to the South China Sea. Cambodia particularly has been dependent on the PRC for economic aid and political support. Prior to the Sunnylands ASEAN-US Summit, Secretary of State Kerry visited both capitals in an effort to urge ASEAN unity at the California meeting. He was unsuccessful. Cambodian Foreign Minister Hor Namhong stated his country's position on the South China Sea remained unchanged – individual countries should settle disputes among themselves without involving ASEAN, mirroring China's position that ASEAN is not a party to territorial disputes.

While the US is Cambodia's biggest trade partner with over \$3 billion in annual textile exports to the US, this has not led to any political leverage for Washington. In fact, Foreign Minister Hor Namhong said he was unhappy with the Secretary Kerry's complaint that Cambodia was siding too much with China. In a Jan. 27 commentary carried by Phnom Penh's *Sin Chew Ri Bao Online*, he complained that Kerry had "interfered in Cambodia's independence and sovereignty." The reference was probably to Kerry's statement in Phnom Penh that democratic governments must ensure that elected representatives can do their jobs "without fear of attack or arrest" – a veiled allusion to self-exiled opposition leader Sam Rainsy and others facing politically motivated charges.

### **Japan's growing South China Sea involvement**

Under Prime Minister Abe Shinzo over the past two years, a number of legislative changes have been made that permit Japanese forces to deploy more actively in adjacent seas and to collaborate more closely with friends and allies, particularly with respect to maritime security. Japan signed a defense cooperation agreement with the Philippines early this year, permitting the transfer of military hardware to the Philippine Coast Guard. The two countries are also discussing an agreement that would enable Japanese ships and aircraft to refuel and resupply in the Philippines. In late February, Tokyo announced it is also working to conclude agreements to transfer defense equipment to Indonesia and Malaysia.

In particular, Manila is asking for sea surveillance aircraft from Japan, and, in early March an agreement was reached to lease five *TC-90* training aircraft, which will be used to patrol Philippine maritime boundaries. The Philippines is the first ASEAN country to sign such an accord with Japan. The agreement stipulates that Manila may not transfer the equipment to third countries or use it for purposes other than those specified in the document.

Japanese naval ships are also visiting Southeast Asian ports, including the Philippines and Vietnam. In April, two guided-missile destroyers and a submarine arrived first in Subic Bay and then moved on to Vietnam's Cam Ranh Bay where joint drills were conducted with the Vietnam Navy. While the ships were in Vietnam, Tokyo's Defense Minister Nakatani Gen said at a news conference that he expects defense cooperation between the two countries to grow. India has also agreed to build a satellite tracking station in Ho Chi Minh City, which will bolster the country's maritime domain awareness.

Finally, in mid-March, Japan and India were in talks to upgrade the infrastructure in the Andaman and Nicobar Islands in the eastern Indian Ocean northwest of the Malacca Strait. This is part of a broader Tokyo plan to enhance India's connectivity to Japan and ASEAN. The Andaman and Nicobar Islands are an ideal location to track ship movements into and out of the Malacca Strait.

### **Freedom of navigation patrols broadened**

Although Tokyo does not participate directly in "freedom of navigation" patrols directly, it has been helping Southeast Asian navies beef up their security capabilities. Japan is providing coastal patrol craft to the Philippines and Vietnam and offering exchanges and training to a number of ASEAN states' armed forces. In other words, Japan is helping ASEAN states to build their own naval capacities to participate in these kinds of patrols should they choose to do so.

Meanwhile, in late January the head of the US Pacific Command in a speech at CSIS in Washington reiterated that "freedom of navigation [is] a matter of fundamental principle" to the United States and that there will be more operations in the South China Sea that will become more complex. In mid-March, US Chief of Naval Operations Adm. John Richardson also stated that the US would welcome the participation of other countries in joint patrols. Additionally US Pacific Air Forces Commander Gen. Lori Robinson in Canberra stated that the Air Force would also fly daily patrols over the South China Sea. On Feb. 22, Commander of the US 7th Fleet Vice Adm. Joseph Aucoin urged Australia to carry out its own FON patrols in those waters.

However, in April, Chairman of the US Joint Chiefs of Staff, Gen. Joseph Dunsford acknowledged that "while our exercise of freedom of navigation provides some assurance to our allies and partners, it hasn't stopped the Chinese from developing military capabilities in the South China Sea, to include on territories where there is a contested claim of sovereignty."

### **Persistent Thai-US tensions**

Thai-US political relations have been constrained since the 2014 armed forces coup. Military relations have been particularly affected, including a US embargo on the sale of military equipment. The one remaining significant military relationship is the annual *Cobra Gold* multi-nation joint military exercise, which held its 35<sup>th</sup> iteration in February. This year over 8,500 personnel participated with 3,600 from the US, a reduced number similar to last year. Indonesia, Japan, Malaysia, Singapore, and South Korea were also involved and an additional 21 countries sent observers. US Ambassador to Thailand Glyn Davies, at the exercise's opening ceremony, reiterated Washington's call for free elections in Thailand and the restoration of democratic

governance, stating that while the US-Thai partnership remains “deep and broad,” only with a “strengthened, sustainable democratic system,” can the alliance “reach its full potential.”

A 1961 US law requires the United States to cut aid to any country when the “duly elected head of government is deposed by military coup or decree.” Currently, Washington has suspended \$4.7 million in security-related aid. Similar to last year’s *Cobra Gold*, the emphasis was on humanitarian assistance. Although there was a live-fire exercise, there was no scenario involving storming a beach or liberating an area controlled by a hostile power. Some Thai commentators have accused Washington of using a “double standard” that holds Thailand to a higher level of democratic governance than other countries to which the US supplies military assistance, mentioning, Egypt, Saudi Arabia, and even Vietnam.

In April, the US State Department criticized a new Thai order giving the Army police-like powers to arrest and detain civilians. The Thai junta justified the decision as a way for soldiers to support police efforts to crack down on “influential criminal figures.” At a Bali press conference on March 21, Assistant Secretary of State for Asian and Pacific Affairs Daniel Russel expressed “worry ... that the country is not being unified, that there are remaining divisions and polarization within Thailand that raise the question of whether...even after democracy is restored, the country can be fully united behind a single government....”

### **Looking ahead: America’s new maritime security initiative for Southeast Asia**

On April 2, writing in *The Diplomat*, Prashanth Paraneswaran assessed the Obama administration’s legacy for its rebalance efforts in Southeast Asia: the Southeast Asia Maritime Security Initiative (MSI). Originating in the US Senate Armed Services Committee led by John McCain, the concept was first publicly announced by Defense Secretary Carter at the June 2015 Shangri-La Dialogue. MSI has been officially incorporated into Department of Defense plans, and the Congress has begun the process of authorizing \$425 million for maritime capacity building by Southeast Asian countries. More than \$250 million has been allocated through 2016. Its goal is to build the region’s capacity to meet a range of maritime challenges, improve maritime domain awareness (ships for patrolling, radars for monitoring), expand joint exercises, and increase officer-rank exchanges.

Even before MSI’s inauguration, the Obama administration had engaged in maritime security assistance to Southeast Asia, helping the Philippines build a national coast watch center, assisting Vietnam construct a Coast Guard training center, and enhancing the surveillance capabilities of Indonesia and Malaysia. The US is also rotating up to four littoral combat ships for extended deployments to Singapore. A particular purpose of MSI is to move toward a common operating picture of Southeast Asian waters so that littoral states will be able to share information about air and maritime activity in the South China Sea.

In Congress, the MSI has created a pool of pre-allocated Department of Defense funding drawn from existing appropriations to be administered through the Foreign Military Funding program run by the Department of State. One possible reason for the ease with which the \$425 million has been approved by Congress at a time of fiscal austerity is that as a portion of the

approximately \$600 billion DoD budget, it is considered small potatoes. As one recent former Obama administration Pentagon official put it: “The problem with MSI is that it’s ‘budget dust’ ...; you can’t do much with \$425 million.”

Within the five-year program most of the money will go to the Philippines. In 2016, \$79 million is allocated for the transfer of another retired US Coast Guard cutter that will make a total of four for the Philippine Navy. A research vessel is also being transferred. For Vietnam, \$40 million is scheduled to be allocated as well as the lifting of the US embargo on the provision of “maritime-related lethal capabilities.” Indonesia is to receive \$20 million and Malaysia \$2.5 million.

While most Southeast Asian recipients of MSI largess welcome the prospect, Indonesia has hesitated. On April 13, Jakarta’s *Merdeka* newspaper reported that Defense Minister Ryamizard Ryacudu declared that an initial US offer of \$2 million to purchase weapon systems would be declined, saying that the Indonesian government already had a sufficient budget to meet its weapons requirements. Although the amount seems trivial and would not affect future US appropriations for Indonesia, Jakarta may be sending a signal to China that although Indonesia is angry over the recent incident between the two countries’ coast guards, Jakarta is not abandoning its overall nonaligned posture toward the South China Sea.

### **Chronology of US - Southeast Asian Relations January – April 2016**

**Jan. 12, 2016.** Philippine Supreme Court upholds the constitutionality of the Philippine-US Enhanced Defense Cooperation Agreement (EDCA), saying the pact provides leverage to counter Chinese pressure on Philippine territorial claims in the South China Sea.

**Jan. 12, 2016:** Secretary of State John Kerry and Secretary of Defense Ashton Carter meet Philippine counterparts Alberto del Rosario and Voltaire Gazmin in Washington. Kerry welcomes the decision that the EDCA is constitutional. Del Rosario and Gazmin also meet Senate Armed Services Chairman and Ranking Member Senators John McCain and Jack Reed, thanking the committee for calling for a stronger US presence in the Asia-Pacific.

**Jan. 18, 2016:** Deputy Secretary of State Antony Blinken visits Myanmar, meeting key government officials and leaders of the opposition. He expresses US support for the country’s democratic transition and concern over discrimination against religious and ethnic minorities.

**Jan. 21-23, 2016:** Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel visits Singapore to lead the US delegation at the fourth US-Singapore Strategic Partnership. He delivers a major Asia policy address to the Lee Kwan Yew School of Public Policy.

**Jan. 25, 2016:** Secretary of State Kerry visits Laos to discuss the agenda for the mid-February ASEAN-US leaders meeting held in Sunnylands, California. He emphasizes the US Lower Mekong Initiative as beneficial for all riparian states and highlights the role of Laos as ASEAN chair for the year.

**Jan. 26, 2016:** Secretary Kerry visits Cambodia and discusses the UN-based trials of Khmer Rouge leaders, the country's political future, human rights, and the US-ASEAN summit.

**Jan. 30, 2016:** Guided-missile destroyer *USS Curtis Wilbur* passes within 12nm of Tritan Island during a freedom of navigation (FON) exercise in waters near the Paracel Islands.

**Feb. 3, 2016:** US Ambassador to the Philippines Phillip Goldberg states the US is open to conducting joint patrols with the Philippine Navy in disputed waters in the South China Sea.

**Feb. 9, 2016:** US Senate confirms Scot Marciel as the new ambassador to Myanmar (Burma).

**Feb. 9-19, 2016:** US and Thailand host the annual *Cobra Gold* military exercise, focusing on multilateral anti-piracy cooperation as well as humanitarian assistance and disaster relief. The scope of the exercise is scaled down as it was last year because of US disapproval of the Thai military's continued rule of the country.

**Feb. 15-16, 2016:** President Obama hosts the first US-ASEAN summit in the United States at Sunnylands, California. Economic and maritime security issues dominate the agenda.

**Feb. 19, 2016:** US business associations in Myanmar call on the US government to lift the remaining economic sanctions on the country when they expire in May, claiming the sanctions harm their ability to do business in the country.

**Feb. 24, 2016:** In testimony before the US House of Representatives Armed Services Committee, Adm. Harry Harris, commander of US Pacific Command (PACOM), states that the US would conduct more FON voyages and flights in the South China Sea "and will be doing them with greater complexity in the future."

**March 1, 2016:** In a speech in San Francisco, Secretary of Defense Carter announces that the US will spend \$425 million through 2020 for more exercises and training with Southeast Asian countries that are concerned about China's actions in the region.

**March 2, 2016:** US State Department criticizes the Malaysian government for freedom of the press restrictions.

**March 9, 2016:** Philippine Defense Secretary Gazmin welcomes deployment of the *USS John C. Stennis* carrier battle group to the South China Sea as a deterrent to Chinese provocations.

**March 14-25, 2016:** Cambodia and US militaries conduct seventh annual *Angkor Sentinel* humanitarian and disaster relief exercise focusing on military engineering, explosive-ordnance disposal, and leadership development. More than 150 personnel participate.

**March 15, 2016:** US State Department sends congratulations to Htin Kyaw, elected by parliament to be Myanmar's next president. (It is widely expected the National League for Democracy (NLD) leader Aung San Suu Kyi will actually rule from behind the scenes.)

**March 17-19, 2016:** Commander of US Pacific Fleet Adm. Scott Swift and Commander of US Marine Corps Forces in the Pacific Lt. Gen. John Toolan visit counterparts in Hanoi to “explore ways to bring naval forces together.”

**March 18, 2016:** Sixth annual US-Philippines Strategic Dialogue is held in Washington. Defense officials announce that five bases have been selected to implement the Enhanced Defense Cooperation Agreement.

**March 21, 2016:** US State Department labels Myanmar’s treatment of the Rohingya minority “persecution” but says it has not reached the level of “genocide.”

**April 4-16, 2016:** *Balikatan* joint US-Philippine military exercises are held with 4,900 US troops and 3,773 Philippine forces participating. They are joined by a small number of Australian and Japanese personnel.

**April 14, 2016:** In the Philippines to observe *Balikatan* exercises, Secretary Carter announces the two countries are engaging in joint patrols in the South China Sea that began in March.

**April 15, 2016:** Secretary Carter announces five US Air Force aircraft and 200 personnel will remain in the Philippines after the conclusion of *Balikatan* to support joint patrols in the South China Sea.

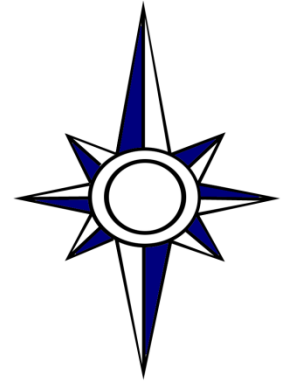
**April 15, 2016:** On board the carrier *USS John Stennis*, Secretary Carter states that FON patrols are designed to “stand up for ... a rules-based order that has benefited so many for so long.”

**April 20-22, 2016:** Deputy Secretary of State Blinken travels to Hanoi and Jakarta. In Hanoi, he meets entrepreneurs, members of civil society, students, and government officials. He also gives a speech on US policy toward Vietnam and the Asia-Pacific region. In Jakarta, Blinken meets government officials, civil society leaders, and entrepreneurs.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**China-Southeast Asia Relations:**

## **South China Sea, More Tension and Challenges**

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Relations in early 2016 were dominated by China's unremitting efforts to expand its control in disputed territory in the South China Sea in the face of complaints, maneuvers, and challenges by regional governments and concerned powers headed by the United States. Heading the list of US-led challenges to Chinese expansion were expanded military presence and freedom of navigation operations accompanied by strong rhetoric from US defense leaders warning of Chinese ambitions. China rebuked the US actions and pressed ahead with military deployments, construction of defense facilities, and island expansion. Beijing remained determined to gain greater control in the disputed sea despite earlier indications of moderation, notably President Xi Jinping's pledge not to militarize disputed territory made during his September 2015 summit in Washington. That the rising tension did not spill over and impede the constructive outcome of the US-China meeting on March 31 reinforced indications showing Southeast Asian governments that neither Washington nor Beijing sought confrontation. Against that background, the responses of these governments to Chinese challenges to their interests in the South China Sea remained measured. They followed past patterns of often ambiguous hedging against China's assertiveness, demonstrating some increased criticism of China, and greater willingness to link more closely with the US in order to dissuade China's disruptive expansionism.

### **Expanding Chinese control**

Beijing's multifaceted expanding control in the South China Sea in 2016 saw several significant developments.

*Civil and military aircraft deployments.* In January, China sent a small civilian plane followed a few days later by two commercial airliners to land on the just completed 10,000 foot runway on Fiery Cross Reef, one of the newly created Chinese land features in the Spratly Islands in the South China Sea. Beijing said the flights were to ensure safe operation of large civilian aircraft using what it described as China's "most southerly airfield." Vietnam and the Philippines protested the flights. In February, US media reported the presence of Chinese fighter aircraft at the largest of the Paracel Islands, Woody Island, which is the location of the headquarters of China's recently created Sansha prefecture that has administrative responsibilities for all of Chinese claimed territory in the South China Sea. In April, an unnamed US Defense Department official told the media that China had deployed 16 *J-11* advanced fighter aircraft to Woody

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Island, advising that such a large deployment was “unprecedented.” An emergency evacuation by a Chinese military aircraft that had been on patrol over the South China Sea of three ill Chinese construction workers on Fiery Cross Reef on April 3 received positive publicity in China, but some foreign coverage depicted the episode as another advance in China’s gradual military control in the South China Sea.

*Anti-air and anti-ship missile deployments.* Media reports, based on satellite imagery, in February, showed the deployment on Woody Island of two batteries of eight surface-to-air missile launchers and a related radar system for China’s *Hongqi-9 (HQ-9)*, a 200km-range air-defense system. In March, imagery showed China had deployed the land-based version of the 400km-range *YJ-62* anti-ship cruise missile to the island. Both moves prompted complaints from US and regional officials about China’s military build-up.

*Island expansion, civilian and military installations.* In March, media reports, based on satellite imagery, also confirmed that China was using large-scale dredging and land filling to expand the size of North Island in the Paracel Islands. A Chinese-controlled Hong Kong newspaper said the project is part of a plan to connect North Island and South Island and then connect them with a bridge to Woody Island. The connected North-South Islands would be used to host an airfield larger than the one on Woody Island.

China’s Transportation Ministry on April 5 held a ceremony to mark the completion of a 180-foot-high lighthouse on the newly created Chinese land feature Subi Reef in the Spratly Islands. Lighthouse construction was also reported to be underway in Cuarteron Reef and Johnson South Reef, both recently created Chinese land features in the Spratly Islands. CSIS Asia Maritime Transparency Initiative reported in February that the construction of what appeared to be a high-frequency radar system at Cuarteron Reef was nearing completion.

In response to US Navy sighting of a Chinese survey ship at Scarborough Shoal and resulting speculation of China building facilities there, a Philippines diplomat in mid-April warned against the “very provocative” step of building facilities in the large (58sq mi) atoll claimed by and close to the Philippines. It was disclosed by the US Pacific Command on April 22 and in later reports that US warplanes at Clark Air Base in the Philippines had carried out missions near Scarborough Shoal on April 19, 21, and 26. On April 25, the Chinese foreign and defense ministry spokespersons dismissed foreign criticism of China’s reported intention to construct an outpost in Scarborough Shoal and rebuked the US flights as provocations.

*Air defense identification zone.* Responding to senior US defense officials warning against China establishing an air defense identification (ADIZ) in the South China Sea, similar to the one abruptly announced by Beijing over the East China Sea in November 2013, the Chinese Defense Ministry spokesperson on March 31 said that setting up an ADIZ was within China’s sovereign rights and depended on the degree of air security threat China faced. A Chinese major general who serves as a Chinese representative to the multilateral and nongovernmental Council of Security Cooperation in the Asia-Pacific told the *Asahi Shimbun* in late March that an ADIZ in the South China Sea was not yet on “Beijing’s agenda for discussions.”

*Debate over “militarization”.* Chinese officials deflected US and other criticism of Chinese activities as an indication that China was “militarizing” South China Sea islands despite earlier pledges not to do so. At first, officials defended the Chinese activities by offering a variety of explanations of defense preparations that in China’s view did not amount to militarization. For example, in January, military installations being constructed on disputed islands were characterized as “necessary defense facilities” by the commander of the Chinese Navy. With the large US show of force as an aircraft carrier battle group entered the South China Sea coincident with the start of China National People’s Congress in early March, Chinese officials attempted to reverse the table on this issue, focusing criticism on the US for militarizing the South China Sea with such “provocative” actions.

*Planned expansion involving military, coast guard, militia, and other means.* The dominance of military, coast guard, and militia forces in China’s expansion efforts in the South China Sea saw the vice mayor of the Sansha administration affirm in mid-January that the airport at Woody Island will see scheduled flights to newly constructed airports on other South China Sea islands “now mainly used by People’s Liberation Army units stationed there.” The official added that three ships will be built to further support the transport of supplies throughout the South China Sea, and piers will be built on all of China-occupied islands to accommodate the ships. He also said that an optical fiber cable network will be set up and all inhabited islands and reefs will be covered by Wi-Fi service by the end of 2016.

Underlining the military dimension of China’s activities, in late February, the first comments to the media by the commander of China’s newly created Southern Theater Command with responsibility for the South China Sea emphasized vigilance and strength in protecting Chinese sovereignty in the disputed area. The Chinese Ministry of Defense announced in mid-April – coincident with US Secretary of Defense Ashton Carter’s visit to the Philippines – that Vice Chairman of China’s Central Military Commission Fan Changlong carried out a recent inspection visiting unnamed islands in the South China Sea.

China’s Coast Guard fleet, busy in the South China Sea and other adjacent waters, continued to register strong growth including the conversion of navy frigates and destroyers refitted as impressively large Coast Guard vessels. Official Chinese media and a variety of foreign coverage also focused in 2016 on the important role of the so-called maritime militia – mainly large numbers of fishermen and boats – in intelligence, law enforcement, and asserting and protecting Chinese territorial claims in the South China Sea. Though exact figures of the number of militia among China’s reported 21 million fishermen and 439,000 motorized fishing vessels is not known, the Sansha administration over the South China Sea reportedly provides expensive satellite surveillance systems to 50,000 fishing vessels; it also encourages the fishermen to range widely in the disputed seas by providing widespread fuel subsidies along with some replenishment of fuel at sea. Part of the reason for such government support was affirmed by the Communist Party leader of Hainan Province who commented during the National People’s Congress in March that such fishing presence provides “proof of our rights and interests” in the South China Sea.

## Relations with ASEAN and concerned regional countries

Tensions coming from China's advances in the disputed South China Sea in the face of growing opposition impacted Chinese relations with ASEAN and a number of other governments.

*ASEAN.* Chinese official commentary foreshadowed possible adverse implications for China in the lead-up to President Obama's widely publicized summit in February with the leaders of the 10 ASEAN governments at the Sunnylands estate in California. Prior to the meeting, Chinese media reported Beijing's "grave concern" with possible summit statements against Chinese behavior in the South China Sea. In the event, Chinese officials interpreted positively the absence of specific mention of China in the official statement from the summit. The Foreign Ministry spokesperson said it showed that the majority of ASEAN leaders did not agree to efforts by some unnamed countries to "hype" the South China Sea disputes.

*The Philippines.* Chinese officials and media viewed negatively the decision by the Philippines Supreme Court in January to uphold the constitutionality of the US-Philippines Enhanced Defense Cooperation Agreement; they also viewed critically the US-Philippines agreements in March designating five Philippines military bases for use by US forces on a rotating basis. The Foreign Ministry spokesperson called the planned deployments and closer military ties a reflection of "Cold War mentality" and as promoting "militarization" of the South China Sea. On March 31, China's Defense Ministry spokesperson ambiguously warned that "I can only suggest they be careful" in reference to US Navy ships visiting the Philippines under these arrangements.

China had more to criticize with Defense Secretary Carter's April visit to the Philippines. The disclosure that joint US-Philippines military patrols were already underway and Carter's flight to a US aircraft carrier conducting operations in the South China Sea for an appearance with the Philippine defense minister was criticized as evidence of further militarization. Adding to various US shows of force in support of its ally, a 16,000-ton US submarine, with a capacity for 150 *Tomahawk* cruise missiles, visited Subic Bay in late March. Other US allies getting involved in defense cooperation with the Philippines as it faced Chinese expansion included Japan leasing five training aircraft to the Philippine Navy, consultations in March among senior US, Japanese, and Philippines naval officers aboard the US Seventh Fleet flagship in the Philippines, and Australian forces participating for the first time and Japanese forces observing for the first time the large annual US-Philippines *Balikatan* military exercise in April. A day before the start of the exercises, a Japanese submarine and two destroyers visited Subic Bay to conduct a military exercise with Philippine counterparts. Two weeks later, a 19,000-ton Japanese helicopter carrier came to Subic Bay to carry out a "navigation mission" with the Philippines.

China-Philippines disputes involved an exchange of charges in January over Philippine civilian aircraft being warned away from China's newly created land feature on Subi Reef and China's complaint about the Philippine plan to set up a civilian flight-tracking system on a Philippine-controlled island that China claims is "illegally occupied." China's removal in late February of a Philippines fishing boat stranded for several weeks on an atoll in the disputed Spratly Islands prompted considerable negative Philippines media coverage. Media reports in April that the Philippine Air Force was shipping supplies to upgrade its airfield on Thitu Island (Philippines:

Pagasa; China: Zhongye; Vietnam: Thi Tu) in the South China Sea drew sharply critical comments from China's Foreign Ministry spokesperson.

Chinese Foreign Minister Wang Yi in speeches and press conferences in China and abroad took the lead in attacking the Philippines over its case challenging China's South China Sea claims before the Permanent Court of Arbitration in The Hague. He and other Chinese representatives and media commentary portrayed the Philippines as acting in ways that were 'unlawful,' 'unfaithful,' and 'unreasonable.' They depicted China to audiences at home and abroad as following a principled stand in line with accepted international practice. The effort will reinforce sentiment in China supporting Beijing's position on the arbitration case, though international reaction will likely be heavily influenced by the court's decision expected later this year.

*Vietnam.* Hanoi lodged protests over the Chinese test flights at Fiery Cross Reef in January. It also demanded that China move a large Chinese oil rig from waters claimed by Vietnam; China's Foreign Ministry spokesperson disputed the Vietnamese claim to China's "indisputable waters." In February, Vietnam protested China's deployment of advanced missiles to Chinese-controlled Woody Island, which is also claimed by Vietnam. In early April, Vietnam seized a disguised Chinese fuel ship for allegedly intruding into Vietnamese waters with 100,000 liters of fuel for Chinese fishing boats working in the waters near Vietnam. It also renewed the protest against the Chinese oil rig in April. A positive highlight was the Chinese defense minister's visit to Vietnam in late March when he met his Vietnamese counterpart and Vietnam's top leader, Communist Party General Secretary Nguyen Phu Trong, amid public reassurances that disputes will be dealt with through dialogue amid strengthening political trust and pragmatic cooperation.

*Indonesia and Malaysia.* Both countries faced serious territorial intrusions from China that resulted in notable public concern voiced by some senior officials. Nevertheless, they did not appear to substantially change each government's overall cautious stance on South China Sea disputes with Beijing. On March 19, Indonesian authorities arrested eight Chinese fishermen for illegally fishing in Indonesia's EEZ and towed their boat to port. Early on March 20, as the towing was underway, a Chinese Coast Guard vessel intervened by ramming the Chinese boat, forcing its release. In response, the popular Indonesian fisheries minister was publicly outraged; Indonesia issued a written protest and summoned the Chinese charge d'affaires. The Chinese Foreign Ministry spokesperson's rebuttal suggested that China's very broad and vague claims to the South China Sea include Indonesia's EEZ when he announced that the Chinese fishermen were conducting "normal activities" in "historically Chinese fishing grounds." In contrast to earlier Indonesian expressions of concern, however, Jakarta's foreign minister later strove to distance the government from the South China Sea dispute and unwanted friction with China. She said that the encroachment of the Chinese Coast Guard into Indonesia's EEZ was not related to the South China Sea dispute. She added, "I emphasize that Indonesia is not a claimant state in the South China Sea."

On March 25, a Malaysian Coast Guard official disclosed 100 Chinese fishing boats and two accompanying Chinese Coast Guard vessels were detected intruding into Malaysia's EEZ. In what was viewed as reflecting different views in the Malaysian government about such Chinese infringements of Malaysia sovereignty, the Malaysian national security minister announced that Coast Guard and Navy ships were sent to the area to monitor the situation, while the defense

minister later indicated a reluctance to provoke tensions with China in noting that whatever infraction took place could be resolved bilaterally. In the event, the episode passed without apparent consequence.

*Japan, Australia, India.* Chinese leaders, ministry spokespersons, and official media showed varying degrees of criticism and concern over the initiatives of these Asia-Pacific powers in 2016 involving Chinese policies and interests in the South China Sea. The initiatives often involved military advances done in collaboration with and the strong support of the United States. The patterns of closer cooperation and collaboration saw media reports citing Defense Secretary Carter and US Pacific Command Commander Adm. Harry Harris that the US and the three powers were close to reviving the quadrilateral security dialogue, which had been attempted but abandoned in the previous decade because of strong objections from China.

*Japan.* Chinese officials and commentary repeatedly registered more strident criticism against Japan's involvement in issues related to the South China Sea than any other regional power. Reasons probably included Japan's more frequent and direct criticisms of Chinese policies and behavior than other concerned powers. Thus, for example, China's sending a small civilian aircraft to test the new landing strip on Fiery Cross Reef in early January prompted a strong rebuke from the Japanese foreign minister expressing "grave concern" over this "unilateral change of the status quo" in the South China Sea. Along these lines, China saw Japan as the culprit behind the G7 statement in April stressing without mentioning China "our strong opposition to any intimidating, coercive or provocative unilateral actions that could alter the status quo and increase tensions" in the South China Sea.

In addition to registering Chinese concerns over deeper Japanese military and other cooperation with the Philippines noted above, Chinese official media criticized Japan's plans to have *P-3C* patrol aircraft transiting from anti-piracy operations off Somalia to contribute to the US-led surveillance in the South China Sea and to stop for refueling in Vietnam, the Philippines or Malaysia. Two Japanese *P-3C* aircraft participated in a three-day joint exercise with Vietnam's Navy in February. The two Japanese destroyers participating in the April visit to Subic Bay noted above then traveled to Cam Ranh Bay for a port call in Vietnam.

*Australia.* At a summit with President Obama in Washington on Jan. 19, Prime Minister Malcolm Turnbull reaffirmed positions critical of China by opposing land reclamation and supporting arbitration in the South China Sea dispute. Australia's Air Force chief told the media in early February that the country's routine patrols over the South China Sea will continue at a "slightly" increased rate, even though they were routinely challenged by the Chinese.

China responded to criticism by Prime Minister Turnbull and Foreign Minister Julie Bishop of Chinese deployment of surface-to-air missiles in the South China Sea by having the foreign minister warn Bishop on Feb. 17 against Australia purchasing Japanese submarines. The Chinese Foreign Ministry spokesperson promptly and strongly criticized the Australian Defense White Paper, released on Feb. 25, which featured blunt concerns about the South China Sea against the background of China's military buildup. The Australian defense minister on March 21 reassured officials in Malaysia that Australia would continue sending ships and planes to defend freedom of navigation and overflight in the South China Sea. Turnbull sharply rebuked China's military

activities in the South China Sea prior to his April visit to China where Chinese officials and commentaries were pleased that the Australian leader played down the South China Sea disputes.

*India.* Prior to visits to India by Pacific Command's Adm. Harris in March and Secretary Carter in April, the US ambassador to India raised the possibility of joint US-Indian patrols in Indo-Pacific waters. Later reports cited US defense officials forecasting joint US-Indian patrols in the South China Sea. Chinese officials and media criticized such patrols and India's Defense Ministry dismissed the reports of possible US-Indian patrols. The Chinese Foreign Ministry spokesperson on March 3 noted warily, but without direct criticism, two developments during the Harris visit to India: the announcement that this year's *Malabar* naval exercise involving Indian, US, and Japanese forces will take place in the Philippine Sea to the east of the disputed waters of the South China Sea, and reports that the US was anxious to join a current dialogue of India, Japan, and Australia to discuss maritime issues and freedom of navigation. Carter's visit in April saw a joint statement reaffirming a commitment to safeguarding maritime security and freedom of navigation in the South China Sea.

*Taiwan.* President Ma Ying-jeou used his remaining months in office in 2016 to take the lead in asserting Taiwan's interests in the South China Sea. His controversial visit on Jan. 28 to Taiwan-controlled Taiping Island (Itu Aba), the largest natural land feature in the Spratly Islands, prompted a protest from Vietnam and unusual public criticism from the United States. Ma's speech to the accompanying officials and scholars laid out in detail a roadmap for Ma's South China Sea Peace Initiative. It stressed the need for Taiwan's inclusion in deliberations on South China Sea territorial disputes and the status of Taiping as an island, in contrast to the Philippines argument in its arbitration case with the Permanent Court of Arbitration that Taiping does not qualify as an island, but is a rock, with much more limited claims to territorial waters. Ma's government followed the visit by sending delegations of journalists and international legal experts to examine conditions on Taiping. Taiwan President-elect Tsai Ing-wen refused to send representatives to accompany Ma on his visit while she adhered in general terms to Taiwan's sovereignty claims.

### **Economic largess, initiatives amid troubled assessments**

As in the past, Beijing endeavored to offset negative regional reactions to its determined expansion in the South China Sea by stressing the benefits of closer cooperation with China in pursuing mutually beneficial development. However, the image of Chinese largess ran up against the realities of Chinese economic uncertainties and substantial declines in the value of its foreign trade, the most important element in Chinese economic relations with neighboring countries deeply involved with international production chains centered on China.

Prime Minister Li Keqiang gave sober accounts of recent Chinese economic performance at the National People's Congress in early March and in his keynote speech on March 24 to the Boao Forum for Asia annual conference in Hainan later that month. As he noted at Boao, "things may not look good" but "we must not lose confidence." Reported double-digit declines in the absolute value of Chinese exports and imports in January and February were eased but not erased by a rebound in March amid troubled forecasts. Against that background, Chinese economic initiatives of recent years were duly noted but received little of the grandiose media treatment

highlighting Chinese largess seen earlier. This treatment involved the “21<sup>st</sup> Century Maritime Silk Road” tying all the Southeast Asian countries into China’s ambitious One Belt One Road initiative with accompanying funding from China in the Chinese Silk Road Fund and the Chinese-led Asian Infrastructure Investment Bank. Meanwhile, Chinese difficulties in making headway in signature high-speed railway projects in Indonesia and Thailand also were highlighted in official Chinese media.

At Boao, Prime Minister Li strongly emphasized China helping its neighbors with various forms of economic support. He reiterated China’s backing for the Asia-based Regional Comprehensive Economic Partnership (RCEP) trade agreement which is seen in competition with the Trans-Pacific Partnership (TPP) agreement backed by the US. Reinforcing China’s support for Asia-only groupings, the Chinese premier’s main region-wide initiative at the meeting was a proposal to establish the Asian Financial Cooperation Association to manage volatile markets and prevent financial turmoil. The rationale for the group was to strengthen the role of Asia in managing the global financial system which was said to be dominated by the United States and Europe.

### **Lancang-Mekong Cooperation (LMC) Summit**

In Hainan Island on March 23, the day prior to the Boao Forum, Prime Minister Li met the leaders of the five Southeast Asian countries along the Mekong River (Cambodia, Laos, Myanmar, Thailand, and Vietnam) to launch an initiative to improve Chinese relations and build greater influence in the sub-region. Li promised \$1.5 billion in preferred loans and a credit line of \$10 billion to support infrastructure and other projects involving China and the other Mekong countries. Reports on the meeting said the leaders discussed the use of water resources, stressing that China – controlling the upper part of the river (known as Lancang in China) – would take measures to support downstream users. Li proposed that the LMC leaders meet every two years and that the LMC foreign ministers meet every year. The March 23 meeting came amid Chinese media highlighting the release, at Vietnam’s request, of water held back by China’s dams to alleviate drought conditions in Vietnam. China’s cooperation with Thailand, Myanmar, and Laos in conducting 41 joint law enforcement activities since the inauguration in 2011 of efforts to deal with various crimes along the part of the river passing through the countries was also prominent in Chinese media reports.

Some regional commentary on the summit was less positive, seeing the move as a way to marginalize the Mekong River Commission (MRC) set up by Cambodia, Laos, Thailand, and Vietnam in 1995 with international expertise and funding assistance to manage river resources under international conventions and protocols governing major global waterways. China, along with Myanmar, is a dialogue partner of the MRC, but Beijing has resisted restrictions on developing its hydro-electric resources as China has completed 6 of 15 planned dams along the river and supported efforts of Laos and others in building dams. International forecasts show up to 70 dams along the river by 2030, which will benefit electricity supply for upper river countries but create massive environmental and economic damage for Cambodia and Vietnam. Chinese refusal to be bound by the international standards also severely challenges efforts by the United States and Japan to support good governance of river resources in the Lower Mekong Initiative promoted by the United States and in the Japan-Mekong Cooperation.



## **China-Myanmar relations**

The focus of China-Myanmar relations in early months of 2016 centered on Myanmar's newly formed government headed by Aung San Suu Kyi's party, the National League for Democracy. On March 15, shortly after the election of President Htin Kyaw, the Chinese Foreign Ministry spokesperson offered congratulations and indicated Beijing will work with the new government to strengthen bilateral relations. The spokesperson also emphasized that China will "continue to support Myanmar's efforts toward stability, development, and ethnic reconciliation."

The continued ethnic conflicts in Myanmar remain a major source of concern for China, as evidenced by an incident involving a landmine explosion along the two countries' borders in January. The explosion came as a spillover effect from the ongoing clash between the Myanmar military and the Kachin forces. It injured a Chinese national, prompting Beijing to lodge a formal protest with Myanmar over the conflict that is increasingly straining bilateral ties. Last March, a similar incident occurred when stray bombs landed in Yunnan and killed five Chinese nationals.

On April 5, Myanmar's Foreign Minister Aung San Suu Kyi met her Chinese counterpart Wang Yi in the first formal diplomatic encounter of her new government, underscoring the continued importance of Myanmar's relations with China. It was meant to signal the resetting of bilateral relations, putting them on a more positive footing and avoiding such contentious topics as the Myitsone dam, copper mining, and other Chinese infrastructure projects in Myanmar. It remains to be seen if the previous government's decision to suspend the construction of the controversial Myitsone dam will be upheld. After their meeting, Wang indicated that the Chinese government will better "guide" its companies operating in Myanmar to respect local laws and regulations, and to take heed of the environmental and societal impact of these projects. Turning to areas of collaboration, they agreed to strengthen high-level communication and mutual trust. Bilateral and regional economic cooperation through such major initiatives as the Lancang-Mekong Cooperation and the Bangladesh-China-India-Myanmar Economic Corridor under Beijing's proposed Belt and Road Initiative were also areas of priority for the new Myanmar government's engagement with China.

## **Uncertain outlook**

Although China seems determined to expand its control in the South China Sea, how much trouble this will cause is a matter of debate, seemingly even in China. Supported by fawning official publicity and growing internal pressure to squelch dissent, Xi Jinping is portrayed as a confident and decisive leader moving Chinese foreign and domestic policies in proper directions. Yet difficulties abound and sometimes are registered by Chinese media and representatives. In January, a senior editor of *People's Daily* advised that greater US activism along China's rim requires greater costs for China as it tries to expand its regional influence, slowing China's overall efforts to become a leading voice in regional affairs. He judged that "for a long time to come," what he saw as rising US influence around China's periphery will overshadow Chinese efforts to spread its influence. "Beijing's initiatives will be contained by the US-conjured air of distrust." In February, a major report by the Academy of Social Sciences said geopolitical competition in China's neighborhood will intensify and disadvantage China; it registered particular concern with US-Japan cooperation against China, asserting that China's Belt and

Road plan will be weakened and US allies and others will be emboldened to pursue territorial claims at China's expense. India was depicted as leaning more to Japan than to China. *Xinhua* in March forecast more tense US-Chinese relations over a variety of issues headed by the South China Sea disputes. Also in March, political adviser and senior Asian specialist Zhang Yunling pointed to the upsurge in US "provocations" and "demonstration of power" in the South China Sea, which led him to judge that "the biggest challenge for China this year is to stabilize the situation despite US intimidation."

### **Chronology of China-Southeast Asia Relations January – April 2016**

**Jan. 2, 2016:** China lands a small civilian aircraft on a recently completed runway on Fiery Cross Reef. Vietnam, Philippines, and Japan protest the action, accusing China of destabilizing the region.

**Jan. 6, 2016:** Chinese Ministry of Foreign Affairs lodges a formal protest with Myanmar following a land mine explosion along the two countries' border. It urges Myanmar security forces to contain the civil conflict between the Kachin rebel groups and the Myanmar military.

**Jan. 6, 2016:** China lands two commercial jets on the Fiery Cross Reef, prompting formal protests from Vietnam and the Philippines.

**Jan. 21, 2016:** China's *Haiyang Shiyou-981* deep-water rig begins drilling activities 90 miles west of the disputed Parcel Islands. The oil rig deployment comes at a sensitive time amidst Vietnam's Communist Party Congress.

**Jan. 28, 2016:** Taiwan President Ma Ying-jeou visits Taiping Island (Itu Aba). United States and Vietnam criticize the visit for adding tension to the disputed waters.

**Feb. 4, 2016:** State Councilor Yang Jiechi meets Cambodian Deputy Prime Minister Nor Namhong in Beijing for the China-Cambodia Intergovernmental Coordination Committee meeting. They agree to deepen high-level bilateral engagements, strengthen their strategic communication and coordination on international and regional affairs, and support each other on issues concerning their respective "core and major interests."

**Feb. 17, 2016:** Chinese Foreign Minister Wang Yi says that the deployment of surface-to-air missiles on Woody Island is intended to build "limited and necessary self-defense facilities."

**Feb. 19, 2016:** China announces that it will carry out its first bilateral naval exercise with Cambodia. The drills will focus on humanitarian operations and search and rescue exercises.

**Feb. 23, 2016:** China confirms deployment of fighter jets to Woody Island.

**Feb. 25, 2016:** Chinese Foreign Minister Wang Yi states that the Philippines violated Article 4 of the 2002 Declaration on Conduct of Parties in the South China Sea by resorting to arbitration instead of dialogue and bilateral negotiations.

**Feb. 29, 2016:** Gen. Wang Jiaocheng of the People's Liberation Army's newly established Southern Theater Command announces it will be "highly vigilant" and "capable of dealing with any security threat" in the command's jurisdiction, including the South China Sea.

**March 2, 2016:** President Xi Jinping meets Hoang Binh Quan, special envoy of Vietnam's Community Party chief Nguyen Phu Trong, in Beijing. Xi calls for the "proper handling of differences" and deepening the comprehensive and strategic bilateral partnership.

**March 3, 2016:** China stations several ships near Jackson Atoll in the disputed Spratly Islands, preventing local Filipino fishermen from accessing the surrounding fishing grounds. Manila lodges formal protests with Beijing.

**March 3, 2016:** Foreign Minister Wang Yi and Singaporean counterpart Vivian Balakrishnan exchange exploratory ideas on ways to minimize risks of unplanned encounters at sea. Both sides reaffirm the importance of respecting freedom of navigation and over-flights in international waters for regional peace and stability.

**March 13, 2016:** China's chief justice, Zhou Qiang, says China will launch an "international maritime judicial center" to safeguard its territorial claims and protect its maritime rights.

**March 15, 2016:** Chinese Foreign Ministry spokesperson congratulates Myanmar's President Htin Kyaw and offers support to his government's efforts in political and ethnic reconciliation.

**March 19-20, 2016:** Chinese Coast Guard patrol boat enters Indonesian waters near Natuna Islands to prevent local maritime authorities from seizing a Chinese fishing boat for illegal fishing. Indonesian officials clarify the incident is a fishing dispute rather than a border dispute, and add that Beijing and Jakarta are in communication to resolve the incident peacefully.

**March 23, 2016:** Senior officials from Cambodia, China, Laos, Myanmar, Thailand, and Vietnam convene in China for the inaugural Mekong-Lancang Cooperation (MLC) leaders' meeting to discuss coordination mechanisms within the Greater Mekong Sub-region and drought issues in the impacted Lower Mekong areas.

**March 29, 2016:** Chinese Defense Minister Chang Wanquan meets Vietnamese counterpart Phung Quang Thanh. They pledge to strengthen military ties, minimize tension and conflict, and exercise restraint in areas of difference.

**March 31, 2016:** China and ASEAN countries agree to expand cooperation in regional law enforcement. Yunnan Police College in Kunming will establish the China-ASEAN Law Enforcement Academy to help train 2,000 police officers from ASEAN law enforcement agencies over the next four years to address such emerging security threats as cyber-crime, drug smuggling, and human trafficking.

**March 31 2016:** Malaysia Foreign Ministry summons China's ambassador for "clarification" and "to register Malaysia's concern" over the encroachment of some 100 Chinese fishing boats

into Malaysia's territorial waters in the South China Sea which were accompanied by a Chinese Coast Guard vessel.

**March 31, 2016:** Vietnamese Coast Guard announces the seizure of a Chinese resupply vessel that was allegedly disguised as a fishing boat for trespassing into Vietnamese territorial waters.

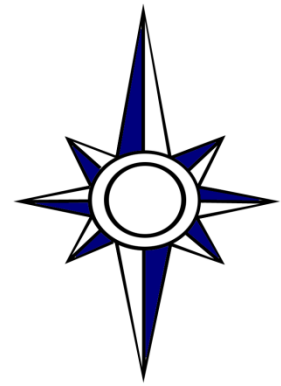
**April 3, 2016:** Chinese military aircraft lands on Fiery Cross Reef for an emergency evacuation of three ill Chinese construction workers stationed there.

**April 5, 2016:** Foreign Minister Wang Yi arrives in Myanmar to meet counterpart Aung San Suu Kyi. They agree to deepen bilateral communication, mutual trust, and pragmatic cooperation.

**April 19, 2016:** China and Vietnam begin their 11<sup>th</sup> joint fishery patrol in the Gulf of Tonkin. The joint activity includes two marine police vessels from each side observing fishing vessels and making random inspections in the common fishing grounds.

**April 24, 2016:** Chinese Foreign Minister Wang Yi meets counterparts from Brunei, Cambodia, and Laos. They reach a four-point consensus on the South China Sea, emphasizing that the dispute should be resolved through consultations and negotiations of the claimant states.

**April 27-28, 2016:** The 22<sup>nd</sup> China-ASEAN Senior Officials Consultation is held in Singapore. The meeting focuses on advancing China-ASEAN relations and regional cooperation in East Asia. Chinese Foreign Affairs Vice Minister Liu Zhenmin urges ASEAN states to resolve territorial disputes through dialogue and warns of "negative consequences" if the Philippines wins an arbitration case in The Hague.



**China-Taiwan Relations:  
Taiwan Sets a New Direction**

**David G. Brown, Johns Hopkins School of Advanced International Studies  
Kevin Scott**

Democratic Progressive Party (DPP) Chairperson Tsai Ing-wen was elected president on Jan. 16 by a decisive margin, and for the first time the DPP won a majority in the Legislative Yuan (LY) election. This outcome has set Taiwan on a new course. Since then, Tsai has adhered to her pledge to maintain the status quo and peace in the Taiwan Strait and has taken steps to continue reaching out to Beijing. Beijing reacted calmly to the election and has repeatedly said the election will not change the basic framework of its peaceful development policy toward Taiwan. However, Beijing is waging a focused campaign to press Tsai to accept the 1992 Consensus in her inaugural address on May 20. Even if she does not fully meet Beijing's demands, as is expected, it will be in the interest of both sides to avoid confrontation after May 20 in what is likely to be a strained relationship.

**DPP wins big**

Tsai Ing-wen won the presidential election with 56.1 percent of the vote, and the DPP claimed 68 of 113 seats in the LY. The Kuomintang (KMT) presidential candidate, Eric Chu Li-lun, who replaced unpopular candidate Hung Hsiu-chu in October, won 31 percent of the vote, and People First Party (PFP) candidate James Soong Chu-yu won 12.8 percent. The KMT managed only 35 seats in the legislature – a decrease of 29 from the 2012 election – while the PFP won three seats; the newly established New Power Party (NPP) won five seats. The new LY session began on Feb. 19, and the presidential inauguration takes place on May 20.

In a brief speech after her victory, President-elect Tsai reaffirmed her campaign pledges to maintain the status quo and peace and stability across the Taiwan Strait. She repeated references to the Republic of China (ROC) constitutional order and cross-strait negotiations, interactions, and exchanges, and described the will of the Taiwanese people as the foundation for future cross-strait relations. She emphasized that “both sides of the strait have a responsibility to find mutually acceptable means of interaction that are based on dignity and reciprocity” and warned that “any forms of suppression will harm the stability of cross-strait relations.”

**Tsai's cross-strait policy**

Tsai's focus since the election has been on policies to reinvigorate the Taiwan economy and on social issues, government organization, transitional justice, and political reforms. She has said

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that she seeks to expand trade relations with South and Southeast Asia, and consistently expressed hopes for goodwill, peace, stability, and communication across the Taiwan Strait.

In her victory speech Tsai did not repeat a reference she made in a late December debate to a “mutual understanding” that the two sides had reached in Hong Kong in 1992 (an important comment that could be interpreted as referring to the 1992 Consensus). However, in an [interview](#) published in the *Liberty Times* on Jan. 21, Tsai said she “understands and respects” the “historical fact” that discussions took place in 1992 and that the Straits Exchange Foundation (SEF) and the Association for Relations across the Taiwan Straits (ARATS) had “achieved several common acknowledgements and understandings (達成了若干的共同認知與諒解).” She elaborated that these understandings together with the ROC constitutional order, the results of 20 years of negotiations and exchanges, and the democratic principles and will of the Taiwan people comprise the “established political basis” for peace, stability, and development in cross-strait relations. These comments represent further attempts by Tsai to reach out and reassure Beijing that she seeks a positive relationship. Nevertheless, commentators in Beijing have said they do not meet Beijing’s demands that she explicitly accept the 1992 Consensus and its core connotation of “one China.”

President-elect Tsai’s appointments to senior positions in her administration also indicate her desire for stability. Lin Chuan, an economist who was Chen Shui-bian’s minister of finance for three years, was named premier on March 16. Though not a DPP member himself, in January 2014 Lin led a delegation of DPP members who are close to Tsai to the mainland for meetings on trade and economic issues. On April 15, several more appointments were announced, including that of career diplomat Katharine Chang Siao-Yue as minister of the Mainland Affairs Council (MAC). Chang is currently a senior official in Taiwan’s relations with the United States, and held several posts during the Ma administration. David Lee Ta-wei, another career diplomat who was representative to the US during the Chen administration and representative to Canada during the Ma administration, was named foreign minister. Joseph Wu Jau-shieh, who as chairman of the MAC under Chen Shui-bian oversaw the initial agreement for cross-strait charter flights and later served as representative to the US, was named secretary general of the National Security Council. All these appointees are moderates who will likely work effectively to help Tsai implement her cross-strait objectives. As of late April, Tsai has not announced the appointee for chair of the SEF.

Joseph Wu visited Washington immediately after the election. In a public speech on Jan. 19, he made clear that the Tsai administration’s priority will be economic development and noted that the DPP’s victory should not be construed as a defeat for China. He said that Tsai advocates a return to the original spirit of setting aside differences to seek common grounds that formed the basis of the 1992 cross-Strait meetings. Wu said Taipei will do its utmost to find a “mutually acceptable mode of interaction between Taiwan and the Mainland.” He indicated the DPP does not oppose many of the initiatives begun under the Ma government, such as the Services Trade Agreement (STA), Merchandise Trade Agreement (MTA), and the establishment of representative offices, but that the Tsai administration will seek to be more transparent and that legislation establishing an oversight mechanism is a required first step.

On Feb. 18, DPP legislative caucus leader Ker Chien-ming announced that the caucus would re-write the draft of the oversight bill that it had submitted in the previous legislature, when it was in the minority. The new draft, released on April 1 and titled the “Statute Governing Oversight of the Concluding of Cross-Strait Agreements,” changes the terms “Taiwan” and “China” to “Taiwan Area” and “Mainland Area,” in accordance with the ROC constitutional framework for cross-strait relations, and would not use the term “treaties” to describe cross-strait agreements. Substantively, it requires the Executive Yuan to present plans to the LY before negotiations begin, report to the LY during negotiations and obtain LY permission to continue, and present completed agreements to the LY for clause-by-clause review. The legislature would have the right to call public hearings, and negotiations and agreements would be reviewed for national security implications. The bill would not apply retroactively to agreements reached by previous administrations though the LY would vote on the STA, and MTA negotiations and ratification would take place, under this bill.

A party statement said that the bill was drafted to “avoid controversy” and Ker Chien-ming indicated that the draft conveys President-elect Tsai’s preferences. Still, there is some resistance in the DPP and especially in the NPP. Reflecting its roots in the 2014 Sunflower movement, the NPP would change the references to Taiwan and the mainland, would require greater participation by NGOs in the review process, and would allow for amendments and additional terms after agreements are signed. That Tsai has been able to win support for this revised approach in the face of considerable resistance from pro-independence voices is an encouraging sign of her ability to maintain support for her stated cross-strait policies.

There will be other challenges to Tsai’s cross-strait policy from within the pan-green camp. On Feb. 20, for example, DPP Legislator Gao Jyh-peng suggested he would introduce legislation that would remove the requirement to display Sun Yat-sen’s portrait in public buildings; this caused the TAO to warn that de-sinicization would upset the status quo. Tsai did not comment directly, but said that the Executive Yuan will create a committee to promote transitional justice, and that true reconciliation and solidarity in society are the goals of the process. In March, DPP legislators proposed laws limiting rights of former ROC presidents and vice presidents to travel to China, and cited budget concerns in forcing the cancellation of a planned visit to China by outgoing SEF Chairman Lin Join-sane. In April, an LY committee voted to revoke a ban on ROC citizens placing “Republic of Taiwan” stickers on the cover of their passports.

### **Beijing’s policy response**

Although Tsai and the DPP won a more decisive victory than expected, Beijing reacted calmly to the election outcome. The TAO merely noted the election and said it would not change Beijing’s policy. Privately, officials expressed remarkable confidence that their basic policy of pursuing the peaceful development of relations based on the 1992 Consensus was the correct policy. Tsai Ing-wen’s Jan. 21 interview with *Liberty Times* probably contributed to the sense of calm in Beijing and raised some hope for Beijing that Tsai might be pressed into moving even further toward explicit acceptance of the 1992 Consensus. Taiwan experts close to policy makers commented that Tsai’s remarks contained some positive points.

Six weeks later, General Secretary Xi Jinping put his authority behind these views in discussing Taiwan with delegates to the National People's Congress (NPC). Xi said, "Our policy towards Taiwan is correct and consistent, and will not change because of a change in the Taiwan authorities." In remarks perhaps specifically meant for Tsai, he continued, "If the historical fact of the '1992 consensus' is recognized and if its core connotation is acknowledged, then the two sides of the Strait will have a common political basis and positive interaction can be preserved." Xi did not repeat his earlier warnings that, if this did not happen, cross-strait relations might capsize. Since then, Beijing's statements and actions can be described as a focused campaign to press Tsai to accept these points in her May 20 inaugural address.

On the one hand, officials at all levels including Politburo Standing Committee (PBSC) member Yu Zhengsheng, TAO Minister Zhang Zhijun, ARATS Chairman Chen Deming, the official media, and invited scholars have repeatedly mentioned the importance of Tsai's accepting the 1992 Consensus and its core connotation. To back this up, Beijing has taken steps to put pressure on Tsai by indicating the potential costs of not meeting its demands. On March 17, it established diplomatic relations with the Gambia. As the Gambia had broken diplomatic relations with Taipei three years earlier, Beijing's action did not reduce the number of Taipei's allies. Nevertheless, the move was interpreted in Taipei as a warning of what Beijing might do in the future. Also in March, Beijing allowed a contract with a fish cooperative in Tainan for the purchase of milkfish to lapse. By April, it became clear that the number of PRC tourist arrivals was declining for the first time. In early April, the Tourism Bureau made public that in the last week of March and first week of April PRC group tour arrivals were down 30 percent and individual arrivals down 15 percent because Beijing had reduced the tourist passes issued for Taiwan. These were clear reminders of Beijing's economic leverage.

Last summer before Tsai's June visit to Washington, there were rumors of some back-channel contact between Beijing and the DPP. These were denied by Beijing. It would be consistent with Chinese political culture for Beijing's current campaign to be accompanied by unacknowledged back-channel efforts to probe Tsai's willingness to make statements acceptable to Beijing. Whether this is happening remains to be seen. However, TAO Minister Zhang statement on March 23 – "The ball is in Taipei's court" – reflects Beijing's strategy to inflate the importance of May 20 and claim that all responsibility for the future is on Tsai. This too is typical political behavior by Beijing.

One event occasioned some unwanted controversy for Beijing. In February, Foreign Minister Wang Yi visited Washington. In response to a question after his speech at the Center for Strategic and International Affairs (CSIS), Wang expressed the hope that Tsai would acknowledge the provision of Taiwan's own constitution that Taiwan and the mainland both belong to one and the same China. Was this a signal that some mention of the 1947 constitution's nature might meet Beijing's requirements? TAO Minister Zhang has stated several times that there was no change of policy. Other unnamed sources have asserted that Wang had been authorized to float the idea.

Beijing's campaign to pressure Tsai focuses on the matters of principle that it considers of crucial importance. At the same time, Beijing is indicating that, regardless of what Tsai may say, Beijing will continue promoting most aspects of its peaceful development policy. At the annual



Taiwan Affairs Work Conference in Beijing in early February, Yu Zhengsheng said Beijing would continue to promote exchanges, contacts with social groups and political parties, pay particular attention to programs for young people, promote academic and cultural programs, support Taiwan business, and encourage commercial and investment relations. In late March, ARATS Deputy Sun Yafu said that economic ties would continue even if political ties were suspended. In mid-April, the TAO announced that the eighth Cross-Strait Forum, nominally private on the mainland side, would convene on June 11 in Fuzhou and focus on exchanges and youth programs. On April 27, Yu Zhengsheng told a meeting of the National Association of Taiwan-invested Enterprises that Beijing values their role and will continue to promote Taiwan investment.

On May 6, the World Health Organization invited Taiwan, as “Chinese Taipei,” to participate as an observer at the May 23-27 annual meeting of the World Health Assembly (WHA). A TAO spokesman said Taiwan’s participation each year since 2009 was based on the 1992 Consensus; this year, he said, the invitation reflects the Mainland’s goodwill, but such arrangements will become difficult if the political basis of cross-strait relations is destroyed. As of May 9, the DPP that its incoming minister of health would attend, but that there is no link between this participation and the one China principle.

## **US policy**

In the two weeks before the election, Washington continued to indicate its neutrality among the presidential candidates repeating that it would work with whoever was elected. As soon as the results were announced, Washington congratulated Tsai and reiterated its profound interest in the maintenance of cross-strait peace and stability. Washington promptly dispatched envoys to Taipei and Beijing to keep open lines of communication and underline that core interest. On Jan. 18, former Deputy Secretary of State Williams Burns visited Taipei and met President-elect Tsai, exchanging views on US-Taiwan and cross-strait relations. On Jan. 21, current Deputy Secretary Antony Blinken, who was in Beijing for wide ranging consultations, met TAO Minister Zhang.

In the ensuing weeks, Washington has seemed remarkably calm about the prospects for relations between the DPP and Beijing. Although most US scholars and commentators were predicting various degrees of tension or confrontation, official spokesmen did not express such concerns. To the contrary on April 6, Assistant Secretary of State Daniel Russel said the US values the sincere efforts both sides have made to promote communication and understanding. President Obama and President Xi met in Washington during the Nuclear Security Summit. In a meeting that was characterized as having considerable tension behind a veneer of cooperation, the leaders reportedly touched only briefly on Taiwan. At the meeting, Xi urged the US to take concrete actions to support peace in the Strait. This probably meant that Xi hoped the US would persuade Tsai to accept the 1992 Consensus.

On April 28, Deputy Secretary Blinken included a concise statement of current US views on these issues in Senate testimony. He reiterated Washington’s fundamental interest in peace and stability and continued adherence to its one China policy. Washington called on both sides to engage in constructive dialogue because direct channels of communication reduce risk. Blinken also urged Beijing to show flexibility.

Separately, the US Congress passed and President Obama signed a bill requiring the State Department to design a plan to promote Taiwan becoming an observer in the International Criminal Police Organization (INTERPOL). Predictably Taipei welcomed this, and Beijing criticized the US for interfering in China's internal affairs.

### **Continued KMT disarray**

The election outcome was a devastating defeat for the KMT. While Tsai and the DPP ran a good campaign, the outcome also reflected the disarray within the KMT and the wider divisions within the pan-blue camp. After the election, KMT Chairman Eric Chu resigned after appointing Vice Chairman Huang Ming-hui as acting chair. Huang is a former legislator and two-term mayor of Chiayi City in southern Taiwan. She moved promptly to organize an election for a person to serve the remainder of Eric Chu's term as chairman. Huang Ming-hui, former Candidate Hung Hsiu-chu and two younger KMT officials conducted a lackluster inner-party campaign.

As KMT party membership had shrunk from about a million in 2001, only about 350,000 KMT members were eligible to vote in the chairmanship election. On March 26, 140,000 members voted and Hung Hsiu-chu was elected with 78,829 votes. Hung's tenure runs through the summer of 2017. The result seemed to reflect the extent of current KMT apathy and a sympathy vote by Hung's supporters for the way she had been removed as the party's properly nominated presidential candidate. In January, pan-blue candidates had won 44 percent in the presidential election and 39 percent in the party list election. This provides a base for rebuilding the KMT. However, few observers believe Hung is well positioned to lead reform because her pro-unification views are so out-of-step with public opinion in Taiwan.

General Secretary Xi sent Chair Hung a congratulatory message on her election, to which Hung promptly replied. Both pledged continued cooperation. However, Beijing is concerned by the weakness of the KMT, which has been its principle interface over the past eight years.

### **Minimal progress in cross-strait relations**

As Beijing and Tsai signaled each other, day-to-day cross-strait relations carried on, slowly. On Jan. 5, *Xinhua* reported that residents of three interior cities would be permitted to travel through Taiwan to third countries (without the usual permits for travel to Taiwan); the first few tourists transited on Feb. 1. Beijing conceded this after two years of negotiation, though Taipei never agreed to its demand that that flights from China to Taiwan could proceed directly across the median line of the Taiwan Strait. A ninth round of negotiations on the establishment of SEF-ARATS representative offices was held in early January and "initial consensus" was reached on the framework of an agreement. Disagreements remain on the security of offices and residences, and codes of conduct for representatives in each other's territory. Further progress before May 20 is unlikely.

Other initiatives are clearly stalled. Taiwan's Ministry of Finance said on Jan. 18, two days after the election, that in accordance with cross-party consensus it would continue to pursue membership in the China-led Asian Infrastructure Investment Bank (AIIB). On April 7, AIIB

President Jin Liqun said that Taiwan should apply for membership through China's Ministry of Finance – not to the AIIB itself – after which the Ma administration said it would no longer pursue membership because Taiwan was not being treated with dignity and equality.

Technical talks on the MTA took place in early January, but on Jan. 29 ROC Premier Simon Chang admitted there was little chance that negotiations would be completed before May 20 and also said that regulatory decisions on several proposed cross-strait mergers and investments between chip design companies will be left to the Tsai administration. On April 28, one Taiwan-based company announced a cancellation of its deal with a Chinese partner, citing uncertainty about cross-strait relations.

In what should have been a bright spot in cross-strait relations, ROC Minister of Justice Luo Ying-shay led a delegation of officials to China on March 28, at the invitation of China's Supreme People's Procuratorate. But soon after Luo returned to Taiwan, China forced the deportation of a total of 45 ROC citizens from Kenya to China. They and a number of PRC citizens had been acquitted of certain charges in Kenya, but were sought by Beijing for defrauding citizens in China. On April 11, President Ma and many others said the Chinese side had violated due process and demanded the return of the prisoners to Taiwan. On April 12, Taiwan officials acknowledged that Taiwan did not have jurisdiction because the fraud had been perpetrated in Kenya and the victims were located in China. But on April 13, the Ministry of Justice claimed "concurrent jurisdiction," and MAC Minister Andrew Hsia claimed that China was in violation of the 2009 Cross-Strait Joint Crime Fighting and Mutual Legal Assistance Agreement.

Efforts then turned to gaining access to the prisoners, and officials traveled to Beijing on April 20. The delegation was permitted to speak with the prisoners via video connection, and said it had reached consensus with the Chinese side to jointly investigate the fraud ring based in Kenya and another in Malaysia. Investigation by Taiwan officials is important: 20 members of the group in Malaysia had been sent to Taiwan on April 15, but were quickly released for lack of evidence – though 18 of these were arrested and the other two are barred from leaving the country. On April 30, Malaysia sent 32 other members of this group to China, raising new protests in Taiwan. These incidents do not represent attempts to pressure Tsai Ing-wen, but they highlight the need for communication between the two sides as on-the-ground bilateral relations will continue after May 20 regardless of high-level pronouncements.

## **South China Sea**

As the end of his tenure and the ruling by the Permanent Court of Arbitration (PCA) on the Philippines' case against China approach, President Ma has remained very active in promoting Taiwan's claims in the South China Sea. While the Ma administration has said consistently that it will not accept the court's ruling because it was not permitted to participate in any way, and Joseph Wu indicated the same in his January speech in Washington, Taipei has sought to protect itself from a possible implication in the ruling that Taiping Island (Itu Aba) is a "rock" rather than an "island," which would limit its exclusive economic zone.

On Jan. 28, President Ma visited Taiping Island, causing a State Department spokesman to say that the US was “disappointed” and that the action was unhelpful in resolving disputes. Such a strong rebuke seems like a high price to pay, but Ma succeeded in highlighting the ROC’s claim. On March 21, Taiwan’s Ministry of Foreign Affairs (MOFA) released a position paper reiterating the ROC’s claims to “South China Sea Islands and their surrounding waters” (but not the entire sea), highlighting Taiping. On March 23, MOFA escorted a group of international journalists to Taiping to demonstrate its “island” features and drum up publicity; a group of international scholars visited on April 15. On April 8, President Ma led a seminar for MOFA officers – followed by a question and answer session with reporters – clarifying the historical and technical aspects of the ROC’s claims. The following day he visited Pengjia Islet north of Taiwan, close to the disputed Diaoyutai (Senkaku).

President Ma is sometimes accused of supporting PRC claims in his defense of Taiping’s “island” status. He and President-elect Tsai held a private meeting on March 30, after which spokesmen for each expressed solidarity in their views on the South China Sea. Ma asked that the Tsai administration not be “absent” in defending the ROC claim. On April 9, following his visit to Pengjia, Ma indicated that he plans to remain active on both the South and East China Sea issues after his term ends.

### **Looking ahead**

What President Tsai will say in her inaugural address May 20 will influence relations in the following months. As she will not clearly endorse either the 1992 Consensus or one China, Beijing will face decisions on what cross-strait communications will be cut off, how to deal with practical matters under the 23 existing cross-strait agreements, and how to continue the unofficial aspects of its peaceful development policy. Its choices will be shaped by the conflict between its interests in treating a government that does not accept its core principles differently from one that does, while still pursuing its interest in cultivating good will among the people of Taiwan. Now that Taiwan has been invited to the WHA meeting, the next test will be the June 26 Panama Canal Ceremony to which both Xi and Tsai have been invited by one of Taiwan’s diplomatic allies. Also in this time period, the PCA decisions will be announced, confronting both Beijing and Taipei with responding to what will likely be seen by each as an unfavorable ruling.

President Tsai will be challenged to maintain DPP unity behind her policy, including LY passage of the party’s version of the cross-strait oversight bill, while dealing with whatever actions that the mainland takes after May 20. The coming months will also be a test of Chairman Hung’s ability to begin rebuilding the KMT. And, former President Ma will have to define his future role, including on his signature interests related to East/South China Sea and cross-strait issues.

## **Chronology of China-Taiwan Relations January – April 2016**

**Jan. 3, 2016:** Hong Kong publisher Lee Bo abducted in Hong Kong.

**Jan. 5, 2016:** Beijing agrees to trial implementation of PRC tourist transit procedures.

**Jan. 6, 2016:** Mainland Affairs Council (MAC) Chair Hsia Li-yan urges Beijing to honor commitments to Hong Kong.

**Jan. 6, 2016:** Preparatory meeting for 13<sup>th</sup> round of Merchandise Trade Agreement (MTA) negotiations held in Beijing.

**Jan. 8, 2016:** UN Framework Convention on Climate Change (UNFCCC) legal officer says Taiwan not eligible to be observer.

**Jan. 14, 2016:** Democratic Progressive Party (DPP) Chair Tsai Ing-wen calls for multi-level, multi-track communications with Beijing.

**Jan. 15, 2016:** Taiwan pop star Chou Tzu-yu posts *YouTube* apology for showing ROC flag on South Korean television; forced apology provokes outrage in Taiwan.

**Jan. 16, 2016:** Tsai Ing-wen elected president; DPP wins Legislative Yuan (LY) majority.

**Jan. 18, 2016:** US envoy William Burns visits Taipei; meets Tsai and President Ma Ying-jeou.

**Jan. 18, 2016:** Huang Min-hui appointed acting Kuomintang (KMT) chairperson.

**Jan. 18, 2016:** Asian Infrastructure Investment Bank (AIIB) established.

**Jan. 19, 2016:** Taiwan Affairs Office (TAO) Deputy Gong Qinggai detained on suspicion of corruption.

**Jan. 19, 2016:** DPP Secretary General Joseph Wu visits Washington for consultations.

**Jan. 21, 2016:** Deputy Secretary Antony Blinken meets TAO Minister Zhang Zhijun in Beijing.

**Jan. 23, 2016:** Trade in Services Agreement (TSA) ministers, including Taiwan, meet in Davos.

**Jan. 25, 2016:** Simon Chang appointed ROC premier.

**Jan. 28, 2016:** President Ma visits Taiping Island.

**Jan. 29, 2016:** Premier Chang says Beijing investments in integrated circuit design firms will not be approved by current administration.

**Feb. 1, 2016:** New LY convenes, DPP's Su Jia-chyuan is elected speaker.

**Feb. 1, 2016:** Beijing implements realignment of PLA military regions.

**Feb. 2, 2016:** Annual Communist Party (CCP) Taiwan Affairs Work Conference held in Beijing.

**Feb. 3, 2016:** Taipei approves TSMC's application for a 12-inch wafer plant in Nanjing.

**Feb. 14, 2016:** Beijing says Hong Kong rioters were “radical separatists inclined to terrorism.”

**Feb. 19, 2016:** Tsai Ing-wen promises a transitional justice committee to review issues in including handling of Nationalist symbols and party assets.

**Feb. 20, 2016:** TAO Deputy Chen Yuanfeng concludes unpublished 5-day visit to Taiwan.

**Feb. 25, 2016:** Foreign Minister Wang Yi speaks at CSIS, mentioning Taiwan’s “one China” constitution.

**Feb. 27, 2016:** President Ma welcomes Wang’s reference to the ROC constitution.

**March 1, 2016:** TAO Minister Zhang says Wang’s remarks don’t represent change.

**March 4, 2016:** Taiwan-Japan Fisheries Agreement Committee concludes three-day meeting.

**March 5, 2016:** National People’s Congress (NPC) convenes in Beijing; General Secretary Xi Jinping discusses Taiwan with Fujian delegates.

**March 14, 2016:** Tsai Ing-wen requests DPP legislators withdraw their version of oversight bill.

**March 15, 2016:** President-elect Tsai announces Lin Chuan will be premier.

**March 17, 2016:** Beijing establishes diplomatic relations with the Gambia.

**March 18, 2016:** President Obama signs bill promoting observer status for Taiwan in Interpol.

**March 21, 2016:** Hung Chi-chang expelled from DPP’s New Tide faction; in 2015 he had called for Taiwan not to pursue *de jure* independence.

**March 21, 2016:** ROC Foreign Ministry issues position paper on South China Sea (SCS).

**March 23, 2016:** Taipei arranges first foreign media visit to Taiping Island.

**March 24, 2016:** Former Vice President Vincent Siew attends Boao Forum and meets Premier Li Keqiang and TAO Director Zhang Zhijun.

**March 24, 2016:** Panama invites Tsai and Xi to opening of expanded Panama Canal in June.

**March 26, 2016:** Hung Hsiu-chu wins by-election as chairman of KMT.

**March 28, 2016:** ROC Minister of Justice Luo Ying-shay begins five-day visit to Beijing.

**March 31, 2016:** DPP LY caucus approves “Statute Governing Oversight of the Concluding of Cross-Strait Agreements.”

**April 6, 2016:** President-elect Tsai says she will strengthen communications with Beijing to preserve peace.

**April 7, 2016:** AIIB President Jin Liqun says Taiwan's application must go through Beijing's Ministry of Finance.

**April 8, 2016:** President Ma hosts South China Sea seminar at MOFA.

**April 8, 2016:** Kenya deports eight ROC citizens to China.

**April 9, 2016:** President Ma unveils monument on Pengjia Islet.

**April 11, 2016:** Kenya deports 37 more Taiwanese to China.

**April 13, 2016:** Tsai Ing-wen says Beijing's disregard of Taiwan's sovereignty and jurisdiction has harmed cross-strait relations.

**April 13, 2016:** Taiwan Tourism Bureau reports PRC tourist arrivals have declined.

**April 13, 2016:** TAO announces that 8<sup>th</sup> Cross-Strait Forum will be held June 11.

**April 15, 2016:** Twenty alleged Taiwanese criminals repatriated from Malaysia.

**April 22, 2016:** Ministry of Justice (MOJ) delegation in Beijing says agreement reached on jointly investigating Kenya and Malaysia fraud cases.

**April 25, 2016:** Japan seizes Taiwan fishing boat near Okinotori, it is released next day.

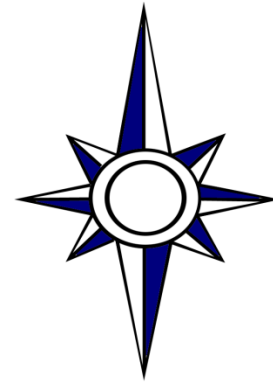
**April 30, 2016:** Thirty-two alleged Taiwanese criminals deported from Malaysia to China.





# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## South Korea-North Korea Relations: Sunshine's Final Sunset? Maybe Not

Aidan Foster-Carter  
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North Korea's decision to start the new year with a bang – its fourth nuclear test, carried out on Jan. 6 – guaranteed a downturn in inter-Korean ties, and in the DPRK's relations with the international community. The bad news came just in time for the last issue of *Comparative Connections*; our January headline read "Pyongyang's Bang Explodes Hope." What was not yet clear then was how severe the backlash would prove. In Seoul, Washington and elsewhere Kim Jong Un's double whammy – a successful satellite launch on Feb. 7, which also serves as a partial ballistic missile test, followed the nuclear test – was treated not as a familiar and predictable move by a still newish leader ahead of a crucial Party Congress in May, but rather as the last straw from a recidivist regime with which the world has finally run out of patience.

The usual China-US discord over tactics and wording meant it took almost two months for the UN Security Council (UNSC) to agree a new resolution and fresh sanctions. Finally adopted (unanimously, as always) on March 2, UNSCR 2270 imposed measures much more severe than any previously applied to North Korea. Meanwhile on the specifically inter-Korean front, which is our focus here, the big event was the Feb. 10 suspension – but in all probability, permanent closure – of the Kaesong Industrial Complex (KIC): the last surviving North-South joint venture from the "Sunshine" Era of engagement (1998-2007). Kaesong has shut before, in April 2013 when Pyongyang abruptly pulled out its 55,000 workers. On that occasion South Korea's then newly elected President, Park Geun-hye, worked patiently and successfully to mend fences, and the zone reopened five months later in September. (All this was of course fully chronicled and analyzed in *Comparative Connections* at the time.)

This time it is Park who has pulled the plug on Kaesong, as discussed in detail below. With all trade and aid now cancelled, as of May 2016 the two Koreas have no contact of any kind, but have reverted to mutual hostility comparable to the height of the Cold War. Infuriating as the North's nuclear recidivism is, it is hard to see this "back to the future" trajectory as any kind of progress. With Pyongyang's insults of Park plumbing new depths of juvenile smut, the standoff looks set to last for the remainder of her term of office, which ends Feb. 25, 2018; her successor – a second term is not permitted – will be elected on Dec. 19, 2017.

So a lengthy freeze looms – but despite current appearances, not necessarily a permanent one. Parliamentary elections on April 13 saw an unexpected rebuff for Park's conservative ruling

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Saenuri Party, which lost its majority in the National Assembly, and a striking win for South Korea's liberal opposition, even though it is currently split into two parties. This increases the center-left's chances of regaining the Blue House in late 2017, after a decade in opposition. If that happens, then from 2018 some form of outreach to Pyongyang is likely to resume, albeit probably more cautious than the full-blown engagement pursued during the "Sunshine" decade (1998-2007) by Kim Dae-jung and his successor Roh Moo-hyun. Right now it is sunset for "Sunshine" on the Peninsula, but the sun may yet rise again. Never say never in Korea.

## **KIC, RIP**

Clutching at straws, the best one can say of the current inter-Korea situation is that it has at last brought clarity to Park Geun-hye's *Nordpolitik* – which is now dead. As regular readers of this journal know, for the past three years Park had been hard to read. Her original slogan of *Trustpolitik*, and her Dresden Declaration in 2014, suggested a will to engage Pyongyang, whose fierce response from the very start of her presidency in early 2013 (nuclear and missile tests, and sabotaging Kaesong) showed how tough a task that would be, and can hardly have encouraged her. On the other hand, her new-found enthusiasm for unification – conceived as a happy contingency, rather than a partnership effort with the North – unnerved Pyongyang. It was hard to see how these disparate thrusts added up to a coherent policy or strategy.

Last year's events exemplified and amplified the uncertainty. In August, the Peninsula lurched from high tension to a seemingly positive accord – negotiated by very senior emissaries, in talks live-fed to both Park and Kim Jong-un – and family reunions resumed. Yet when the two sides met again in December they could agree on nothing, not even a date to meet again. But by then, as we now know, Kim Jong Un had already signed off on January's nuclear test.

Did Kim not realize this would be a deal-breaker with Seoul? – just as his April 2012 satellite launch (regarded by the US, and indeed the UN, as a quasi-ballistic missile test) aborted that year's Leap Day Accord with Washington. Maybe not. Only this time, the deal destroyed was nothing tentative or hypothetical, but a solid and successful already existing project with a decade of history: the last North-South joint venture still surviving from the "Sunshine" Era.

Hitherto the Kaesong zone had led a charmed life, tacitly ring-fenced by both sides from wider inter-Korean disputes; although those did stop it growing to the much larger scale originally envisaged. (By 2012 an expanded zone was slated to employ as many as 700,000 North Koreans; one can only wonder whether the DPRK labor market, or indeed polity, could ever have handled that many). Thus in May 2010, when the ROK's then president Lee Myung-bak banned all trade with and investment in the North in reprisal for the sinking of the ROKN corvette *Cheonan* that March, he exempted Kaesong. While anomalous logically – so large an exception made nonsense of the rule – this made political sense, as a tacit attempt to retain at least one last exemplar of win-win inter-Korean cooperation. Similarly, the newly elected Park Geun-hye's successful efforts in 2013 to revive the KIC after Kim Jong Un had closed it suggests that she too, at that point, shared this vision. Indeed, Seoul insisted on inserting a new clause that the zone henceforth was "not to be affected by inter-Korean situations under any circumstances." ("Second Chance for Trustpolitik?" was our headline at the [time](#).)

Notably, in 2013 Park did not treat North Korea's then recent third nuclear test as any reason to stop mending fences, much less leave the Kaesong zone shut. Why then, three years later, did she do the opposite and make a U-turn, breaking a deal she herself had crafted and taking the drastic step of closing the KIC altogether? Two reasons are plausible, while a further one proffered is implausible. Seoul initially cited fears for the safety of its citizens when it reacted to January's nuclear test by slightly restricting which of them could enter the zone. But that is hardly convincing. Were such fears serious, the South should and would have pulled everyone out – as it eventually did a month later, after North Korea's satellite launch in February.

Even then, personal safety was not the issue. The real reason seems to be that Park Geun-hye finally lost patience with “the runaway Kim Jong Un regime,” as she termed it in a Feb. 16 speech that declared “enough [is] enough.” Supposedly, the Unification Ministry (MOU) wanted less drastic action than total closure of the KIC, but was overruled by the Blue House. If that is true, then a reinforcing factor and second reason may well have been foreign pressure. Some Seoul media claimed that both the US and China pointed out the inconsistency of the ROK keeping the KIC open, while lobbying other states to cut cash flows to the DPRK.

The cash issue loomed large in explanations proffered. Both Park and Unification Minister Hong Yong-pyo claimed that Seoul's payments – 616 billion won (\$500 million) in total since the zone opened in 2004, with 132 billion won (\$107m) in 2015 alone – were going to fund nuclear and missile development. It is unclear whether this reflects any hard data or intelligence on financial flows and budgetary allocations in Pyongyang, or is just a plausible assessment of fungibility and probable virement with any cash dollar payments made to the DPRK. Most of these monies were supposedly for wages, but the KIC's 55,000 workers saw only a fraction of the sum paid to their government; how much exactly is disputed.

Few observers, probably including Kim Jong Un, had expected Park to go so far as closing Kaesong. Events then moved fast. Rather than playing hostage games, the North added its own expulsion order to the South's recall. The victims of both governments were the 124 ROK SMEs who had invested in good faith in the zone, enduring many vicissitudes over the past decade. Their owners and employees had just a few hours to stuff their cars and trucks with all the goods they could carry, [and then some](#), for the last journey home; leaving behind all their equipment and most of their inventory. The 2013 closure by the North had been a body-blow from which these firms were just starting to recover. Motivated by patriotism as well as profit, they never expected their own government to sabotage their livelihoods. Estimates of their total losses this time run as high as 2 trillion won. Compensation for the 2013 shutdown was seen as inadequate, and a similar row is shaping up this time. On May 9, the companies filed suit with the ROK Constitutional Court, claiming that the KIC's closure was illegal and violated their property rights. A favorable ruling might increase monetary compensation, but the damage is done: at least one businessman involved has attempted suicide.

On a wider canvas the Kaesong Zone is dead, and hope with it. Some analysts, including [Ruediger Frank](#) and [the present writer](#), mourned the closure as a short-sighted and retrograde step. Critics no doubt view this as sentimental, and in any case there is no going back now. Inevitably, Kaesong's demise also precipitated the unraveling of what little still remained of wider inter-Korean cooperation. The North declared the KIC a military zone – as it had been

before this small part of the front line briefly became a front door – and cut all hotlines. The South for its part ended most humanitarian aid and all civilian cooperation, both in any case very limited. All that now survives is some funding of UN health programs in the DPRK.

The ROK appeared unconcerned by collateral damage, some of it international. As previously noted in these pages, a puzzling exception to Park Geun-hye's overall refusal to lift sanctions on North Korea had been her enthusiasm to import Russian coal via the DPRK port of Rajin. Three ROK companies were encouraged to buy into a Russian-built cross-border rail link and a project to upgrade Rajin port. Trial coal shipments were sent three times during 2014-15, and the companies made two inspection visits – but seem not to have actually invested yet. Just as well, since even though Russian pressure secured this project's exemption from the latest UN sanctions, Seoul suspended it as part of its further unilateral anti-DPRK sanctions (over and above the UNSC package) announced on March 9. Moscow was not pleased. For that matter, suppose Park Geun-hye's [quixotic quest](#) in 2013-14 to attract foreign investment to Kaesong – the idea was to stop Pyongyang playing political games with the complex in future – had succeeded? (At least [two German](#) firms took a look.) In that case, could or would Seoul have killed off the KIC so summarily? But such counterfactuals are water under the bridge now.

### **Dirty bombs**

It goes without saying that cross-border tensions rose during the past four months. In reaction to January's nuclear test, South Korea resumed the loudspeaker propaganda broadcasts across the DMZ which had so riled the North last August. As noted in our last issue, not everyone thought this a great idea: British Foreign Secretary and former Defense Minister Philip Hammond, on a visit to Japan, urged Seoul to be bigger than Pyongyang and not rise to its bait. That was ignored, and at this writing the powerful speakers continue to blast away, causing headaches (literally) to those unlucky enough to live nearby. Naturally the North retaliated: switching on its own speakers, which are much less powerful. It also took a leaf from the book of defectors who regularly send propaganda into the North, carried on helium-filled balloons across the Demilitarized Zone (DMZ). Here again the DPRK's efforts were low-grade, in several senses. At least one load failed to disperse crashing onto a parked car in the ROK city of Ilsan. The Northern leaflets were crude in message and style: calling on South Koreans to kick out Park Geun-hye, cartooned in a red bikini and trashed as “political filth.” Some consignments also contained more literal filth, including cigarette butts and even, incredibly, used toilet paper.

Filth is also the only word for the depths DPRK propaganda descended to. In the past we have sought to fully catalogue such episodes, like the sickening cartoons in 2012 of Park's predecessor Lee Myung-bak as a rat being killed in multiple ways, for the record, and in hope of shaming Pyongyang into civilized behavior. There seems no chance of that. This time the rhetoric went off the scale. Park was endlessly insulted, most inventively in a March 3 *Rodong Sinmun* diatribe headlined “Ugly Female Bat-Disgrace of Worst Traitor” (sic). Just as rabid were the menaces; these included videos showing the Blue House and Park personally in the crosshairs before being blown up, not to mention a threat to nuke Manhattan and burn it to ashes.

These paroxysms grew even more frenzied during the almost two months (most of March and all of April) when the US and ROK held, as every spring, their joint military exercises *Key Resolve*

and *Foal Eagle*. Each year the DPRK shrilly denounces these as a supposed rehearsal for invasion, and this time they had a point. In the wake of the nuclear test and satellite launch the allies decided a show of overwhelming force was required. Not only were these the largest US-ROK exercises ever, but they explicitly incorporated a recently-signed operational plan, *OPLAN 5015*, which provides that in the event of war the allies will launch precision attacks on not only the DPRK's nuclear and other bases but also its top leadership. The charmingly topical metaphor "decapitate" was bandied about in this context. No doubt the aim was to send an unambiguous warning, but this did nothing to lower tensions on the peninsula.

The North's lurid propaganda is of course two-faced: meant to scare off the enemy, but also to rally its own people around the Leader. South Korea does it less outlandishly, but the aim is the same. The time-honored but tiresome habit of parliamentarians leaking supposedly secret intelligence briefings was deployed in February, when a lawmaker of the ruling Saenuri Party claimed that the North was plotting terrorist attacks, including cyber warfare, poisoning, and kidnappings. President Park warned of the "risk of cyber-attacks, biological warfare, and new types of terrorist threat." A hit-list of top ROK officials was reported, and a prominent Northern defector in Seoul had his police guard quadrupled after death threats.

With one major exception none of this happened, nor was it ever likely. Cyber-attacks are a constant, and the ROK did suffer a brief spell of another kind of electronic warfare: jamming of Global Positioning Systems (GPS) signals, which can only have come from north of the DMZ. But the rest was far-fetched. The DPRK is capable of anything, so precautions were sensible. Yet it is hard to see why Kim Jong Un would risk reverting to terror. Some saw here a cynical bid to sway April's parliamentary elections by playing the Northern card, which in the past has often scared voters into swinging to the right. The new mood did affect what at this stage was a demoralized and divided progressive camp, many of whom expected to lose heavily in April. On March 2 the National Assembly passed *nem.con.* (the vote was 212-0) a long-stalled bill on human rights in North Korea, first tabled as long ago as 2005, after liberals stopped blocking it (their view had been that it would make inter-Korean dialogue harder). However, being chronically suspicious of handing yet more powers to the scandal-ridden National Intelligence Service (NIS), the main opposition Minjoo Party maintained its hostility to an even more delayed anti-terrorism bill, first filed in 2001 shortly after 9/11. Only after a world record eight-day Minjoo filibuster did Saenuri ram that through, also on March 2.

### **Southern voters rebuff Park**

Domestic politics *per se* are not in this journal's remit, but sometimes they impinge mightily on bilateral issues. This time that applies to both Koreas, highlighting how very differently each conducts politics. In April, Southern voters gave Park Geun-hye an unexpected slap. A month later, not unexpectedly yet very disappointingly, the North's first Party Congress for 36 years praised Kim Jong Un to the skies while offering no hint of change on any front.

For its first 12 years (1999 through 2010) *Comparative Connections* appeared quarterly. Were that still the case, writing in early April one could easily have prophesied not just sunset for sunshine, but night without end. Yet this goes to show how easy it is to mistake a moment for a movement. On April 13, as every four years, South Korea held parliamentary elections. President

Park's ruling Saenuri Party expected, and was predicted, to win. The liberal opposition, long ineffectual, had plumbed such depths of factional disarray that in December it split into two separate parties, seemingly suicidal in a first-past-the-post voting system. Saenuri thus hoped not just to retain its majority – it had held 157 out of 300 seats in the outgoing 19<sup>th</sup> National Assembly – but to increase it. There was [talk](#) of gaining a super-majority: 180 seats would have allowed Saenuri to railroad legislation, with 200 it could even change the Constitution, subject to a referendum.

Dream on. Saenuri blew its big chance with a last-minute eruption of factional strife. Several lawmakers viewed as critics of Park were deselected: they quit the party, ran as independents and retained their seats. On the day, against all opinion polls, disillusioned voters rebuffed the ruling camp and swung firmly leftward. Saenuri was reduced to 122 seats: one fewer than the 123 won by the main opposition party, whose name changes often but since the split has been Minjoo (meaning democratic: Saenuri translates as new frontier, but both choose to use the Korean words as their official Romanized names). The new breakaway People's Party gained 38 seats. With the far-left Justice Party having six, progressive parties will hold a combined 167 seats in the new 20<sup>th</sup> National Assembly, due to open on May 30.

This shocking result has far-reaching implications, both immediate and longer-term. Unable now to get her legislative program (much was already stalled) passed without opposition support, Park Geun-hye risks becoming a lame duck throughout the final third of her single five-year presidential term. Admittedly, North Korea was hardly an election issue. As everywhere, voters were more concerned with the economy, whose performance is lackluster and where Park's policy stance – as hitherto on the DPRK – has been both inconsistent and ineffective.

Looking further ahead, this result greatly improves liberals' chances of regaining the Blue House from February 2018 – provided they can reunite behind a single candidate at the next presidential elections in December 2017. If that happens, South Korea's policy toward the North will swing back toward some form or degree of engagement. How much, depends on the individual. Moon Jae-in, who ran Park a close second in 2012, still favors a return to the former "Sunshine" policy. Other Minjoo figures, as well as People's Party leader Ahn Cheol-soo, have either lost hope of Pyongyang or doubt that this is a vote-winner. But as Yonsei University's John Delury notes in a perceptive recent [article](#), no future liberal ROK president will maintain the hard line Park Geun-hye has now embraced. That may not please whoever occupies the White House from 2017, but US policymakers had better brace themselves.

### **North's Party Congress looks inward, not South**

Strictly, the Seventh Congress of the Workers' Party of Korea (WPK) fell outside the period under review. Announced last October, 35 years after the Sixth Congress in 1980, this was held in early May (5-8). Yet it would be perverse to omit so important an event, which neatly bookends the first third of 2016 and was expected to provide pointers on key policy issues.

That expectation went unfulfilled. The Seventh Congress was long on loyalty to Kim's past and especially present. Kim Jong Un, thunderously cheered by the 3,400 delegates, gained a new title as chairman of the WPK. But nothing much was said about the economy, and ditto South Korea.



As ever, to avoid taking phrases out of context, we reproduce here in full the short section of Kim's three-hour report to the Congress which addressed unification issues:

The WPK aroused all the Koreans to the struggle for national reunification based on the idea and line on independent reunification and the proposal for founding the Democratic Federal Republic of Koryo initiated by Kim Il Sung.

In the crucible of the nationwide struggle for the great unity of the nation the Pan-national Alliance for Korea's Reunification was formed comprising broad patriotic forces in the north and the south and abroad, reunification events took place one after another to demonstrate the wisdom of the nation and the movement for national reunification further developed into a nationwide one.

The noble patriotic will for reunification of Kim Jong Il and his bold decision resulted in two rounds of north-south summit and the adoption of the June 15 joint declaration and the October 4 declaration, its action program, guided by the idea of By Our Nation Itself, the first of their kind in the history of national division. This was an epochal event that provided a historic milestone for independent reunification and opened up a turning phase for national reunification.

Thanks to the wise guidance of the great leaders, the cause of national reunification could advance along the orbit of national independence for decades despite the complicated situation where the separatist forces at home and abroad got all the more frantic in their moves, and the driving force of national reunification could steadily grow stronger to prevail over the anti-reunification forces.

We should consistently keep a firm hold on the three charters for national reunification which comprehensively deal with the will and requirements of all the Koreans and whose vitality was proved in practice and should pave the road for reunification.

There is naught for any South Koreans' comfort here, only a rehash of Pyongyang-centric tropes as familiar as they are unacceptable. In separately reported comments, Kim was slightly more concrete and forthcoming: he called on both Koreas to "respect and cooperate with each other as partners for unification" while ceasing hostile acts, and proposed military talks to ease tensions. Yet even this included the statutory demand for US forces to leave Korea. The ROK rejected the talks offer as insincere, absent any movement on the nuclear issue. Not all South Koreans agreed: the moderate *Korea Times* ran an [article](#) headlined "It's time to talk about dialogue with N. Korea." That seems unlikely while Park Geun-hye is president.

## **MOU counts the cost**

Again trespassing a little into the second quadrimester – but aptly, since this looks backward – on May 12 MOU published its annual White Paper, covering 2015. Three aspects are worthy of note. The number of Northern defectors reaching South Korea continues to fall: last year's total of 1,276 was the lowest for 14 years. Second, even before this year's rupture, Southern aid to the North was very low. With an optimistic spin, *Yonhap* said that in 2015 this "soared to a six-year high of 25.4 billion won (\$21.8 million)"; but that is still minuscule compared to the "Sunshine" decade (1998-2007). Third, the MOU revealed how well Kaesong was doing before Seoul abolished it. Over 1,000 extra Northern workers brought the total to 54,988, nearly as many as before 2013's temporary closure. Southern managers' cross-border commutes totaled 132,101,

an eight-year high. In 2015 the zone's output was worth a record \$563.3 million, pushing last year's inter-Korean trade (of which Kaesong since mid-2010 has been the sole component) to a record \$2.71 billion. The KIC's cumulative output in its 11 years of existence was worth \$3.23 billion. That is paltry compared to the scale of the China-Taiwan interactions that Kaesong hoped to emulate. But it was a start. Now it is finished. History will judge whether Park Geun-hye made the right move in closing it all down.

## **Chronology of North Korea-South Korea Relations January – April 2016**

**Jan. 1, 2016:** Kim Jong Un's New Year [speech](#) lays less emphasis on inter-Korean issues than last year's, and is more "finger-wagging" in tone. Mostly it focuses on domestic policy.

**Jan. 4, 2016:** *JoongAng Ilbo* [reports](#) a Red Cross survey on the 412 Southern separated family members who participated in October's reunions. 167 (40 percent) said the event left them unhappy, while 100 reported emotional distress such as depression and insomnia.

**Jan. 6, 2016:** Denouncing the North's nuclear test, South Korea [vows](#) close cooperation with allies and the global community to punish this.

**Jan. 7, 2016:** MOU [says](#) it will restrict ROK entry into the KIC to business persons directly invested there. It is unclear how far this is actually implemented, at first.

**Jan. 7, 2016:** Calling the North's nuclear test a "grave violation" of the Aug. 25 inter-Korean agreement, Cho Tae-yong, deputy chief of national security in the ROK presidential office, [says](#) the South will resume propaganda broadcasts across the Demilitarized Zone (DMZ).

**Jan. 7, 2016:** Won Yoo-chul, floor leader of the ROK's ruling conservative Saenuri Party, [says](#) South Korea should consider creating its own nuclear potential for self-defense.

**Jan. 8, 2016:** South Korea marks Kim Jong Un's 33<sup>rd</sup> birthday by switching on its propaganda loudspeakers along the DMZ. The ROK's liberal main opposition Minjoo party [warns](#) that this may raise tensions and stoke uncertainty. North Korea denounces the move as a provocation and activates its own south-facing speakers, which are less powerful.

**Jan. 8, 2016:** The North's *Korean Central Broadcasting Station (KCBS)* TV airs images of Kim Jong Un giving field guidance during an ejection test of a submarine-launched ballistic missile (SLBM) supposedly conducted on Dec. 21 in the East Sea.

**Jan. 10, 2016:** *Yonhap* [reports](#) ROK Defense Minister Han Min-koo as telling Army Missile Command commanders during a field inspection the previous day that "If the enemy provokes, retaliate speedily and accurately without hesitation."



**Jan. 10, 2016:** *KCNA* reports Kim Jong Un as [visiting](#) the Ministry of People’s Armed Forces (MPAF). Offering New Year congratulations on the “H-bomb” test, Kim also “informed them of the complicated situation which the Korean revolution is now facing.”

**Jan. 10, 2016:** A US [B-52 Stratofortress](#) strategic bomber flies low over [Osan](#) Air Force Base south of Seoul, accompanied by ROK *F-15* and US *F-16* fighters, in a show of force also described as a training mission. The *B-52* later returns to Andersen Air Force Base in Guam.

**Jan. 11, 2016:** MOU [says](#) that from Jan. 12 it will restrict South Koreans’ staying in the KIC to those directly running businesses there. Contractors must go in and out the same day.

**Jan. 13, 2016:** North Korea [sends](#) leaflets by balloon across the DMZ. As reproduced by the ROK Joint Chiefs of Staff (JCS) – arguably in breach of the National Security Law – these call on South Koreans to “knock out the Park Geun-hye gang” and end psy-war broadcasts.

**Jan. 13, 2016:** ROK JCS [says](#) a small DPRK drone briefly crossed the Military Demarcation Line (MDL), retreating when the ROK military fired some 20 warning shots.

**Jan. 16, 2016:** A bundle of North Korean leaflets, which fail to separate, [crashes](#) onto a car parked in Ilsan near the DMZ, seriously denting its roof.

**Jan. 23-29, 2016:** Commenting on recent South Korean diplomacy, notably the accord with Japan on comfort women and popular opposition thereto, DPRK media [opine](#) that “the current crisis in South Korea is an inevitable product of sycophantic and treacherous politics.”

**Jan. 26, 2016:** MOU [says](#) it suspects North Korea is behind recent cyber-attacks on Southern targets. No details are given.

**Feb. 2, 2016:** Seoul press reports [quote](#) ROK police and military sources as claiming that the cargo of some recent North Korean propaganda balloons found in the South includes “lots of filth difficult to describe in words,” such as cigarette butts, daily waste and used toilet paper.

**Feb. 7, 2016:** Pyongyang announces the successful launch and placing in orbit of a [satellite](#). South Korea, the US, the UN and others [condemn](#) this as a violation of UNSC prohibitions on the DPRK engaging in ballistic missile-related activities.

**Feb. 9, 2016:** In the wake of the DPRK rocket launch, Seoul and Washington [say](#) they will start talks on deploying the US Terminal High Altitude Aerial Defense (THAAD) anti-missile system in South Korea. The ROK had long hesitated, due to strong Chinese opposition.

**Feb. 10, 2016:** In retaliation for the DPRK’s nuclear test and satellite launch/missile test, the ROK government [orders](#) the “[complete shutdown](#)” of the Kaesong Industrial Complex (KIC).

**Feb. 11, 2016:** Pyongyang [orders](#) all South Koreans out of the KIC by 5pm, saying it will “completely freeze all [their] assets including equipment, materials and products.” It also designates the area as a military zone, and says it will sever all inter-Korean [hotlines](#).

**Feb. 12, 2016:** Press reports claim that [pressure](#) from abroad (specifically, the US and China) prompted Seoul to shut down the Kaesong zone. MOU reportedly pleaded for [less drastic](#) measures than total closure, but was overruled by the Blue House.

**Feb. 12, 2016:** A survey [reports](#) South Koreans as divided by age over the KIC's shutdown. Younger citizens mostly oppose this, whereas their elders tend to approve.

**Feb. 12, 2016:** In an [editorial](#) headlined "A mute President," the *Korea JoongAng Daily*, a leading center-right Seoul daily, calls on Park Geun-hye to explain the closure of the KIC: "The commander-in-chief must speak up in times of crisis."

**Feb. 15, 2016:** Despite government [pledges](#) to ease the losses of ROK investors at Kaesong, press headlines [claim](#) its closure means "financial loss and ruin" for the companies concerned.

**Feb. 16, 2016:** Finally addressing the National Assembly (on Kim Jong Il's birthday), President Park [attacks](#) "the runaway Kim Jong Un regime" for its "countless provocations ... We can no longer afford to be pushed around by North Korea's deceit and intimidation."

**Feb. 17, 2016:** Four *F-22 Raptors*, the world's most advanced fighter, arrive at Osan Air Base from Kadena in Japan. One headline [reads](#): "*US F-22 Raptors* deployed to rattle Pyongyang".

**Feb. 18, 2016:** MOU [announces](#) the suspension of almost all ROK financial aid to the DPRK.

**Feb. 18, 2016:** *Voice of America* [headlines](#) that the upcoming joint US-ROK military drills *Key Resolve* and *Foal Eagle* will be the largest ever held.

**Feb. 18, 2016:** Briefed by the National Intelligence Service (NIS), Lee Chul-woo, a lawmaker of the ruling Saenuri Party, [claims](#) Kim Jong Un is preparing terror attacks on the South: "The North can inflict damage on ...activists, defectors and government officials ... It could target public facilities and key infrastructure, including subways, shopping malls and power stations."

**Feb. 19, 2016:** President Park [warns](#) a meeting of mayors and provincial governors at the Blue House of the threat from North Korea: "New types of threats such as terror (attacks), cyberattacks or biological weapons could occur anywhere."

**Feb. 19, 2016:** South Koreans continue to debate the Kaesong closure, with critics querying the ROK government's case and numbers; for example in the left-leaning *Hankyoreh* [daily](#).

**Feb. 19, 2016:** Minister of Strategy and Finance Yoo Il-ho [insists](#) the KIC's closure will not impact the wider ROK economy – it accounted for just 0.04 percent of GDP – nor its credit [ratings](#). Moody's had called the closure "credit negative" for South Korea due to heightened geopolitical risks, but left the country's rating unchanged.

**Feb. 19, 2016:** The NIS [warns](#) that the DPRK may target ROK officials for assassination. A prominent North Korean [defector](#) in the South has his security detail quadrupled.

**Feb. 29, 2016:** *Voice of America* highlights the plight of companies that had invested in the KIC, under the [headline](#) “Sanctions on North Korea Hurting Businesses in South Korea.”

**March 2, 2016:** UN Security Council (UNSC) [passes](#) a unanimous resolution condemning the DPRK’s January nuclear test and its February missile test. Resolution 2270 includes sanctions much stronger than any previously levied on the DPRK.

**March 2, 2016:** The ROK National Assembly passes two bills, both originally tabled years before, after an 8-day [filibuster](#) (a world record) by the liberal Minjoo opposition party, which however fails to stop the ruling conservative Saenuri Party passing an anti-terrorism bill. But the opposition accepts a law on human rights in North Korea, which passes by 212-0.

**March 3, 2016:** ROK Foreign Minister Yun Byung-se [exults](#) at the new UNSC sanctions on the DPRK; calling them “full-scale,” “super-strong,” and set to “bring about ‘bone-numbing’ outcomes that the North Korean government couldn’t ever imagine in the past.”

**March 3, 2016:** Pyongyang papers [publish](#), then widely comment on, an article about Park Geun-hye headlined “Ugly Female Bat-Disgrace of Worst Traitor” (sic). This also calls the ROK President “a tailless bitch.” Much similar venom fills DPRK media for several weeks.

**March 6, 2016:** The ROK-US Combined Forces Command (CFC) [announces](#) the start of the usual pair of annual joint military exercises next day. *Key Resolve* finishes on March 18, while the much larger *Foal Eagle* continues through April 30.

**March 8, 2016:** The ROK and US [begin](#) formal talks on THAAD deployment.

**March 8, 2016:** South Korea’s NIS [claims](#) Pyongyang recently hacked into the smartphones of some 50 senior defense-related ROK officials, using text messages to try to lure them into following links to malicious software.

**March 9, 2016:** South Korea [imposes](#) its own unilateral sanctions against North Korea. It also [suspends](#) a logistics project to import Russian coal via the DPRK’s Rajin port. Seoul further instructs South Koreans not to patronize DPRK-owned restaurants in third countries.

**March 12, 2016:** *AP* [reports](#) that ongoing US-ROK military exercises include rehearsing scenarios for “decapitation strikes” to take out the top DPRK leadership in the event of war. Pyongyang’s response to such menacing *lèse-majesté* is predictably apoplectic.

**March 16, 2016:** Some 1,100 former KIC investors and sub-contractors [rally](#) at the Imjingak Mangbaedan Altar in Paju near the DMZ, demanding a special law to compensate them.

**March 17, 2016:** MOU [rejects](#) any special law compensation for KIC investors, saying this might cause “unnecessary disputes.” One KIC company owner, Choi Jae-ho, angrily retorts: “Do we really have to burn ourselves to death with gasoline to make changes?”

**March 26, 2016:** In just one of many such threats, DPRK media [report](#) a statement by the long-range artillery forces of the frontline large combined units of the Korean People's Army (KPA). Criticizing a South Korean precision strike drill, this threatens that "If Park does not make an official apology, North Korea will take military actions to blow up Cheongwadae."

**March 31, 2016:** *NKNews* [reports](#) that a former Kaesong investor attempted suicide with an overdose of sleeping pills. He was found by his daughter, hospitalized and later discharged.

**April 1, 2016:** South Korea [reports](#) that Global Positional System (GPS) signals north and west of Seoul are being jammed from five locations in North Korea. Pyongyang denies any responsibility. This continues for a week, affecting the signal reception of over 1,000 aircraft and 700 ships. No accidents are reported, but many fishing vessels have to return to port.

**April 8, 2016:** In the largest group defection in years, MOU [reveals](#) the arrival in Seoul a day earlier of 13 North Koreans: apparently most of the staff (12 waitresses and a male manager) from an overseas DPRK restaurant, soon revealed to be the Ryugyong in Ningbo, China.

**April 12, 2016:** China's Foreign Ministry [says](#) the Ningbo 13 all carried valid passports and left the PRC legally. Most defectors enter China illegally, and if caught are repatriated. The legalities aside, Beijing is seen as sending a signal to Pyongyang.

**April 12, 2016:** North Korea [claims](#) the Ningbo group are victims of a "hideous" abduction plot by the ROK. It continues to repeat this claim and demand their return.

**April 13, 2016:** South Korea holds parliamentary elections for the 20<sup>th</sup> National Assembly, whose four-year term commences on May 30. President Park's ruling conservative Saenuri Party unexpectedly [loses](#) its majority, while both parties in the split liberal opposition do well.

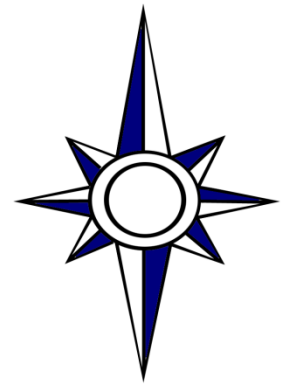
**April 21, 2016:** North Korea's Ministry of Land and Environmental Protection [denounces](#) a Southern defector group for sending balloons across the DMZ carrying anti-DPRK leaflets.

**April 30, 2016:** *Foal Eagle* ends. Pyongyang's rhetoric starts to wind down, slightly.

**May 1, 2016:** A month after the latest bout of GPS jamming blamed on North Korea, South Korea [says](#) it will revive a plan to develop a backup system less vulnerable to interference.

**May 2, 2016:** MOU [says](#) South Korea is "on alert for the possibility that the North may try to abduct our citizens or conduct terrorist acts abroad," in reprisal for the defection (which Pyongyang claims is an abduction) of its 13 restaurant workers from China.

**May 6-9, 2016:** Seventh Congress of the ruling Workers' Party of Korea (WPK) is held in Pyongyang: the first such of its kind since the Sixth Congress in 1980. Kim Jong Un gets a new title as WPK Chairman: he gives a three hour work report, as well as opening and closing speeches. A grand parade follows the Congress.



**China-Korea Relations:  
New Sanctions, Old Dilemmas**

**Scott Snyder, Council on Foreign Relations/Pacific Forum CSIS  
See-won Byun, George Washington University**

North Korea's fourth nuclear test on Jan. 6 and long-range missile launch on Feb. 7 drew global opposition to Pyongyang's actions in the form of UN Security Council (UNSC) Resolution 2270 on March 2 and condemnation by regional leaders. Pyongyang, however, promptly dismissed such calls with an intense series of short- and mid-range missile launches of various types on March 3, March 10, March 18, March 21, April 15, April 23, and April 28. Presidents Xi Jinping and Park Geun-hye expressed support for full implementation of UN sanctions in bilateral talks at the Nuclear Security Summit (NSS) in Washington on March 31, joined by US and Japanese counterparts. Foreign Ministers Wang Yi and Yun Byung-se pledged their commitment to denuclearization at the fifth Foreign Ministers Meeting of the Conference on Interaction and Confidence Building Measures in Asia (CICA) in Beijing on April 27-28, where Xi declared that China "will absolutely not permit war or chaos on the peninsula." Despite Beijing's hardened rhetoric, current tensions on the Korean Peninsula point to enduring differences between Beijing and Seoul's strategic preferences and the domestic motivations behind Pyongyang's aggression as the Workers' Party of Korea (WPK) prepared to convene its first party congress in more than three decades in May.

**Pyongyang's provocations drive new sanctions...**

Regarded as the toughest UN sanctions resolution yet to be imposed on North Korea, UNSC Resolution 2270 restricts DPRK coal, iron, and iron ore imports; prohibits the sale of aviation fuel to North Korea; restricts DPRK banking transactions abroad; and requires all UN members to inspect DPRK cargo. North Korea's Jan. 6 nuclear test sparked a series of bilateral meetings between PRC nuclear envoy Wu Dawei and ROK, Japanese, and US counterparts, a visit by Secretary Kerry to Beijing in late January, and a three-day visit by Wu Dawei to North Korea on Feb. 2-4 for talks with Foreign Minister Ri Su Yong, Deputy Foreign Minister Kim Kye Gwan, and counterpart Ri Yong Ho. Pyongyang's announcement of its rocket launch plans on the day of Wu's departure raised early speculation even by China's Foreign Ministry that he would return empty handed. While Foreign Minister Wang Yi reiterated Chinese efforts to dissuade Pyongyang in a Hong Kong media interview on Feb. 5, North Korea's long-range rocket launch two days later directly defied Chinese warnings. Xi Jinping joined in condemnation of Pyongyang with Presidents Park and Obama in separate telephone conversations on Feb. 5 and meetings on the NSS sidelines in March. Wu Dawei and newly-appointed ROK counterpart Kim

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Hong-kyun met on March 18 and April 22 against the backdrop of a flurry of North Korean launches in defiance of new sanctions and diplomatic pressure.

The UNSC's adoption of Resolution 2270 has shifted international attention to China's implementation of new UN sanctions. Some South Korean sources reported positive developments within weeks of the resolution, including an expansion of Customs personnel inspecting DPRK cargo, a central directive on local enforcement of a ban on the entry of blacklisted vessels, the implementation of a blacklist of 16 North Korean individuals by Beijing immigration authorities, and the suspension of activities of North Korean financial institutions. As part of efforts to monitor the enforcement of new sanctions, ROK Ambassador to Beijing Kim Jang-soo paid a three-day visit to Chinese border cities Dandong and Hunchun on April 13-15 to inspect Chinese Customs agencies and South Korean businesses.

On the other hand, the PRC Foreign Ministry spokesperson on March 23 flatly refuted "invented stories" in the Japanese media about Chinese implementation of a blanket ban on DPRK vessels. The PRC Foreign Ministry on Feb. 22 similarly denied South Korean media reports of the Industrial and Commercial Bank of China's freezing of North Korean bank accounts in Dandong. Other South Korean reports on March 8 revealed continued unauthorized operations of North Korean financial entities in such centers of China-DPRK trade as Dandong, as the North has developed ways to evade efforts of Chinese regulators. In response to media reports of the freezing of North Korean accounts by Chinese banks in border regions, the ROK Unification Ministry spokesperson on Feb. 22 noted the North's tendency to "directly deliver cash or use borrowed-name bank accounts." A UN report of the Panel of Experts established under UNSC resolution 1718, issued on March 7, revealed systemic weaknesses in its past record of implementing sanctions on North Korea, including measures that had been specified in prior UN resolutions. However, the limits on China's cooperation to sanction North Korea are clearest outside the UN framework: in its opposition to Seoul and Washington's imposition of unilateral sanctions measures and China's rejection of a South Korean proposal on March 18 for three-party talks with the United States on implementing UN sanctions.

### **...and old dilemmas for China and South Korea**

Despite Beijing's pledges of "full" implementation of UNSCR 2270, mounting regional tensions over North Korea reveal two enduring differences between Beijing and Seoul. First, the two sides remain divided over their strategic priorities on the Korean Peninsula. During annual China-ROK defense consultations in Seoul on Jan. 15, Rear. Adm. Guan Youfei, foreign affairs director at the Defense Ministry, reiterated Beijing's basic three principles of denuclearization, stability, and dialogue on the Peninsula. South Korean counterparts, however, continue to raise criticism over what they perceive as Beijing's prioritization of stability over denuclearization, and dialogue over sanctions and pressure.

A second related difference is over the short- versus long-term tools for managing Korean security. While ROK officials have sought coordinated pressure on Pyongyang, as China's Foreign Ministry stated after Seoul and Washington's imposition of unilateral sanctions in March, "China opposes any country's unilateral sanctions" that undermine its "legitimate interests." Foreign Minister Wang Yi at the annual session of China's National People's

Congress (NPC) on March 8 pledged an “unwavering commitment” to denuclearization, but noted that “blind faith in sanctions and pressure, in fact, is not responsible for the future of the Korean Peninsula. Disagreement over sanctions has been evident since Park Geun-hye, in her Jan. 13 New Year’s press conference, called on Beijing to take “necessary measures” to prevent further North Korean nuclear tests. Park’s comments were particularly pointed, possibly reflecting frustration with her failure to speak directly with Xi Jinping in the days following North Korea’s fourth nuclear test. Following talks between nuclear envoys on Jan. 14, ROK Foreign Ministry officials projected a “tactical delay” in China’s review of the draft UNSC resolution. A *Global Times* editorial on Jan. 15 argued that stronger sanctions “will not work.” Chinese opposition to harsh punishment emerged during US Secretary of State John Kerry’s meeting with Wang Yi later that month, after which Seoul’s presidential spokesman urged China to play a “constructive” role and the US State Department called for China’s “unique leadership” on North Korea. Amid such pressure for tougher action, China’s Foreign Ministry spokesperson on Feb. 5 stated that “we have a different definition of more serious measures.”

Beijing has proposed parallel peace treaty and denuclearization talks as a way of jump-starting diplomacy to address Korean security, favoring a longstanding demand by Pyongyang that Seoul and Washington have rejected in the absence of North Korean willingness to discuss denuclearization. Since raising the possibility on Feb. 18, Foreign Minister Wang has promoted the “parallel track” proposal as an “equitable, reasonable and workable solution” to North Korea’s “rational concerns.” On March 8, he indicated China’s openness to “three-party, four-party, or even five-party contacts.” Following President Park’s proposal on Jan. 22 for a five-party meeting without Pyongyang that would be centered on denuclearization, however, China’s Foreign Ministry promptly pushed for the long-stalled six-party dialogue as the “fundamental way to resolve the Korean nuclear issue.” Beijing did not offer a decisive response to Seoul’s proposal of three-way talks with Washington on implementing new UN sanctions, raised during nuclear envoy Kim Hong-kyun’s meeting with Wu Dawei on March 18, days before the initiation of US-ROK high-level talks on sanctions implementation.

Finally, Beijing has coupled its toughened rhetoric against Pyongyang with a consistent emphasis on North Korea’s own legitimate security concerns. At the opening of China’s NPC session on March 4, NPC spokesperson Fu Ying firmly opposed North Korea’s nuclear buildup but also called for other parties to address the North’s security concerns. Foreign Minister Wang Yi on March 8 further claimed that “China and North Korea enjoy a normal state-to-state relationship with a deep tradition of friendship...If the country seeks development and security, we will be prepared to help.”

### **China reacts to US-ROK cooperation on North Korea**

Recent events have prompted a stronger Chinese reaction not only to DPRK aggression but also US-ROK alliance cooperation, revealing differences in perceptions of regional security threats. US-ROK responses to North Korea’s military threats – including initiation of formal talks on Terminal High Altitude Area Defense (THAAD) on March 4, new high-level talks on sanctions implementation on March 21, and what the ROK Defense Ministry called annual military exercises of “the largest scale ever” from March 7 – reignited Chinese concerns over the implications for its strategic interests. As the Foreign Ministry stated after telephone talks



between Foreign Minister Wang Yi and Secretary of State Kerry on March 9, China's "reasonable and legitimate security rights and interests should not be undermined."

Beijing has continuously opposed US offers of technical talks on THAAD aimed to reassure Beijing on its defensive aims against North Korea, insisting there is nothing "technical" about such talks. After US Undersecretary of State for Arms Control and International Security Rose Gottemoeller raised the proposal on March 23, China's Foreign Ministry stated that "the THAAD issue is not a technical one.... While pursuing one's own security interests, one should take into consideration the others' security interests." China's Foreign Ministry on March 30 explicitly referred to the THAAD issue as "a strategic one related to peace and stability in Northeast Asia" that would "go far beyond the actual defense requirement of the Korean Peninsula and will cause a direct impact on China's strategic and security interests." Foreign Minister Wang Yi reiterated China's "fair concern" over THAAD with Russian support on April 29, after meeting counterpart Sergey Lavrov in Beijing.

China-ROK frictions over THAAD may put at risk progress in bilateral trust building that Presidents Xi and Park have prioritized since 2013. A Sejong Institute report in January raised concerns over perceived Chinese threats of economic retaliation should South Korea consent to THAAD deployment, pointing to growing Chinese mistrust of South Korea over the course of the North Korean nuclear standoff. China's *Global Times* noted the negative repercussions of THAAD on mutual strategic trust, warning that "South Korea should avoid using the THAAD missile system as leverage against China." The THAAD debate also appeared to exacerbate frictions about overlapping Chinese and South Korean air defense identification zones when two Chinese military jets reportedly entered the South Korean zone, according to the Joint Chiefs of Staff on Feb. 2. Tensions stemming from THAAD may also threaten new security initiatives such as bilateral maritime demarcation talks most recently held in Beijing on April 22 as a follow-up to a new round of vice-ministerial talks on EEZs in Seoul last December.

### **Economic stagnation challenges China-ROK post-FTA partnership**

China-ROK efforts to advance the bilateral free trade agreement (FTA) since it went into effect last December have continued despite tensions arising from the North Korean nuclear issue. FTA implementation, cooperation in key sectors such as autos and high-technology, and joint development projects overseas were three priorities emerging from ROK Trade Minister Joo Hyung-hwan's four-day visit to China on March 16-19 for talks with PRC counterpart Gao Hucheng, China's minister of information technology, and Asian Infrastructure Investment Bank (AIIB) President Jin Liqun. China and South Korea agreed to extend the RMB-Won currency swap deal on April 11, in talks between People's Bank of China Governor Zhou Xiaochuan and Seoul's new Finance Minister Yoo Il-ho on the sidelines of the Inter-American Development Bank annual meeting in the Bahamas. PRC Vice Commerce Minister Gao Yan and ROK counterpart Cho Tae-yul led the Joint Economic Committee session in Seoul on April 20, the key bilateral mechanism for economic cooperation initiated in 1993. Under the new China-ROK FTA, the Technical Barriers to Trade Committee of 14 trade-related bodies held inaugural talks in Beijing on March 16 on removing nontariff barriers to trade, which Finance Minister Yoo identified as an "excessive" obstacle to South Korean exports to China in sectors such as food and cosmetics. The sale of South Korean rice imports in Beijing from April, following an



agreement during the Xi-Park summit in September of 2015 to lift Chinese quarantine regulations on Korean rice, was a major development in Seoul's decade-long push for opening up China's agricultural sector.

China's weakest growth in 25 years during 2015 has raised South Korean concerns over the implications of an economic slowdown in its biggest export destination. Korea International Trade Association (KITA) data in April indicated an annual 15.7 percent decline in ROK exports to China in the first quarter of 2016 to \$28.5 billion, the largest decline in exports since the global financial crisis in 2009. In 2015, ROK exports to China fell by an annual 5.6 percent to \$137.1 billion. Finance Minister Yoo in a policy meeting in Seoul in January proposed "preemptive" measures against the "risks stemming from China," and in his keynote speech at China's Boao Forum in Hainan on March 24 called for regional efforts to promote sustainable growth amid growing uncertainties. Bank of Korea chief Lee Ju-yeol in January linked South Korea's domestic economic challenges to China's slowdown, cautioning against a new global recession triggered by slowing Chinese growth. A Hyundai Research Institute study in April claimed that China's economic decline could impose a bigger cost on South Korea compared to other economies given its relatively heavy dependence on China, associating a 0.5 percent drop in South Korea's growth rate to a 1 percent drop in China's growth rate. While the Korea Institute for International Economic Policy in March suggested that exports to China are unlikely to recover in the near term, Seoul's export strategy remains focused on the Chinese consumer goods market.

South Korean assessments are pessimistic over the long-term implications of structural shifts in the China-ROK economic relationship. The Bank of Korea reported a narrowing gap in China and South Korea's global competitiveness in 2005-2013, as well as a decline in the growth of South Korean competitiveness in China's market in 2010-2013. A January report projected that half the global smartphone market would be taken by Chinese competitors like Huawei, Xiaomi, and Lenovo, which accounted for a combined share of almost 40 percent compared to 24.8 percent and 17.5 percent shares for Samsung Electronics and Apple. Chinese smartphones have also pushed into South Korea's domestic market recently with cheaper, quality alternatives.

### **Emerging areas of cooperation: Chinese outward investment and culture**

The ROK government, meanwhile, is eyeing a major role in China-led regional investment as an AIIB member with the fifth-biggest share of voting rights (3.81 percent). Korea Development Bank president Hong Ky-tack was named among the AIIB's five vice presidents in February, to serve as the chief risk officer according to the ROK Finance Ministry. Finance Minister Yoo Il-ho attended the AIIB's inauguration in January and held bilateral meetings with PRC counterpart Lou Jiwei and AIIB President Jin Liqun in Beijing. In his opening address on January 16, Yoo affirmed that "the foremost purpose of the AIIB is to promote economic growth in the Asian region by supporting infrastructure investment." Although President Xi presented the bank as a "truly international, rules-based, high-standard" lender, South Korean concerns remain over transparency and geopolitical implications stemming from AIIB. The extent to which the AIIB will really follow international standards or the traditional state-led model of the China Development Bank appears to be a subject of debate even within China's own Finance Ministry. South Korea's Foreign Ministry in March reiterated its commitment to President Park's Eurasia

Initiative, which she has promoted as a potential complement to the AIIB-supported One Belt, One Road. But skepticism has grown over this initiative since Seoul's suspension of a trilateral logistics partnership with North Korea and Russia on March 7 as part of recent unilateral sanctions on the North.

One emerging trend in China-ROK bilateral investment is the growth of Chinese investment focused on South Korea's financial service and entertainment sectors. Chinese firms secured 33 corporate M&A deals with South Korean partners last year, triple the number in 2014 according to KITA, with the value of such deals more than doubling to \$1.93 billion, or about 70 percent of Chinese takeovers reported since 2006. While manufacturing firms accounted for 52 percent of Korean companies bought by Chinese counterparts from 2006 to 2014, entertainment and financial service businesses represented 73 percent last year. In March, China replaced the United States as the biggest foreign investor in South Korean bonds, owning about \$14.9 billion worth of bonds by the end of February according to the Korea Exchange.

The expansion of China's own entertainment industry and South Korea's stagnant domestic market has pushed the "Korean wave" into a new phase funded increasingly by China, boosting ROK cultural exports, Chinese investment, and joint production. Partnerships with Chinese sponsors are a massive source of revenue for South Korean producers like *SBS*, which in January denied rumors that variety show "Running Man" and its localized Chinese version accounted for more than half its 2015 earnings, and *KBS*, whose drama "Descendants of the Sun" has depended on 5 billion Won in limited strings-attached funding by Chinese video platform iQiyi. South Korea's *EBS* on April 18 announced a \$5.9 million co-production deal with *Hunan TV's* Golden Eagle Documentary Channel, while the Korean Culture and Information Service in March launched China's first Korean-language education program, a joint production with *People's Daily Online* to be broadcast by *China Education Television* from October. Such trends, however, have also raised South Korean public criticism over the "defection" of TV producers from major networks, as well as China's new regulations on online publishing by foreign firms released in February, seen as an effort to strengthen censorship rather than internet security. Chinese investment in South Korea's entertainment industry over the past five years amounted to \$2.5 billion according to a January report from South Korea's Small and Medium Business Administration. There has reportedly been a major shift from previous practices of Memoranda of Understanding (MoU) rather than direct investment, while raising new concerns over China's control over Korean cultural content in the long run.

The 2016 "Visit Korea Year" has catalyzed government and private efforts to promote Chinese tourism this year, during which the ROK Culture Ministry aims to attract 8 million visitors. Culture Minister Kim Jong-deok hosted the opening ceremony on January in Beijing, where he outlined such measures as visa fee waivers for group travelers, six new air routes launched from February, and specialized tour packages, largely targeted at China's growing middle-income class. As part of its public diplomacy campaign, the ROK Embassy in Beijing in March assigned more than 100 Chinese bloggers to the promotion of people-to-people ties online through *Weibo*. The South Korean Ministry of Justice is preparing to receive 8,000 Chinese from healthcare company Zhongmai Group in May, the biggest tour group ever to enter the country. Thousands of Chinese employees have already flocked to South Korea on company incentive trips, including 1,600 from a health equipment maker in January, 6,000 from Aolan International

Beauty Group in March, and 4,200 from a Shanghai-based financial group in April. The surge in Chinese travelers has enabled South Korean retailers to recover from the impact of Middle East Respiratory Syndrome (MERS) last summer, driving a jump in sales to Chinese customers by at least 50 percent in January-March. China-ROK tourism cooperation has also included local partnerships such as a pact between Wuxi and Geoje reached in April to send 15,000 tourists a year to the South Korean island city. On Jeju Island, which adopted a visa policy in 2010 granting permanent residency to real estate investors, provincial data at the end of 2015 showed that Chinese nationals represented 94 percent of foreign owners of real estate. According to the Ministry of Justice, Chinese have accounted for 89 percent of investments under South Korea's immigrant investor program since May 2013, which grants residence visas to foreigners investing \$427,000 or more in designated public projects.

### **China's political and economic exchanges with a belligerent North Korea**

Besides PRC nuclear envoy Wu Dawei's February visit to North Korea, China-DPRK diplomatic contacts remain at a historic low point. Although Foreign Minister Ri Su Yong traveled to Beijing in April on his way to UN meetings in New York, the PRC Foreign Ministry denied the possibility of meetings with Chinese officials. The *Korean Central News Agency* did not mention the participation of a Chinese delegation in Pyongyang's April Spring Friendship Art Festival commemorating Kim Il Sung's birthday on April 15, where Chinese artists have previously performed.

Chinese assessments consider North Korea's nuclear ambitions to be a source of growing strain in both the China-DPRK alliance and China's global engagement of Pyongyang. As the *South China Morning Post* reported on April 17, the bilateral security treaty remains what Shen Jiru of the Chinese Academy of Social Sciences calls a "relic of the Cold War." According to Pang Zhongying of Renmin University, it "exists only in the legal sense," making it "highly unlikely that China will provide military aid in the event of a conflict or war." In response to Pyongyang's preparations for a rocket launch following its fourth nuclear test, a *Global Times* commentator on Jan. 30 argued that "Pyongyang should not expect China to protect it through the United Nations if it is driven into a corner." South Korean observers warn that Pyongyang's aggression is a growing strategic burden on China's global security initiatives under Xi Jinping; it acts a catalyst for US-ROK-Japan defense cooperation, creates China-ROK friction, and spurs Washington's strategic engagement in Asia. However, conventional views maintain that Beijing's current cooperation to sanction North Korea is fundamentally limited by its priority interests: preventing Pyongyang's regime collapse, a humanitarian crisis on China's borders, and the emergence of a unified, democratic Korea aligned with the United States. A *Global Times* editorial on Feb. 4 warned that "if North Korea launches a satellite, it will pay a new price," but ultimately called for pursuing a "balanced approach to prevent the collapse of the North Korean economy, while imposing sanctions against North Korea." During talks between nuclear envoys in January, South Korean Foreign Ministry officials noted differences over sanctions not just between Seoul and Beijing but also among Chinese government agencies, central and local authorities, and private entities.

According to the Korea Trade-Investment Promotion Agency (KOTRA), the China-DPRK trade volume in 2015 fell by 14.7 percent to \$5.43 billion, the first double-digit annual decline since

2000. North Korea's political and economic isolation after its January nuclear test has raised projections of a further decline in bilateral trade. In support of new sanctions, Beijing on April 5 released a list of restrictions on North Korean imports such as titanium. According to KITA, which projects a 50 percent drop in the North's total exports, coal and iron ore accounted for 97 percent of North Korea's trade of currently banned materials in 2014, all of which went to China. Geopolitical tensions and international sanctions also undermine Kim Jong Un's bid to attract foreign investment through North Korea's special economic zones on the China-DPRK border, including Sinuiju and Rason. China's five-year economic guidelines issued by the National Development and Reform Commission at the NPC session on March 7 did not include projects with North Korea among China's foreign economic projects. Northeast Chinese provincial reports in January also played down cross-border cooperation with North Korea in line with the central government's apparent political fallout with Pyongyang.

### **The potential impact of sanctions on China-Korea economic relations**

It is premature to extrapolate the impact of new sanctions and other policy measures from currently available bilateral trade and investment figures. KOTRA data showed a 13 percent on-year increase in Chinese imports from the North to \$229 million in March and a 15.6 percent growth in exports to \$236 million, with a notable jump in coal imports from North Korea. Some analysts suggest that the jump is a one-time phenomenon driven by anticipation of the impending implementation of stricter UN sanctions on North Korea. A Korea Development Institute (KDI) survey of Chinese firms in March suggested an expansion in trade and investment between Chinese businesses and DPRK military-affiliated counterparts, which offer higher returns under Pyongyang's longstanding military-first policy compared to civilian government or WPK firms.

On the other hand, Pyongyang's economic isolation appears to be having two indirect effects on the movement of North Korean labor and goods. The defection of 13 state-run restaurant workers to South Korea in April drew high-profile attention from PRC and ROK governments as North Korea's first publicized mass defection since 2011. Recent international efforts against DPRK human rights abuses have raised attention on North Korea's increasingly disillusioned "forced overseas laborers" who send an estimated total of \$200-\$300 million annually to the Pyongyang regime. Overseas North Korean restaurants, three-quarters of which are based in China, are believed to provide North Korea with up to \$10 million a year in hard currency. Some Korean sources, however, see the recent closure of North Korean restaurants as part of Pyongyang's internal measures to mobilize its people and resources ahead of the May WPK Congress. The DPRK Ministry of State Security reportedly pledged to strengthen its surveillance of people and information in border regions before the WPK Congress. ROK Foreign Minister Yun Byung-se hinted on April 12 that additional defections may follow as Pyongyang seeks to tighten its supervision of overseas laborers. However, Seoul faced heavy criticism domestically for publicizing recent North Korean defections as a way to influence South Korea's own general elections in April.

A second potential impact of sanctions is the relocation of inter-Korean business to China. As *Radio Free Asia* reported in April, North Korean traders have engaged in selling Kaesong-made products in Chinese border cities since Seoul's decision to close Kaesong Industrial Zone on Feb. 10. South Korea's Federation of SMEs in April indicated that South Korean investors are

seeking alternative means to continue business, including the creation of an agricultural industrial complex for SMEs in Chinese border cities like Dandong and Yanji, which offer cheap North Korean labor and a more secure investment environment. Such propositions highlight the dual implications of Seoul's closure of Kaesong in support of tougher sanctions on the North. Seoul's decision, according to some officials, played a major role in pushing China to endorse the UNSC's adoption of a new resolution, but at the expense of South Korean economic leverage over Pyongyang through Kaesong, which had employed more than 54,000 North Korean workers and hosted over 120 South Korean firms.

### **Conclusion: new sanctions, old dilemmas**

Tensions from DPRK military threats, and how to deal with them, have rekindled decades-old dilemmas on the Korean Peninsula over its political future and role of the United States. Seoul is clearly not ready to accept a peace treaty as proposed by China in February. In addition to challenging Seoul's denuclearization-first policy, any proposed peace treaty would raise questions about the status of the U.S.-ROK alliance. China's recent opposition to talks on THAAD and its hesitations on sanctions, on the other hand, reflect longstanding claims that the source of DPRK aggression is not China's limited influence but Pyongyang's perceptions of the US's "hostile policy." As China's Foreign Ministry spokesperson suggested on Feb. 3, "In response to some countries' outcry for pressure and sanctions, North Korea conducted one nuclear test after another.... North Korea did slap some country across the face. As for whose face North Korea did slap, I think the country itself knows well." Following the Obama administration's calls for pressure and sanctions against Pyongyang's submarine-launched ballistic missile test, the ministry's spokesperson on April 25 stated that "China has done what it can do.... If the U.S. thinks that China has not done enough, has the U.S. done its part?"

Such differences, however, not only distract from the immediate effort to implement sanctions against Pyongyang, but may also drive new forms of regional competition that Beijing seeks to avoid. North Korea's military buildup and current US and South Korean domestic political debates have fueled debates in South Korea on the possibility of its own nuclear armament. Whether South Korea's nuclear debate becomes more serious will be driven, in part, by South Korean judgments regarding the level of priority that both Washington and Beijing give to North Korea's denuclearization. Regardless of whether an official US-ROK-China trilateral consultation on North Korea can be achieved, the interaction among Seoul, Beijing, and Washington in response to Pyongyang's actions has emerged as a significant influence on South Korea's foreign policy and is an emerging influence on China's policy options toward the Korean Peninsula.

## **Chronology of China-Korea Relations January – April 2015**

**Jan. 6, 2016:** North Korea conducts its fourth nuclear test.

**Jan. 14, 2016:** ROK nuclear envoy Hwang Joon-kook meets PRC counterpart Wu Dawei and Vice Foreign Minister Li Baodong in Beijing.

**Jan. 15, 2016:** PRC and ROK defense ministries hold annual working-level talks in Seoul, led by Foreign Affairs Director Rear Adm. Guan Youfei and Director General for International Policy Yoon Soon-ku.

**Jan. 16-18, 2016:** ROK Finance Minister Yoo Il-ho participates in AIIB inauguration ceremony and board of directors meeting in Beijing and meets PRC counterpart Lou Jiwei and AIIB President Jin Liqun.

**Jan. 18, 2016:** China's Foreign Ministry calls for a "comprehensive" approach to North Korea's Jan. 6 nuclear test.

**Jan. 20, 2016:** ROK Culture Minister Kim Jong-deok hosts a ceremony in Beijing marking "Visit Korea Year."

**Jan. 21, 2016:** US Assistant Secretary of State for International Security and Nonproliferation Thomas Countryman warns China on selling nuclear and missile technology to North Korea.

**Jan. 22, 2016:** PRC Foreign Ministry calls for joint efforts toward restarting Six-Party Talks.

**Jan. 22, 2016:** President Park proposes five-party talks on DPRK denuclearization.

**Jan. 27, 2016:** ROK Coast Guard announces the deadly capsizing of a Chinese fishing boat in waters off South Korea's southwestern coast.

**Jan. 28, 2016:** South Korea's Ministry of National Defense announces that South Korea has agreed to repatriate remains of Chinese soldiers killed in the Korean War.

**Jan. 28, 2016:** ROK presidential spokesman calls for a constructive role from China and Russia in dealing with North Korea.

**Jan. 29, 2016:** The PRC Foreign Ministry cautions South Korea over the THAAD issue.

**Jan. 29, 2016:** South Korea's Farm Ministry announces South Korea's plans to export rice to China for the first time.

**Jan. 29, 2016:** Choi Son Hui, deputy director-general of the DPRK Foreign Ministry's American affairs bureau, arrives in Beijing.

**Jan.31, 2016:** Two PRC military planes enter China and South Korea's overlapping air defense identification zone near Jeju Island and leave after a warning message from South Korea.

**Feb. 1, 2016:** President Xi Jinping sends birthday greetings to President Park Geun-hye.

**Feb. 1, 2016:** Daejeon metropolitan city announces that 300 Chinese tourists will visit the city for medical tests and sightseeing.

**Feb. 1, 2016:** *Yonhap* begins releasing Korean translations of People's Daily news articles.

**Feb. 2-4, 2016:** China's Special Envoy Wu Dawei visits North Korea and meets Foreign Minister Ri Su Yong, Deputy Foreign Minister Kim Kye Gwan, and counterpart Ri Yong Ho.

**Feb. 2, 2016:** Seoul metropolitan government announces promotional plans for visiting Chinese tourists during the Lunar New Year holiday.

**Feb. 2, 2016:** Chinese state-run paper reports that China has reorganized its regionalized military commands including a Shenyang-based command in charge of the Korean Peninsula.

**Feb. 3, 2016:** ROK Finance Ministry appoints Hong Ky-ttack as AIIB vice president.

**Feb. 3, 2016:** PRC Foreign Ministry expresses concern over North Korea's planned long-range rocket launch in February after Pyongyang on Feb. 2 notifies the UN on such plans.

**Feb. 5, 2016:** President Xi holds telephone talks on North Korea with Presidents Park.

**Feb. 5, 2016:** PRC FM Wang Yi says Special Envoy Wu Dawei warned North Korea on escalating tensions with a planned rocket launch.

**Feb. 7, 2016:** North Korea launches a long-range rocket.

**Feb. 7, 2016:** DPRK diplomat in Dandong kills three Chinese in a drunk-driving accident.

**Feb. 18, 2016:** ROK Foreign Ministry and US State Department reject Chinese proposals for parallel peace and denuclearization talks with North Korea.

**Feb. 22, 2016:** PRC Foreign Ministry denies South Korean media reports of the Industrial and Commercial Bank of China's freezing of North Korean bank accounts in Dandong.

**March 3, 2016:** PRC Foreign Ministry calls for the full implementation of UNSC Resolution 2270. North Korea fires short-range projectiles into the East Sea.

**March 4, 2016:** PRC Foreign Ministry calls for restraint after North Korea launches projectiles.

**March 7, 2016:** PRC Foreign Ministry expresses concern over Korean Peninsula security in response to US-ROK military exercises from Feb. 29.

**March 7, 2016:** PRC Foreign Minister Wang Yi expresses support for the implementation of UNSC sanctions resolution on North Korea.

**March 8, 2016:** FM Wang Yi reiterates calls for Korean peace treaty and denuclearization talks.

**March 9, 2016:** DPRK blacklisted ship is reportedly denied entry into China.

**March 9, 2016:** China's Foreign Ministry expresses opposition to Seoul's unilateral sanctions against North Korea.

**March 9, 2016:** ROK Ambassador to China Kim Jang-soo pledges to strengthen communication with China on the DPRK nuclear issue.

**March 10, 2016:** ROK media reports that Chinese authorities have notified Beijing Capital International Airport of a list of North Korean individuals blacklisted by new UN sanctions.

**March 10, 2016:** Hong Kong imposes a ban on a DPRK freighter under UN sanctions.

**March 10, 2016:** China's Foreign Ministry calls for restraint after North Korea fires two short-range missiles into the East Sea.

**March 12, 2016:** FM Wang pledges plans for peace treaty and denuclearization talks with North Korea after meeting Foreign Minister Sergei Lavrov in Moscow.

**March 15, 2016:** PRC and ROK FMs Wang Yi and Yun Byung-se hold telephone talks and agree to fully implement new UN sanctions on North Korea.

**March 15, 2016:** China's Foreign Ministry urges North Korea to comply with UN resolutions in response to North Korean threats of a nuclear warhead test.

**March 16-19, 2016:** ROK Trade Minister Joo Hyung-hwan visits China and meets Commerce Minister Gao Hucheng and AIIB President Jin Liqun.

**March 17, 2016:** China's Foreign Ministry expresses opposition to unilateral sanctions.

**March 18, 2016:** PRC and ROK envoys Wu Dawei and Kim Hong-kyun meet in Beijing.

**March 18, 2016:** Two South Korean ships are impounded in Ningbo after reportedly colliding with a Chinese fishing boat, leaving nine people missing.

**March 21, 2016:** China's Foreign Ministry after North Korea's launch of five short-range projectiles urges North Korea not to violate UN resolutions.

**March 22, 2016:** The PRC Foreign Ministry says that a recent lifting of sanctions on four DPRK vessels is in line with UN regulations.

**March 23, 2016:** The PRC Foreign Ministry refutes Japanese media reports of an entry ban on all North Korean vessels.

**March 23, 2016:** China's Foreign Ministry dismisses US calls for "technical" talks on THAAD.

**March 24, 2016:** ROK Finance Minister Yoo Il-ho delivers a keynote speech at the Boao Forum for Asia in Hainan.



**March 27-29, 2016:** Group of 6,000 Chinese employees of Aolan International Beauty Group arrive in Incheon for a week-long tour of Incheon and Seoul.

**March 29, 2016:** PRC Foreign Ministry calls for restarting denuclearization talks with North Korea.

**March 30, 2016:** PRC Foreign Ministry dismisses US offer of talks on technical issues related to THAAD.

**March 31, 2016:** South Korea repatriates the remains of 36 Chinese soldiers killed during the Korean War.

**March 31, 2016:** Presidents Xi and Park meet on the sidelines of the NSS in Washington.

**April 1, 2016:** South Korea's Federation of SMEs chief Park Seong-taek proposes an alternative inter-Korean industrial complex on the China-DPRK border.

**April 4, 2016:** South Korean media reports that ROK authorities ordered 52 travel agencies in northeast China to halt visa application services for Chinese planning to visit South Korea.

**April 5, 2016:** China's Commerce Ministry announces a list of restrictions on North Korean imports as part of steps to enforce UNSC sanctions against North Korea.

**April 7, 2016:** Seoul hails China's announcement of North Korean import restrictions.

**April 7, 2016:** Thirteen North Korean workers from a Pyongyang-run restaurant arrive in Seoul.

**April 7, 2016:** South Korean rice imports are sold in Beijing for the first time.

**April 11, 2016:** ROK FM Yun Byung-se and Heilongjiang Chinese Communist Party Secretary Wang Xiankui meet in Seoul.

**April 11, 2016:** People's Bank of China Governor Zhou Xiaochuan and ROK Finance Minister Yoo Il-ho meet on the sidelines of the Inter-American Development Bank annual meeting in the Bahamas and agree to extend the RMB-Won currency swap deal.

**April 12, 2016:** ROK Foreign Minister Yun Byung-se cautions against mass defections of DPRK workers from China.

**April 13-15, 2016:** ROK Ambassador to Beijing Kim Jang-soo visits Chinese border cities Dandong and Hunchun to inspect the enforcement of sanctions against North Korea.

**April 16, 2016:** PRC state media reports on Harbin's planned expansion of the Ahn Jung-geun memorial hall by the end of 2018.

**April 16, 2016:** UNSC condemns North Korea's failed ballistic missile launch on April 15.

**April 19, 2016:** DPRK Foreign Minister Ri Su Yong arrives in Beijing on his way for UN meetings in New York.

**April 19, 2016:** PRC Foreign Ministry calls for restraint in response to Pyongyang's apparent plans for a nuclear test.

**April 20, 2016:** ROK Vice Foreign Minister Cho Tae-yul and PRC Vice Commerce Minister Gao Yan hold trade talks in Seoul.

**April 22, 2016:** ROK Special Representative for Korean Peninsula Peace and Security Affairs Kim Hong-kyun and PRC counterpart Wu Dawei hold talks in Beijing.

**April 22, 2016:** China-ROK maritime demarcation talks held in Beijing, led by ROK Foreign Ministry's Director General of International Legal Affairs Park Chull-joo and PRC counterpart Wang Xiaodu.

**April 22, 2016:** ROK Ministry of Justice announces that it will accelerate visa processing for a group of 8,000 Chinese tourists scheduled to visit in May.

**April 25, 2016:** PRC Foreign Ministry urges North Korea to comply with UNSC resolutions two days after Pyongyang claims it successfully launched a ballistic missile from a submarine.

**April 25, 2016:** South Korean media report that Pyongyang ordered Chinese companies to pay advance cash to DPRK workers to raise funds for the WPK Congress in May.

**April 27-28, 2016:** ROK Foreign Minister Yun Byung-se attends Conference on Interaction and Confidence-Building Measures in Asia (CICA) Foreign Ministers Meeting in Beijing; he meets PRC counterpart Wang Yi separately.

**April 27, 2016:** PRC and ROK Environment Ministers Chen Jining and Yoon Seong-kyu meet in Shizuoka and hold trilateral talks with Japanese counterpart Tamayo Marukawa.

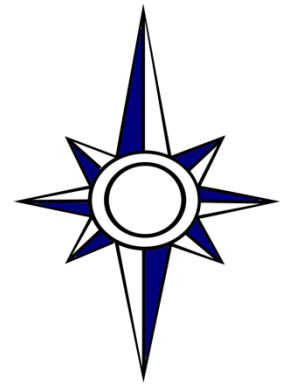
**April 28, 2016:** North Korea launches two intermediate-range *Musudan* ballistic missiles.

**April 28, 2016:** ROK Arctic Affairs Ambassador Kim Chan-woo and PRC and Japanese counterparts Ma Xinmin and Kazuko Shiraishi meet in Seoul to discuss Arctic cooperation.

**April 28, 2016:** Former ROK Prime Minister Goh Kun and Chairman of Japan's Liberal Democratic Party General Council meet PRC State Councilor Yang Jiechi in Beijing.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## Japan-China Relations: Staying on a Test Course

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Citing his November meeting with Premier Li as evidence, Prime Minister Abe found relations with China improving in his Diplomatic Report to the Diet. Chinese officials took a more cautious view. While acknowledging progress, China's ambassador to Japan called attention to unstable elements in the relationship and Foreign Minister Wang Yi accused Japan of "double dealing" in its relations with China. Issues related to the Senkaku Islands and the South China Sea continued to trouble the relationship. Chinese Coast Guard ships made incursions into Japan's territorial waters in the Senkakus while Japan continued to strengthen its military presence in Okinawa and the southwest islands. The foreign ministers met at the end of April.

### State of the relationship

Prime Minister Abe Shinzo began the year by presenting his Diplomatic Report to the Diet on Jan. 4. Citing his meeting with Premier Li Keqiang as primary evidence, Abe reported that bilateral ties should improve under the framework of the mutual beneficial strategic relationship, but that the two sides needed to add momentum to sustain the present course. He also noted that many countries were concerned with China's efforts to change the status quo in the South China Sea. In a policy speech to Diet on Jan. 22, Abe characterized China's peaceful rise as a "great chance for Japan and the world." Bilateral relations were improving and both Japan and China bore great responsibilities for regional peace and prosperity. Through the development of friendly relations, Japan and China would meet the expectations of the international community.

Meanwhile, China's ambassador to Japan and China's foreign minister were voicing somewhat less optimistic views. In the Feb. 25 foreign edition of the *People's Daily*, Ambassador Cheng Yonghua found a "sensitive and fragile" aspect to the relationship remained. Citing Japan's pending national security law, Cheng said some people were using China's maritime activities and defense programs to hype a "China threat." He argued that China's maritime activities, in both the East and South China Seas were justified and that both Japan and China should keep differences of opinion under control and to respect each other's mutual interests. At a late-March press conference at the embassy, Cheng acknowledged that relations were improving but observed that the impetus was still weak and unstable elements continued to exist.

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

During the National People's Congress on March 8, Foreign Minister Wang Yi told a press conference that Japan was guilty of "double dealing." Wang observed that "On the one hand, Japanese government leaders say nice things about wanting to improve relations, on the other hand, they are making trouble for China at every turn.... This is what I would call a typical case of double dealing." Wang felt "little ground for optimism," adding that Japan's leaders have taken "the wrong approach to history." He urged Japan to consider well whether it would regard a rising China as a "friend or enemy." The foreign minister also addressed China's South China Sea activities, emphasizing that "In building defense facilities on our island and reefs, China is actually exercising the right to self-preservation and self-defense under international law." Wang continued that "China is not the first country to have deployed weapons in the Nansha islands, we are not the country that has deployed the most weapons and we are not the country that conducts the most military activities."

Japan's annual Cabinet Office's Public Opinion Survey on Diplomacy, which was released in March, showed that those feeling "not close" to China hit a record high 83.2 percent, an increase of 0.1 percent over the previous survey. Those feeling "friendly" to China remained unchanged at 14 percent. As for the state of the relationship 9.5 percent said that they were "good" or "somewhat good"; 85.7 percent responded that they were "not good."

Japan's Ministry of Foreign Affairs issued the 2016 Blue Book on Japan's foreign relations on April 18. Addressing the bilateral relationship, it states that "Japan and China are neighbors across the East China Sea. They have an inseparable relationship characterized by close economic relations and people-to-people and cultural exchanges. At the same time, they have numerous political and social differences, so friction and disputes inevitably arise ... precisely because they are neighbors ... individual points of contention should not be allowed to affect the relationship as a whole." Among the points of contention, the document noted that "Chinese government vessels continued to make incursions into Japanese territorial waters around the Senkaku islands.... China made repeated incursions into Japanese territorial waters in 2014, sending government vessels into the waters surrounding the islands 32 times over the course of the year (88 vessels in total.)"

In Beijing, the Foreign Ministry spokesperson responded that "China has indisputable sovereignty over the Diaoyu Dao and affiliated islands, and the Nansha islands and adjacent islands." Noting that Japan's Blue Book recognized a stable bilateral relationship as critical to peace and stability in the Asia-Pacific region, the spokesperson observed that "if Japan genuinely wishes for stable China-Japan relations and regional peace, it should match its words with actions by stopping hyping up maritime issues and making irresponsible remarks...." On April 20, China's *CCTV* reported that a Chinese national had been sentenced to seven years for spying – providing "military secrets." The spying involved taking pictures and gathering intelligence on Chinese Coast Guard and military facilities in Zhejiang province, facing the Senkaku Islands, between November 2012 and December 2013, allegedly at the request of unnamed "foreigners," and an unnamed "intelligence agency." Accompanying video footage showed a Japanese town and images of Japanese currency. Chief Cabinet Secretary Suga Yoshihide responded that Japan does not engage in spying.

Finally, the Yasakuni Shrine served once again as a source of contention. On April 21, Prime Minister Abe sent a *masakaki* offering to the shrine to mark the Spring Festival. The following day a 92 member supra-party delegation, led by Cabinet minister Takaichi Sanae, visited the shrine. Commenting on the visit, the Chinese Foreign Ministry spokesperson asked Japan to “deeply reflect on its invasion history” and make a “clean break with militarism.”

### **High-level contacts**

There were several bilateral contacts among senior officials in the early months of 2016. In most cases, these contacts were characterized as follow-ups to the Li-Abe meeting in November. On Feb. 29, China’s Assistant Foreign Minister Kong Xuanyou met Deputy Foreign Minister Sugiyama Shinsuke in Tokyo. Echoing Prime Minister Abe, Sugiyama said that both countries need to exert greater efforts to move the relationship forward. Given the many outstanding issues between them, Sugiyama underscored the importance of the forthcoming discussion. Kong agreed and also raised the possibility of a future meeting between State Councilor Yang Jiechi and National Security Advisor Yachi Shotaro. During the meeting, the two sides took up issues relating to the East China Sea, the South China Sea, and North Korea. Regarding China’s island-building in the South China Sea, Sugiyama expressed concerns over their possible military use and observed that China’s conduct was raising tension throughout the international community. Despite differences, both sides agreed that “overall relations are improving.”

According to the website edition of China’s *Environmental Times*, former Prime Minister Hatoyama Yukio told a visiting Chinese delegation on April 3 that Japan bore responsibility for worsening bilateral relations and that Japan should stop fanning the China threat, reflect on its past aggression, and “must apologize.” On April 7, the *Sankei Shimbun* reported that Hatoyama had been awarded an honorary professorship at Sian University’s School of Communications.

In mid-April, Kono Yohei, chairman of the Association for the Promotion of International Trade, led a business delegation to Beijing. Unlike 2015, the Japanese delegation did not meet Premier Li Keqiang, but with Vice Premier Wang Yang on April 12, a day after the G7 foreign ministers met in Hiroshima. The Japanese media interpreted the meeting downgrade as an indication of China’s dissatisfaction with the G7 communiqué’s reference to Chinese activity in the South China Sea. In the meeting, the Japanese delegation worked to advance the high-level economic dialogue agreed to by Prime Minister Abe and President Xi in November. While expressing support for the role of commerce in advancing the bilateral relationship, Wang expressed reservations about scheduling a high-level dialogue, observing that China had to “assess the direction of Abe’s politics. By being used by Abe’s politics, we cannot let our people become confused.” There was no agreement on a date to resume an economic dialogue.

On April 25, Foreign Minister Kishida Fumio, in a speech delivered to Yomiuri International Economic Society in Tokyo, told his audience that “I am deeply concerned that the relationship between Japan and China could be a house built on sand.” He put maritime issues in the East and South China Seas on the top of his agenda for his April 30 meetings in Beijing, observing that “Not only Japan but also Asia-Pacific countries and the international community are concerned about China’s unilateral actions to alter the status quo in the East and South China Seas, under the country’s goal of becoming a maritime power.” He also expressed concerns

about China's "rapid and opaque increase in its military expenditures." Addressing the coming visit, China's Foreign Ministry spokesperson expressed hope that Japan would "match its words with its actions," adding that Japan, as a country outside Southeast Asia should not, at the behest of certain countries, take actions that do not support regional stability.

## Security

Both sides of the relationship continued to characterize the other as a threat to its security. Both also sought to increase military capabilities, especially in the areas of surveillance, air defense, and maritime security. In early March, Japan's National Institute for Defense Studies released its 2016 China Security Report. The report noted the growing activities of the PLA Navy in the Indian Ocean and western Pacific are aimed at increasing operational capabilities in distant seas and that the PLA's growing capabilities, the modernization of air and naval forces, intelligence and cyber capabilities, will continue to challenge the US military presence in the region.

In Japan, the Ministry of Defense announced on Jan. 31 that the Japan Air Self-Defense Force (JASDF) had scrambled fighters to intercept Chinese *Y-9* surveillance and *Y-8* early-warning aircraft over the Sea of Japan, although the Chinese aircraft apparently did not enter Japanese airspace. Meanwhile, the JASDF also deployed 10 additional *F-15* fighters to Okinawa in the process of creating the new 9<sup>th</sup> Air Wing. Based in Naha, the wing's 40 fighter aircraft are focused on defense of Japan's southwest islands. On Feb. 23, the *Sankei Shimbun* reported the deployment of two large Japan Coast Guard (JCG) ships, *Izena* and *Aguni*, to the Senkaku Security Exclusive Unit at the 11<sup>th</sup> Regional Headquarters in Okinawa, making it the largest JCG unit in terms of personnel. On April 5, the JCG announced that its unit dedicated exclusively to the defense of the Senkaku Islands and attached to the 11<sup>th</sup> Regional Headquarters, had reached full complement with the arrival of 10 newly constructed patrol boats and two helicopter-carrying patrol boats. The patrol boats are armed with 20mm cannons and remote-controlled water cannons.

On March 28, the Ministry of Defense established a 160-man Ground Self-Defense Force (GSDF) observation unit on Yonaguni Island – Japan's southwestern-most island – with the aim of increasing intelligence gathering on Chinese ships operating in the area between Yonaguni and the Senkakus. Also to strengthen defense capabilities in the southwest islands, Japan announced that it will spend \$107 million to rebuild an observation post on Okinotorishima, Japan's southernmost island. Construction is scheduled to be completed in 2020.

In China, during the National People's Congress on March 4, the government released the 2016 military budget, projecting an increase of 7 to 8 percent, a growth rate slower the recent past. In response, Japan's Defense Minister Nakatani Gen called on China to increase transparency to dispel international concerns. He observed that defense spending stands as only one element in the military's budget. In Beijing, the Foreign Ministry spokesperson made three points regarding the defense budget: that China's defense policy is "defensive in nature," that defense spending "has always been kept at a reasonable level," and that "China has been working to increase transparency of its military."

Japan's new security legislation also received some attention by both sides. On March 22, the *Sankei Shimbun* released the findings of a *Sankei-Fuji News Network* public opinion poll on support for the security legislation, which found that 57.4 percent of respondents supported the legislation as being "necessary;" 35.1 percent thought it "unnecessary." The findings spoke to a reversal from when it was adopted in September 2015. At that time, 56.7 percent "disapproved," while 38.3 percent "approved." In Beijing, the Foreign Ministry spokesperson told reporters that "due to history, Japan's Asian neighbors and the international community have been expressing concern over this issue.... We hope that Japan could learn from history, stick to the path of peaceful development, act with prudence on military and security policies and take more actions that enhance mutual trust with its Asian neighbors and benefit regional peace and stability."

## South China Sea

The relationship was also influenced by activity in the South China Sea. Japan was consistently critical of Chinese actions and supportive of US efforts to respond with freedom of navigation (FON) operations and calls for adherence to established rule of law. China was more matter-of-fact in its claims that it was well within its rights in exercising its sovereignty. Interaction began when the Chinese Foreign Ministry reported on Jan. 2 that a test flight had been conducted on one of China's land-fill islands using "civil aircraft to test whether or not the facilities met the standards for civil aviation." On Jan. 4, Foreign Minister Kishida expressed concern over the reported test flight. Defense Minister Nakatani told reporters that this will not lead to a peaceful resolution of disputes. He argued that China's actions represented another step in advancing a unilateral change in the status quo, creating a *fait accompli* that cannot be recognized and is a matter of deep concern to Japan and the international community.

Questioned about the January FON operations conducted by the US Navy, Chief Cabinet Secretary Suga expressed Japan's support. He said that "China's unilateral action increases tension by changing the status quo through rapid land reclamation in the South China Sea for bases for military purposes is a concern for the international community." Therefore, "It is extremely important for the international community to cooperate in protecting open, free, and peaceful waters."

On Feb. 16, *Fox News* reported from Washington that China had deployed surface-to-air missile systems on Woody Island. Chief Cabinet Secretary Suga found the report to be a matter of "deep concern." Minister of Defense Nakatani told visiting US Pacific Command Commander Adm. Harry Harris that "Japan cannot overlook China's moves to unilaterally change the status quo."

Subsequently, US media reported that China was building an advanced radar system on Cuateron Reef (Chinese: Huayang Jiao; Philippines: Calderon; Vietnam: Chau Vien) in the Spratly Islands. China's Foreign Ministry spokesperson told reporters that "the reef you mentioned is an indisputable part of China's territory. Construction by China on its own territory is totally within China's sovereignty. By deploying limited and necessary defense facilities ...China is exercising the right of self-preservation granted by international law...." Reports of the deployment of PLA aircraft soon followed. Chief Cabinet Secretary Suga told a Feb. 24 press conference that "we are seriously concerned by China's attempts to make this a *fait accompli*."

China's actions represent "attempts to change the status quo unilaterally that will heighten tension" and are "unacceptable."

On March 6, Sansha City Mayor Xiao Jie announced that commercial flights to and from Woody Island would begin in the near future, a move seen in Japan as an initiative to strengthen China's claims to the Paracels. On the front page of the English version of the *China Daily*, Ambassador Cheng cautioned Japan against raising tensions in the South China Sea by joining others in attempts to contain China. Japan, he wrote, is not a party to disputes in the South China Sea.

In mid-March, Japan's Foreign Ministry released a video on its website, *The Rule of Law at Sea*. The video does not mention China by name but opens with shots of China's island-building projects in the South China Sea. A narrator informs viewers that "While there are concerns in the international community about attempts to unilaterally change the status quo at sea, Japan has been providing seamless support, ODA, defense equipment cooperation and capacity building to help improve sea protection capabilities while calling for strict adherence to the principles of the rule of law." On March 11, Japan released its foreign aid white paper, which emphasized the importance of its relations with ASEAN, maritime security, the rule of law, cyber security, and peace-building measures. The document noted China's growing assertiveness in Southeast Asia and underscored the importance of the safety of the sea lanes running through the region.

Asked to confirm reports that China had deployed anti-ship missiles in the Paracel Islands, the Foreign Ministry spokesperson replied that "The Xinsha islands are China's inherent territory. China's deployment of national defense facilities on its own islands is reasonable and justified. It has nothing to do with the so-called militarization." Chief Cabinet Secretary Suga again expressed "deep concern" that China's activities in the South China Sea, large scale land-fill and the construction of facilities with military potential, represented a unilateral change in the status quo, raising tensions and concerns of the international community.

In April, the G7 foreign ministers, meeting in Hiroshima, adopted a joint statement expressing opposition to "threats, pressure, and provocations to unilaterally change the status quo in the East and South China Seas that increased tension in the region." Although the statement did not name China, the Foreign Ministry responded with "strong dissatisfaction toward the G-7," charging that "Some countries keep hyping up or fabricating so-called issues but regional countries aspiration for peace, development and stability remain unaffected. If the G-7 hopes to exert influence in the international community, it should adopt an attitude of seeking truth from facts and tackle issues that the international community is concerned about." Chief Cabinet Secretary Suga commented that "Since the statement is based on the consensus of the G-7 foreign ministers and their countries, we hope all countries, including China, will take it seriously."

### **Senkaku Islands**

There was little change in the ongoing tensions over the territorial dispute in the Senkaku/Diaoyu Islands. China continued to assert its rights to operate in the area while Japan continued to duly report "territorial intrusions" by Chinese ships. In Japan, beyond the redeployment of air and ground assets to the Southwest region, there was increased talk of deploying Japan Maritime Self-Defense Force (MSDF) ships to provide a more robust response to Chinese activity. On Jan.



12, Chief Cabinet Secretary Suga announced that the government is considering deployment of MSDF ships to the Senkakus to deal with Chinese incursions into Japan's territorial waters for other than "innocent passage" operations. He added that the government had made its concerns known to Beijing in November through diplomatic channels following a PLA Navy surveillance ship's activities in waters around the Senkaku islands. The same day, Defense Minister Nakatani announced that, under domestic law, he can order the JMSDF to engage in maritime policing operations in the event Chinese ships intrude into Japan's territorial waters "when the police or the Coast Guard are having a difficult time responding to a situation, the basic rule is that the SDF will respond to the situation." He argued that maritime policing activities are different from "defense operations." Three situations can trigger a maritime policing operation: 1) an armed foreign group illegally landing/occupying Japanese territory; 2) a foreign warship entering Japanese waters; 3) an attack on a Japanese civilian ship in international waters.

China's Foreign Ministry spokesperson Lei responded on Jan. 13 that "The Chinese side has the right to carry out normal navigation and patrol in territorial waters of the Diaoyu Dao. We advise the Japanese side not to take any provocative actions and ratchet up tension. Otherwise they will face all the consequences." The *Global Times* carried an editorial warning that deployment of the JMSDF could trigger deployment of the PLA in response. On Jan. 15, the Foreign Ministry spokesperson confirmed that China would begin to survey the Diaoyu islands to "safeguard China's maritime rights."

In mid-March, there was another exchange when the China's National People's Congress Work Report on March 13 made reference to a 2014 incident in the Diaoyu Islands involving a Chinese fishing boat and a ship under Panamanian registry as being adjudicated by China's domestic maritime court under Chinese administrative law. The following day Chief Cabinet Secretary Suga announced a diplomatic protest, making clear that from the "perspective of international law and history, the Senkaku Islands are part of Japan's sovereign territory." On March 15, Foreign Minister Kishida added that the incident actually took place in "international waters," had nothing to do with the rights of coastal countries, and nothing to do the Senkaku Islands.

Meanwhile, Japan reported the following intrusions by Chinese vessels in the region:

Jan. 3: *Haijian 31241, 2401, 2166* and *2101* operate in Japan's contiguous zone near the Senkakus. *Haijian 31241* appears armed with a machine gun and is a converted PLAN frigate.

Jan. 8-10: *Haijian 31241, 2401* operate in Japan's contiguous zone. On Jan. 8, the ships enter Japan's territorial waters and operate there for approximately 100 minutes, the first territorial incursion since Dec 26.

Jan. 12-16: *Haijian 31241* and *2401* operate in Japan's contiguous zone near the Senkakus.

Jan. 27: *Haijian* ships enter Japan's territorial waters near the Senkakus.

Jan. 28-30: Chinese maritime research ship 14 operates in Japan's EEZ near the Senkakus.

Feb. 4: *Haijian 31241* and *2305* enter Japan's territorial waters near the Senkakus.

Feb. 9-12: *Haijian 31241, 2102, and 2305* operate in Japan's contiguous zone near the Senkakus.

Feb. 17: *Haijian* ships enter Japan's territorial waters near the Senkakus.

March 2-7: *Haijian 31241, 2308 and 2506* operate in Japan's contiguous zone near the Senkakus.

March 16: *Haijian 31241, 2308 and 2506* enter Japan's territorial waters near the Senkakus.

March 18-22: *Haijian 2102, 2401 and 31239* operate in Japan's contiguous zone near Senkakus.

March 19: Chinese maritime research ship found operating without prior notification and approval in Japan's EEZ northwest Okinawa.

March 27-30: *Haijian 2102, 2401 and 31239* operate in Japan's contiguous zone near the Senkakus. The ships enter Japan's territorial waters near the Senkakus.

March 27-April 11: *Haijian 2101, 2307 and 31241* operate in Japan's contiguous zone near the Senkakus. On April 6: *Haijian 2101, 2307 and 31241* enter Japan's territorial waters.

April 14: *Haijian 2101 and 2307* operate in Japan's contiguous zone near the Senkakus.

April 17-24: *Haijian 2305, 2337, and 31239* operate in Japan's contiguous zone near the Senkakus. On April 24, the ships enter Japan's territorial waters, the 11<sup>th</sup> incursion in 2016.

### **Chronology of Japan – China Relations January – April 2016**

**Dec. 31, 2016:** China's Ministry of National Defense announces plans to build two aircraft carriers in Dairen shipyards.

**Jan. 2, 2016:** China's Foreign Ministry reports civilian test flight to land reclamation site in the South China Sea.

**Jan. 4, 2016:** Prime Minister Abe Shinzo presents report on Japan's diplomacy to the Diet.

**Jan. 9, 2016:** Foreign Minister Kishida Fumio holds telephone conversation with Chinese and Russian counterparts to coordinate response to North Korean nuclear test.

**Jan. 17, 2016:** Jin Liqun, president of China's Asian Infrastructure Investment Bank, announces that the bank is open to Japanese and US participation.

**Jan. 18, 2016:** Japanese media report coordination underway to resume Japan-China high-level economic dialogue, agreed to by Prime Minister Abe and President Xi Jinping in November, 2015. The meeting would be the first in five years.

**Jan. 18, 2016:** Prime Minister Abe, during Upper House Budget Committee meeting, congratulates Tsai Ing-wen on her election as Taiwan's president; he looks to strengthening Japan-Taiwan ties.

**Jan. 19, 2016:** Foreign Minister Kishida announces his intention to visit China in the spring.

**Jan. 20, 2016:** China's Ministry Commerce announces a 25.2 percent drop in Japanese investment in China to \$3.21 billion in 2015.

**Jan. 22, 2016:** Prime Minister Abe's policy address to the Diet.

**Jan. 31, 2016:** Japan's Ministry of Defense announces Japan Air Self-Defense Force (JASDF) scramble against Chinese aircraft over the Sea of Japan.

**Jan. 30, 2016:** Japanese, Chinese, and Korean ministers of education meet in Seoul.

**Feb. 1, 2016:** Chief Cabinet Secretary Suga Yoshihide announces that Chinese authorities arrested Japanese citizen on charges of spying; he says Japan does not engage in spying.

**Feb. 4-8, 2016:** Chinese intelligence-gathering ship operates in international waters off Japan's Boso Peninsula.

**Feb. 29, 2016:** China's Assistant Foreign Minister Kong Xuanyou meets Japan's Deputy Foreign Minister Sugiyama Shinsuke in Tokyo.

**March 3-14, 2016:** China's National People's Congress meets in Beijing.

**March 4, 2016:** China releases 2016 defense budget during National People's Congress.

**March 6, 2016:** Sansha City mayor announces commercial flights to and from Woody Island.

**March 11, 2016:** Japan releases Foreign Aid White Paper, emphasizing ASEAN and sea lane security in Southeast Asia.

**March 8, 2016:** US 7<sup>th</sup> Fleet, Philippine Navy, and Japan Maritime Self-Defense Force (JMSDF) hold consultations in Manila.

**March 14, 2016:** Foreign Ministers Kishida and Wang Yi confer by phone on DPRK sanctions.

**March 19, 2016:** Prime Minister Abe attends Coast Guard graduation ceremony in Maizuru, becoming the first prime minister to attend Coast Guard graduation.

**March 21, 2016:** Japan-China vice-ministerial dialogue on agriculture resumes in Beijing after six-year hiatus.

**March 24, 2016:** Former Prime Minister Fukuda meets Foreign Minister Wang on sidelines of Boao Forum in Hainan. They agree on the need to take steps to improve relations.

**March 24, 2016:** Xiamen municipal government hosts investment seminar in Tokyo. During 2015 Chinese municipal and provincial governments held 49 investment seminars in Japan, an increase of 49 percent over 2014.

**March 25, 2016:** Abe Cabinet approves appointment of Yokoi Yutaka as ambassador to China.

**March 28, 2016:** Japan establishes observation unit on Yonaguni Island.

**March 29, 2016:** Abe government's new security legislation goes into effect.

**April 3-6, 2016:** Two Japanese destroyers, the *JS Ariake* and *JS Setogiri*, and the submarine *Oyashio* make a port call to Subic Bay.

**April 5, 2016:** Japanese and Chinese diplomats meet in Tokyo to discuss North Korea sanctions. China is represented by Wu Dawei, Beijing's representative to and chair of the Six-Party Talks.

**April 7, 2016:** Former Prime Minister Hatoyama appointed honorary professor at Sian University of Communications.

**April 7, 2016:** Three PLA Navy ships transit in international waters between Okinawa and Miyakojima.

**April 10-11, 2016:** G7 foreign ministers meet in Hiroshima.

**April 11, 2016:** Japan's Fair Trade Commission and China's Ministry of Commerce sign memorandum agreeing to share information of mergers and acquisitions and to meet annually.

**April 12, 2016:** Japanese business delegation led by Kono Yohei meets Vice Premier Wang Yang in Beijing.

**April 12, 2016:** JMSDF destroyers visit Cam Ranh Bay. Defense Minister Nakatani Gen emphasizes importance of the freedom to the seas to Japan's security and commits Japan to working with the US and Australia to support peace and stability in the region.

**April 12, 2016:** JMSDF destroyer *Ise* participates in international naval review off Padang, Indonesia.

**April 15, 2016:** Japanese government releases 750 new documents substantiating Japanese claims to Takeshima and the Senkaku islands. China's Foreign Ministry responds that the Diaoyu Dao and affiliated islands are China's inherent territory...sovereignty ...is fully backed by historical and jurisprudence evidence."

**April 15, 2016:** China's Ministry of National Defense confirms visit of Gen. Fan Changlong, vice chairman of the Central Military Commission, to several land-reclamation sites in the South China Sea.

**April 17, 2016:** *Xinhua* reports that a Chinese military aircraft landed on Fiery Cross Reef to evacuate suddenly ill workers to a hospital site.

**April 19, 2016:** Kitaoka Shinichi, head of Japan's International Cooperation Agency, tells television audience that China, through militarization of sites in the South China Sea, is slowly working by a show of force to change the status quo in the South China Sea.

**April 18, 2016:** Japan issues Diplomatic Blue Book.

**April 20, 2016:** JASDF aircraft scramble against Chinese reconnaissance aircraft over international waters between Okinawa and Miyako Island.

**April 21, 2016:** Prime Minister Abe sends offering to Yasukuni Shrine during the Spring Festival. China asks Japan to "deeply reflect on its invasion history" and make "a clean break with militarism."

**April 22, 2016:** A 92 member supra-party delegation of Diet members' led by Cabinet Minister Takaichi Sanae, visits Yasukuni Shrine.

**April 22, 2016:** Japan announces first flight of unarmed prototype stealth jet.

**April 25, 2016:** Japanese Coast Guard seizes Taiwanese fishing boat in Japan's claimed EEZ in the vicinity of Okinotori Island.

**April 28-29, 2016:** LDP General Council Secretary Nikai Toshihiro visits Beijing, meets high-level Chinese officials, and attends China-Japan-Korea International Forum.

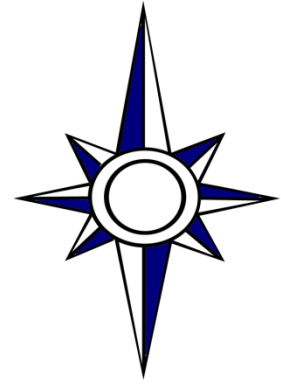
**April 29, 2016:** Taiwan protests Japanese Coast Guard seizure of Taiwanese fishing boat in the vicinity of Okinotori Island; China supports Taiwan's protest.

**April 29-30, 2016:** Foreign Minister Kishida visits Beijing and meets Foreign Minister Wang and Premier Li.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## Japan-Korea Relations:

### Mostly Sanctions, Some Commerce, and Elections

David Kang, University of Southern California

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The beginning of a new year offers an opportunity to evaluate how circumstances change. While the first few months of 2015 conveyed (cautious) optimism amidst notable celebrations like the anniversary of the restoration of diplomatic relations between Japan and South Korea and the 70<sup>th</sup> anniversary of the end of World War II, there was no focal point in early 2016 to push the momentum toward greater cooperation for Seoul and Tokyo. The main difference to the start of this year was the dominance of the Japan-North Korea dyad. Perhaps the Jan. 6 nuclear test by Pyongyang was a foreshadowing of things to come, as relations with Tokyo remained rather tumultuous: several missile tests by Pyongyang combined with retributive actions on the part of Tokyo made progress on the abduction issue – arguably Japan’s top priority vis-à-vis the North (alongside denuclearization) – extremely unlikely.

#### Projectiles, protests, and sanctions

In January, Marzuki Darusman, the United Nations (UN) special rapporteur on the situation of human rights in North Korea, met Kato Katsunobu, Japan’s state minister in charge of the abduction issue, during a five-day trip to Japan. Despite determination on both sides to make progress on the abductee issue, there were lingering concerns about the impact of the North’s nuclear testing. Once Pyongyang went ahead and launched its satellite *Kwangmyongsong-4* on Feb. 7, it became clear that the abductees would take a backseat to dealing with North Korea’s provocations. For instance, Tokyo decided on Feb. 10 to tighten unilateral sanctions on North Korea, which included banning re-entry of certain Japan-based foreign engineers from North Korea involved in nuclear and missile technology, and the entry of ships that had made port calls to the North. (An exception was made later in February for the entry of the North Korean women’s football team, which was scheduled to play in Japan as part of the Olympic qualifying matches.) In a tit-for-tat, the [Korean Central News Agency \(KCNA\)](#) announced on Feb. 12 that the “Special Investigation Committee” charged with re-examining the abduction issue would be “totally stopped” and the committee “dissolved.” The statement also made it clear that it was the “Japanese reactionaries” that reneged on their commitments first by reinstating sanctions, thereby pushing the North toward such action. A day later, KCNA carried the news conference held in Tokyo by the Central Standing Committee of the General Association of Korean Residents in Japan (*Chongryon*), which also denounced Japan’s latest sanctions.

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In fact, *Chongryon* became a popular anchor for the North's criticism of Japan. From late-February to mid-March, there was a consistent stream of reports by *KCNA* about groups around the world that had released statements in protest of Japan's "suppression" of *Chongryon*. These groups included the Brazilian Committee for Solidarity with the DPRK, the Ah Hadi Islam Propaganda Organization of Iran, the Group for the Study of the Juche Idea of Kyrgyzstan, the All India Indo-Korean Friendship Association, the Switzerland-Korea Committee, the Swiss Group for the Study of the Juche Idea, and the Anti-Imperialist Forum of Germany.

For most of the period from January to April, however, Pyongyang was test-firing projectiles, creating an even greater chasm between itself and Japan. Starting on March 3, Pyongyang reportedly test-fired six short-range projectiles just hours after the UN had levied new sanctions against the North. On March 10, Japan lodged a protest with the North for test-firing two short-range ballistic missiles into waters off its east coast. On March 18, Japanese Foreign Minister Kishida Fumio announced that Japan had lodged a protest through the North Korean Embassy in Beijing after the North fired two medium-range ballistic missiles. On April 1, Pyongyang purportedly launched three surface-to-air missiles from the South Hamgyong Province area. On April 9, Prime Minister Abe Shinzo warned North Korea that it will "pay a severe price" for Pyongyang's claimed success in testing a new type of engine for an intercontinental ballistic missile (ICBM). As was the case with the abduction issue, North Korea could fall back on the justification that it was merely reacting to the threat posed by the joint US-ROK military exercises – *Key Resolve and Foal Eagle* – that kicked off March 7.

By mid-March, Tokyo had imposed further sanctions on the North in response to its continued provocations. For example, [\*the Mainichi\*](#) reported on March 20 that 22 people had been placed on the no re-entry list, including a rocket-engine expert with a doctorate from the University of Tokyo with suspected ties to a North Korean company implicated in development of missile engines; also on the list were five members from an association of Korean scientists and engineers, as well as officials from *Chongryon*. By the end of March, there were [reports](#) that the central government in Japan had told 28 prefectural governments that they should rethink their subsidies to Korean schools (total of 68) with affiliations to *Chongryon*. While the directive from the Education Ministry does not call for an outright termination of subsidies, the ministry was clear that it would be keeping track of how the prefectural governments responded to the directive. This move reflected calls by the ruling Liberal Democratic Party (LDP) that had urged the ministry to suspend subsidies to the Korean schools as part of sanctions levied against the North. On April 13, the head of the Korean School Principals Association demanded that the ministry retract its discriminatory directive, with a protest involving parents of students attending Korean schools also occurring outside the Diet to that effect.

The implication for South Korea was that trilateral consultations involving the US and Japan over North Korea became the basis for continued bilateral interaction with Japan. There was a trilateral video conference in early February after North Korea notified the International Maritime Organization that it would launch a satellite sometime in February, and a trilateral meeting toward the end of March in Washington DC on the sidelines of the Nuclear Security Summit (and a brief bilateral meeting between President Park and Prime Minister Abe). Nevertheless, even common enmity toward North Korea could not close the gap between Japan and South Korea over differences regarding a military intelligence sharing agreement. Amidst



continued coverage from the Japanese media about a certain ripeness to forging such a pact, Seoul remained for the most part, quite lukewarm, with Defense Minister Han Min-koo [stating](#) that gaining public support has to be a prerequisite to any deal.

Of course, from North Korea's perspective, closer trilateral coordination was additional ammunition for its claim that the US was somehow orchestrating something sinister behind the scenes. KCNA had issued an indictment on Jan. 31 about "plots hatched by the U.S." in reference to how the US had apparently masterminded the deal between Japan and South Korea regarding the comfort women/sex slaves back in December 2015. (For the full array of colorful language and name-calling, see "[KCNA Brands Japan-S. Korea 'Agreement' on Sexual Slavery as Politically Motivated Artifice.](#)")

### **Exports, imports, and the politics behind marketing/advertising**

The usual items that seem to hamper relations between Japan and South Korea again made their appearance in early 2016. In mid-March, the South Korean Ministry of Foreign Affairs (MOFA) summoned Suzuki Hideo, minister and deputy chief of mission at the Japanese Embassy in Seoul, to protest Japan's decision to authorize new high school textbooks that reinforced Japan's claims to the disputed territory of Dokdo/Takeshima. Nevertheless, most of the attention went to dealing with North Korea and there were relatively few issues (particularly new ones) that created tension between the two states. Military issues and high politics aside, there were some interesting developments between Japan and South Korea on the economic front. Specifically, there were three positive and three not-so-positive events of note.

Starting with the positives, [the Korea Herald](#) reported in mid-April a substantial hike (22.6 percent year-on-year) in sales – \$9 million in the first quarter – of ramen produced by the Japanese affiliate of South Korea's largest food manufacturer, Nongshim. This apparently marked the largest sales volume since its business started to decline in 2012. The company attributed the increase to its rigorous marketing strategy, which included designating April 10 as "Shin Ramyeon Day" in Japan (Shin Ramyeon is one of the best-selling brands for Nongshim) – a play-on-words given the phonetic similarity between the Japanese pronunciation of 'hot' in English with 'four' and 'ten' in Japanese. The company also collaborated with the Fukuoka Softbank Hawks, a baseball team from Kyushu, in carrying out multiple promotional campaigns. There is an interesting article that describes the "competitive spirit" of Nongshim and the way that it successfully used the practices in Japan as an entrepreneurial benchmark but then ultimately adapted its products to Korean culture. [Suck-Chul Yoon, "A Successful Strategy of Follow the Leader Combined with Cultural Adaptation: A Food Company Case, *International Studies of Management & Organization*, Vol. 28, No. 4, (Winter, 1998/1999): 49-56]. The author points out that there was not much market penetration by Japanese noodles/ramen in Korea during the '90s, and the same can be said about the 2000s. So perhaps the instant noodles industry in Korea has become too formidable and indigenously grown to be vulnerable to imports; yet (or because of this), there is room for exports abroad.

In reverse, Japanese beer has become popular in South Korea. Citing figures released by the Korea Agro-Fisheries and Food Trade Corporation, [Yonhap News](#) reported in March 2016 that imported beer hit a record high in 2015, for a total of 170,919 tons of beer (43 percent increase)

worth of \$141.9 million (27 percent increase). Japan was the number one origin of imports for a net volume of 46,244 tons, constituting over a quarter of all beer imports. A fast-rising competitor was China, which experienced a 70.6 percent increase in volume (at 19,604 tons). In fact, the most popular beer during the period of January to March 2016 was China's Tsingtao brand. It is tempting to read into this and make some reference to the degree of affinity between China and South Korea, but it is more accurate to attribute the phenomenon to marketing campaigns that tapped into a pop culture reference that coupled Tsingtao to the cuisine of lamb skewers. Of course, it is possible that since there is enough domestic taste for the beer (and the fact that it is from China) in South Korea, it is unlikely sales of Tsingtao will drop by much.

The most interesting economic development involved the sale of Sharp, the Japanese electronics company, to Hon Hai Precision Industry Co., Ltd (trading as Foxconn Technology Group), which is headquartered in Taiwan. Initially, there was some interest by the Korean media when Korea's Samsung Electronics became one of the top 10 major shareholders in Sharp in 2012 (investing about ¥10.4 billion or \$111.3 million, for a roughly 3 percent stake in the company). Looking at the [top 10 list](#) at the time of the investment in 2012, one sees that with the exception of one other foreign company – San Diego-based Qualcomm (with a 2.56 percent share) – Samsung Electronics was the only other major foreign shareholder. This was not lost on the *Dong-A Ilbo*, which ran an [article](#) on Feb. 26 of the impending sellout of Sharp to the Taiwanese company, noting that it would take over major panel production lines in Japan including the Sakai plant. The Sakai plant is important as it was rumored that Samsung had put together a due diligence team to conduct an inspection of it in a bid to buy out the facility to produce display panels for its smartphones. Then there was [speculation](#) that Lee Jae-yong, the vice chairman of Samsung Electronics, had made a trip to Japan on March 18 to discuss the delayed acquisition of Sharp by Hon Hai. To put things in context, Samsung Electronics Japan had [announced](#) in October 2015 that it would cut its payroll by 25 percent in the upcoming year and lay off roughly 100 personnel to sustain profitability; it had also sold its headquarters in Tokyo's Roppongi district and moved to Iidabashi. Considering the downsizing and the efforts to maintain profits, obtaining Sharp may have been an important opportunity for Samsung Electronics.

There were also three not-so-positive events concerning Japan and South Korea. The first involved a fracas involving the global company, Nike, after it received complaints about the design of its latest line of sneakers – the Air Jordan 12 retro The Master – and its incorporation of the image of the Japan's rising sun flag. Given the strong association of the flag with Japanese imperialism and its potentially offensive nature, Nike Korea removed the sneakers from its stores in March. This was not the first time that Nike had to address concerns about the ramifications of using the image of Japan's rising sun flag on its designs. A similar event occurred in 2009 when it released the Nike Air Jordan Rising Sun sneakers, and again in 2013, with the Air Jordan Gamma. On both occasions, there were calls in South Korea to boycott the sneakers.

Commercial interests met politics again with news in mid-April that Korean actress Song Hye-kyo rejected an offer from Japan's Mitsubishi to be featured in its commercial on the grounds that the company had not yet reconciled its past record of forced labor of Koreans. At around the same time, there were calls in Japan to boycott the fast food chain, McDonalds, over a particular commercial that depicted a Japanese employee bowing in a manner that was deemed to be Korean (*konsu* style, with hands clasped in front of the stomach) as opposed to Japanese (*ojigi*

style, with arms to the side of the body). (See the advertisement [here](#).) These may all seem at first glance to be peripheral events, but they do clearly highlight the intersection of the market with identity issues, particularly when an over-investment in an historical past comes into stark conflict with the need for a present-day reconciliation.

### **Ripple effects of elections**

April was a busy time domestically for South Korea, with parliamentary elections on April 13. With the ruling Saenuri Party losing its majority, both the *Yomiuri Shimbun* and *Asahi Shimbun* ran commentaries arguing that the loss by President Park Geun-hye and her party would have implications for Japan (mostly negative) on three fronts: implementing the comfort women deal, inking the bilateral military information-sharing agreement, and dealing with North Korea.

Regarding the December 2015 comfort women deal, Japan's concern was mostly centered on President Park's ability to follow through with the accord. *Yomiuri Shimbun* pointed out that although the comfort women issue did not really figure in the elections, the Minjoo Party of Korea (which clinched one more seat than Saenuri at 122 vs. 123) has been consistently vocal about its displeasure with the deal, deeming it an embarrassment and demanding an apology from Park. Accordingly, any actions such as removing the bronze statue of the girl located in front of the Japanese Embassy in Seoul, will meet stiff resistance. There is already public resistance to the deal. Even as the government was trying to "stay the course" and push through with its implementation (e.g., South Korea's Gender Equality and Family Minister, Kang Eun-hee, made [remarks](#) that time is not on Korea's side as most of the victims are of old age), litigation was pursued by various groups within Korea concerning the deal. In February, the Lawyers for a Democratic Society filed a suit with the Seoul Administrative Court demanding that MOFA disclose the documents exchanged by Seoul and Tokyo at the time of the accord. In March, a group of former comfort women/sex slaves (including family members of the deceased) filed a petition with the Constitutional Court, accusing the Korean government of neglecting its constitutional duty by preventing the victims from further recourse to compensation from Japan due to the bilateral accord. The claim also argued that there was a violation of the victims' procedural rights of participation and right to know during the actual negotiations. Thus, the defeat of the party that concluded the bilateral accord could mean a greater likelihood of stalemate and gridlock in its implementation.

On the military information-sharing accord, the *Asahi Shimbun* noted that Japan was hoping to sign a General Security of Military Information Agreement (GSOMIA) by the end of 2016. As noted in previous editions of *Comparative Connections*, South Korea was noncommittal about such a deal even before the election. The shift in the political landscape in South Korea will probably not have any substantial impact on GSOMIA.

Finally on North Korea, the predominant concern from Japan seems to be that the Park administration and her more forceful policy toward the North (i.e., shutting down the Kaesong Industrial Complex) would become susceptible to greater calls for engagement or dialogue with Pyongyang. This would not only fracture the coordinated policies of Japan, the US, and South Korea, but also give Pyongyang an opportunity to take advantage of the domestic gridlock and test Seoul's mettle (possibly through provocations). We will have to wait to make a more

informed judgment about a correlation between political reshuffling and actions by the North, but it would be wise to remember that only a short time has passed since sanctions have been levied against North Korea. Given the relatively “active” few months by Pyongyang in the beginning of 2016, we may not see this level of provocations – at least not in the immediate months ahead.

[News](#) releases in April reported that South Korean Ambassador to Tokyo Yoo Heung-soo had tendered his resignation to President Park Geun-hye, which was delayed so that he could deal with the aftermath of North Korea’s nuclear test in January. There has yet to be an official announcement regarding Yoo’s successor, which reflects the general state of affairs as of April between Japan and South Korea – a period of rearrangement, particularly as impacted by the results of internal elections. Japan will be holding its 24<sup>th</sup> regular election of members of the House of Councillors in the summer, which means it too will need to devote at least some time to reassess its domestic situation before pushing ahead with any major foreign policy agendas. The unfortunate tragedy of the twin earthquakes in the Kyushu region will also necessitate some inward orientation at disaster management and recovery.

### **The summer months ahead**

With the general theme of rearrangement, the summer months appear will likely be a time of unsettled relations between Japan and Korea. With the Japanese economy struggling to perform, the Korean political scene changing, and North Korea holding its first Workers’ Party Congress since 1980, attention will be on domestic politics. Significant events could change this, of course, but there is nothing on the horizon that appears likely to alter the current trajectory of relations among these countries.

## **Chronology of Japan-Korea Relations January – April 2015**

**Jan. 6, 2016:** North Korea conducts its fourth nuclear detonation.

**Jan. 18, 2016:** UN Special Rapporteur on the Situation of Human Rights in North Korea Marzuki Darusman meets families of Japanese abductees during a visit to Tokyo.

**Jan. 20, 2016:** [Yonhap News](#) reports that Korea International Trade Association (KITA) trade figures place Japan as the fifth largest export market for South Korea in 2015, one place lower than the year before.

**Jan. 31, 2016:** North Korea lambasts the US for orchestrating the comfort women/sex slaves deal between Japan and South Korea.

**Feb. 5, 2016:** Officials from the US, Japan, and South Korea hold a video conference to discuss the announcement of a satellite launch by North Korea.

**Feb. 7, 2016:** North Korea launches its satellite, *Kwangmyongsong-4*.

**Feb. 10, 2016:** Japan decides to levy additional unilateral sanctions on North Korea in response to its nuclear test in January and the latest satellite launch.

**Feb. 12, 2016:** North Korea announces that it will halt its investigation into the abduction of Japanese citizens.

**Feb. 23, 2016:** Japanese government grants entry to Japan by the North Korean women's football team for their qualifying match for the Olympics despite the new sanctions.

**Feb. 29, 2016:** Lawyers for a Democratic Society (based in South Korea) files a suit with the Seoul Administrative Court against the South Korean Ministry of Foreign Affairs seeking disclosure of the documents that were exchanged during the negotiations in December between Japan and Korea over the comfort women/sex slaves.

**March 2, 2016:** UN Security Council unanimously adopts [UNSC Resolution 2270](#), the toughest sanctions ever imposed on North Korea, in response to its fourth nuclear test and rocket launch.

**March 3, 2016:** Pyongyang launches six short-range projectiles off its east coast.

**March 10, 2016:** Japan lodges protest against North Korea for firing short-range ballistic missiles off its east coast in violation of UN Security Council resolutions.

**March 15, 2016:** South Korea's Gender Equality and Family Minister Kang Eun-hee says the Japan-Korea agreement on comfort women/sex slaves should be respected.

**March 18, 2016:** South Korean government protests Japan's authorization of new high school textbooks with references to Japan's claims to the disputed territory of Dokdo/Takeshima.

**March 17, 2016:** North Korea fires two medium-range ballistic missiles, prompting Japan to lodge a protest through the North Korean embassy in Beijing.

**March 18, 2016:** UN Security Council issues a unanimous statement saying that North Korea's March 17 missile launches "constituted a clear violation of UN Security Council resolutions."

**March 20, 2016:** [The Mainichi](#) reports that Japan has banned 22 people from re-entering Japan after visiting North Korea, as part of sanctions levied against Pyongyang.

**March 22, 2016:** Seoul and Tokyo hold working-level talks in Tokyo led by Director General of the Japanese Foreign Ministry's Asian and Oceanian Affairs Bureau Ishikane Kimihiro and Director General of the South Korean Foreign Ministry's Northeast Asian Affairs Bureau Chung Byung-won to discuss implementation of the agreement on comfort women/sex slaves.

**March 28, 2016:** Commander of the Japan Maritime Self-Defense Force Adm. Takei Tomohisa and South Korean Chief of Naval Operations Adm. Jung Ho-sub, meet in South Korea to discuss collaboration between the two navies.

**March 28, 2016:** Lawyers for a Democratic Society file a petition with the South Korean Constitutional Court claiming that the December agreement on comfort women/sex slaves violates the rights of the former victims of sexual slavery.

**March 29, 2016:** [\*The Asahi Shimbun\*](#) reports that Japan's central government sent guidelines to prefectural governments about re-evaluating subsidies to Korean schools affiliated with the General Association of Korean Residents in Japan, or *Chongryon*.

**March 30, 2016:** The Korea Agro-Fisheries and Food Trade Corporation announces that beer imports to Korea hit a record high in 2015, with Japan taking the number one spot.

**March 31, 2016:** Japanese Prime Minister Abe Shinzo and South Korea's President Park Geun-hye meet for a brief meeting on the sidelines of the Nuclear Security Summit in Washington DC.

**April 1, 2016:** North Korea launches three surface-to-air missiles from its South Hamgyong province in the country's northeastern area.

**April 3, 2016:** South Korean Ministry of the Interior announces its plans to set up a gene bank to help verify victims of forced labor during Japan's colonial rule.

**April 5-8, 2016:** China, Japan, and South Korea hold working-level talks on the trilateral Free Trade Agreement in Seoul.

**April 6, 2016:** South Korean Ambassador to Japan Yoo Heung-soo tells [\*Yonhap News\*](#) that he has offered his resignation.

**April 7, 2016:** Nike Korea removes one of its Air Jordan sneaker lines after complaints that the design incorporates images of Japan's rising sun flag.

**April 9, 2016:** *KCNA* reports that Kim Jong Un has overseen a successful test of a "heavy-lift" engine of a "new-type" of intercontinental ballistic rocket at the Sohae Space Center.

**April 9, 2016:** According to [\*The Mainichi\*](#), Japan's Prime Minister Abe has warned North Korea that it will "pay a severe price" for claiming that it has successfully tested a new type of engine for its intercontinental ballistic missile (ICBM).

**April 12, 2016:** South Korean actress Song Hye-kyo is reported to have turned down an offer from Japan's Mitsubishi Motors to star in an advertisement based on Mitsubishi Group's involvement in the forced labor of Koreans during Japan's colonial rule.

**April 12, 2016:** McDonalds triggers protest and calls for a boycott from Japan after one of its television commercials depicts an employee doing a Korean-style bow.

**April 12, 2016:** South Korean food manufacturer Nongshim reports that its Japanese affiliate saw a 22.6 percent year-on-year increase in sales during the first quarter of 2016.



**April 13, 2016:** Korean School Principals Association demands that the Japanese government retract its guidelines about re-evaluating subsidies to schools with affiliations to *Chongryon*.

**April 13, 2016:** South Korea holds parliamentary elections, prompting major newspapers in Japan to voice concerns about future bilateral relations, particularly as President Park's ruling Saenuri Party loses parliamentary majority.

**April 19, 2016:** [US-ROK-Japan trilateral consultations](#) are held in Seoul.

**April 20, 2016:** Japan and South Korea hold talks in Seoul regarding the implementation of the December comfort women deal.

**April 23, 2016:** North Korea tests a submarine-launched ballistic missile (SLBM).

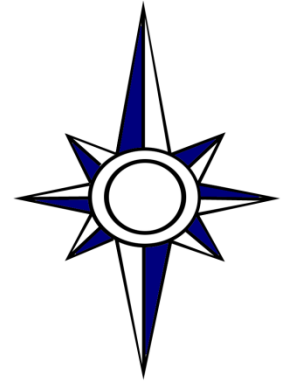
**April 24, 2016:** UN Security Council condemns North Korean test launch of an SLBM.





# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**China-Russia Relations:**

## **H-Bomb Plus THAAD Equals Sino-Russian Alliance?**

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The first months of 2016 witnessed a significant escalation of tension in Northeast Asia following North Korea's fourth nuclear test on Jan. 6. The test, coupled with renewed US-ROK interest in deploying the Terminal High-Altitude Area Defense (THAAD) system, presented China and Russia with a "[double-layered predicament](#)": nuclear proliferation on the heavily militarized Korean Peninsula and a direct threat to their nuclear deterrence posture. Meanwhile, talk of a Sino-Russia alliance was back on track in China. In reality, however policies of the two powers seemed to go in different directions. Russia continued to surprise the world, including China, over its involvement in Syria. For China, the "One Belt, One Road" initiative took Xi Jinping to three major Muslim nations (Iran, Saudi Arabia, and Egypt) in January. China also dispatched its own Syrian special envoy and initiated a mini-security alliance with Afghanistan, Pakistan and Kyrgyzstan to the displeasure of Moscow. By the end of April, the two countries announced they would conduct their first-ever joint anti-missile drills in Russia. Welcome to the brave and grave new world of nukes, missiles and alliances, real or reluctant.

### **Responding to Pyongyang's hydrogen bomb test**

On Jan. 6, North Korea announced that it had [successfully tested a hydrogen bomb](#), its fourth nuclear test since 2006. China and Russia reacted immediately and strongly. Russia slammed the test as a "flagrant violation" of international law, and condemned it as a "threat to national security." The Kremlin spokesman said Russia "is extremely worried about" the test and President Vladimir Putin gave [instructions](#) to "thoroughly study data of all monitoring stations, including seismic, and analyze the situation in case the information about the test is confirmed." The Chinese Foreign Ministry spokesperson said Beijing "firmly" opposed the test, saying that "China is steadfast in its position that the Korean Peninsula should be denuclearized and nuclear proliferation should be prevented to maintain peace and stability in Northeast Asia." The spokesperson also expressed China's discontent over North Korea's failure to provide China with advance notice.

However, it was not until early February that China and Russia started to coordinate policies in response to the nuclear test. By contrast, the US and its allies responded within weeks of the test by reinforcing military forces in Northeast Asia with an aircraft carrier, a B-52 bomber, and a

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nuclear-powered submarine. In addition, the US and Seoul agreed to investigate the feasibility and desirability of deploying the THAAD missile defense system on the Peninsula.

On Feb. 5, Chinese Special Representative for the Korean Peninsula Affairs Wu Dawei traveled to Moscow and met Russian Deputy Foreign Minister Igor Morgulov. A “deep exchange of views took place regarding the current situation on the Korean Peninsula in light of North Korea’s nuclear test and plans to launch a carrier rocket,” and “both sides expressed deep concerns regarding North Korea’s demonstrative defiance of universally recognized norms of international law and requirements of corresponding UN Security Council resolutions,” said a press release from the Russian Foreign Ministry.

On the same day, China’s Foreign Minister Wang Yi initiated a telephone conversation with Russian counterpart Sergei Lavrov. According to *Xinhua*, they “unanimously maintained that ... all parties should refrain from taking any new actions that will intensify tensions. Instead, they should bring the nuclear issue on the Korean Peninsula back on the track of a negotiated settlement through the resolutions of the United Nations Security Council and the efforts made by all parties.”

On March 2, Wang and Lavrov talked again by phone about a new UN Security Council resolution (2270) regarding North Korea’s nuclear test. Two days later, China’s Assistant Foreign Minister Kong Xuanyo traveled to Moscow and held the second China-Russia Northeast Asia Security Consultation with Russian Deputy Foreign Minister Igor Morgulov focusing on three areas: 1) the deepening of the nuclear crisis on the Korean Peninsula; 2) THAAD deployment in South Korea; and 3) the need to enhance communication and coordination between the two sides.

In his press briefing during the annual Chinese legislative session on March 8, Foreign Minister Wang promoted a [dual-track approach](#) to resolving the Korean nuclear issue: to pursue the denuclearization of the Peninsula while also working to replace the armistice agreement with a peace treaty. Wang defined denuclearization as the goal of the international community, while replacing the current truce with a peace treaty as DPRK’s reasonable concern (合理关切). The two talks can be held in parallel and at the same time for a comprehensive resolution of the issue (统筹解决). For this goal, China is flexible and open to any format, including talks between three, four, or five parties, as long as the relevant parties return to the negotiations.

These diplomatic interactions culminated on March 11, when Foreign Minister Wang visited Moscow and met Foreign Minister Lavrov. By this time, Russia and China hardened their positions on both the North Korean nuclear test and the possibility of the deployment of THAAD in Korea. “Russia and China favor the adoption of such measures that will, on one hand, prevent further development of the North Korean nuclear programs and, on the other hand, will not increase the tensions in the region, will not eliminate the possibility of political and diplomatic settlement and will not be used as a pretext for the dangerous destabilizing pumping of weapons into the region, including the plans to create a missile defense system here,” Lavrov said in a press conference after the talks. “At least it should be clear in Pyongyang that no one is going to defend North Korea for such escapades.” Lavrov insisted that “the scale of the plans of the

United States and South Korea (for deploying THAAD) surpass all thinkable threats that may come from North Korea, even bearing in mind the current actions of Pyongyang.”

In the joint press conference after their talks, Lavrov said that, “Our countries display an example of a balanced and pragmatic approach towards tackling multiple problems, and they secure solutions to them on the basis of international law, primarily the UN Charter.” Wang emphasized that China had “full confidence” in the Russian economy, their strategic partnership, and their pragmatic cooperation and integration between China’s One Belt, One Road (OBOR) and Russia’s Eurasian Union projects.

President Putin described the Lavrov-Wang talks as “substantive negotiations” when he received the Chinese top diplomat after the talks. Wang replied that 2016 marks the 15<sup>th</sup> anniversary of the China-Russia Treaty of Good Neighborliness and Friendly Cooperation, and that China was ready to take this opportunity to further promote its partnership with Russia. The two foreign ministers also discussed Putin’s visit to China in late summer and Chinese Premier Li Keqiang’s visit to Russia at the year end.

Wang Yi’s visit to Moscow marked the beginning of a new, and certainly more serious, round of sanctions against North Korea. On April 14, Beijing announced its list of banned imports from North Korea, which included gold and rare earths. Banned exports to the country included jet fuel and other oil products used to make rocket fuel, a move in line with UNSC sanctions on North Korea. The sanctions list produced by the Chinese Commerce Ministry, however, exempts items for “the people’s well-being” and not connected to nuclear or missile program. For example, export bans on jet and rocket fuel included exemptions for “basic humanitarian needs” in conjunction with inspections, and for civilian passenger jets flying outside of North Korea. It remains to be seen how the sanctions will affect both Pyongyang’s nuclear policy as well as relations with China.

### **THAAD and its fallout**

For China and Russia, the Korean nuclear issue has never been an isolated case about North Korea, but about other ramifications for the region. Aside from its geographic proximity to China’s Northeast region and Russia’s Far East region, the Korean Peninsula has been the site of clashes of major powers in modern times. The deployment of the US Army’s THAAD missile defense system to Korea is not seen as a matter just between the US and its allies. THAAD’s powerful X-Band radar would be able to monitor any missile test and firing thousands of kilometers inside China and Russia.

Prior to the North Korean fourth nuclear test, South Korea had been hesitant in introducing THAAD. Shortly after Pyongyang’s test, however, ROK Defense Minister Han Min-koo and US counterpart Ashton Carter discussed deployment of the system over the phone. The US affirmed its defense commitment to Seoul including “all kinds of extended deterrence assets,” including the US nuclear umbrella, missile defense systems, and redeployment of tactical nuclear weapons in South Korea.

Both China and Russia were alarmed by the reopening of the debate about THAAD deployment in South Korea, as well as the speedy and “excessive” reaction by the US and its allies to

Pyongyang's nuclear test. "The North Korean threat is a wonderful pretext for strengthening the U.S. military and political presence on the Korean Peninsula, in Japan and in the whole region. And it is undoubtedly projected on China," said Fyodor Lukyanov, presidium chairman of the Foreign and Defense Policy Council. Alexander Zhebin, head of the Center for Korean Studies at the Russian Institute of the Far East, believed the real goal of the US was to strengthen its own posture in the Far East. He said, "Washington has long been in talks with Seoul over missile defense, and, eventually managed to persuade its South Korean allies, who previously had not been very eager to see such systems deployed in their territory.... Washington needs missile defense infrastructure on the Korean peninsula. And, had there been no rocket from North Korea, the Americans would have seized upon Beijing's 'expansion' into the South China Sea."

In March, Foreign Minister Lavrov said he was convinced that the US plans to deploy missile defense systems in South Korea are excessive to the threat coming from Pyongyang. He emphasized that Moscow and Beijing saw eye-to-eye on this matter and therefore Russia and China would defend it on the international scene. "We will show that such plans, which jeopardize global parity and strategic stability, are absolutely unjustified and we will call on our U.S. partners to have an honest and informative conversation," Lavrov said.

From China's perspective, South Korea reacted unusually strongly to DPRK's latest nuclear test. The second day after the test, South Korean President Park Geun-hye spoke about it by phone with US counterpart Barack Obama. Park and Defense Minister Han Min-Koo both said that Seoul was considering deploying THAAD system. Beijing's *Global Times* pointed out that the US had called for the deployment in South Korea time and again since the late 1990s, but the Kim Dae-jung and Roh Moo-hyun administrations had been lukewarm about the idea. On Feb. 11, China issued a strong rebuke to Seoul over the decision to restart talks with the US over deploying THAAD. The Chinese Foreign Ministry voiced grave concern about the revived talks. Vice Foreign Minister Liu Zhenmin summoned Seoul's Ambassador to China Kim Jang-soo, insisting that THAAD would "do more harm than good." In his address to CSIS in Washington DC on Feb. 26, Foreign Minister Wang Yi requested "a convincing explanation" be provided to China" and "legitimate national interests must be upheld in the process" as the US looked set to deploy THAAD in South Korea. China's reaction to Seoul appeared as strong as its rebuke to Pyongyang. Later, in his press conference during the annual Chinese legislative sessions on March 8, Wang categorically stated that China "will not sit idle while the situation in the Korean Peninsula is fundamentally ruined. Nor will China do nothing when her security interests are unjustifiably undermined" ([中国不会坐视半岛局势遭到根本破坏，不会坐视中方的安全利益受到无端损害](#)). North Korea's nuclear test and US-ROK THAAD deployment, therefore, constituted a twin threats to China.

Retired colonel Yue Gang said one of Beijing's top concerns was that THAAD would gradually lead to an alliance between South Korea, the US, and Japan. "After THAAD is in place in South Korea, the next step is to link up with the missile defense system in Japan. This will see South Korea gradually forming a military alliance with US and Japan, much like a mini-NATO. China is desperately trying to avoid this because the military threat then would be much more than just a ballistic missile defense system," Yue said. "During a conflict, China and Russia would be forced to destroy THAAD with ballistic missiles or even nuclear weapons. South Korea would then have to pay the price for hosting a lethal security threat in its own homeland," warned Yue.

For both China and Russia, THAAD is but the “first shoe” to drop. The real nightmare is the possibility of nuclear proliferation in northeast Asia. North Korea’s reckless tests of its nuclear capability and missiles are bad enough. The worst, however, may yet be to come.

### **Russia: “speaking-softly” without a big stick**

The sharply deteriorating security environment in Northeast Asia in early 2016 paralleled a new round of discussion on the necessity, nature, efficacy, and purpose of a possible Sino-Russian alliance relationship. Twenty-five years after the end of the Cold War, major powers relations seem to be turning steadily away from the post-Cold-War “[unipolar moment](#)” and the post-post-Cold-War [non-polarity](#). The direction and momentum of the Sino-Russian strategic partnership are crucial for the transformation of the international system. The most important factors that drive the two large powers toward closer policy coordination are external stimuli. In early 2016, there were plenty of them.

Six days before North Korea’s hydrogen bomb test (Dec. 31, 2015) President Putin signed a new [Russian Federation’s National Security Strategy](#). The document, which was revised from its 2009 version, defines the goal of Russia’s strategy as one of “consolidating Russia’s status of a leading world power.” The 2009 strategy was approved by then President Dmitry Medvedev, and was intended to last until 2020. By revising it this far in advance, the Kremlin made it clear that Russia’s security situation has changed, that new threats have emerged, and therefore the approach to security needs to be changed.

A large portion (17 pages) of the 40-page strategy document is devoted to strengthening defense capabilities and state security, 12 to the economy, seven to culture, five each to increasing Russian citizens’ living standards and healthcare, and four each to the environment, science, and education. More than 20 sections cover strategic stability and Russia’s relations with the outside world. The new strategy attaches great importance to multilateral institutions such as BRICS (Brazil, Russia, India, China, and South Africa), RIC (Russia, India, and China), the Shanghai Cooperation Organization (SCO), the Asia-Pacific Economic Cooperation (APEC), and the G20. Gone is any reference to the G8. Within this context, the new strategy refers to China first when talking about relations with particular countries. Russia views the bilateral comprehensive strategic partnership of coordination as key for global and regional stability.

The new strategy identifies a host of threats, both traditional and new, such as the expansion of NATO, military build-up and deployment in neighboring countries, a new arms race with the US, and attempts to undermine the Moscow regime and incite a “color revolution” in the country. Interestingly, Russia’s strategy does not refer to any particular states as enemies or threats (except mentioning NATO and US missile defense systems, plus “[T]he network of US military-biological laboratories on the territory of states adjacent to Russia”). “Unlike the USA, we do not use Cold War terminology, we do not categorize countries as good and bad, and we do not declare individual states or regions to be enemies or threats to national security,” said Deputy Secretary of the Russian Security Council Yevgeniy Lukyano.

## Xi's 'goldilocks': partners but not allies

While Russia's new security strategy may soft-peddle its ties with the West, the Korean nuclear crisis convinced many in China to seek alliances in the world, particularly with Russia. In mid-March, an [op-ed piece](#) in *Global Times* argued that "Northeast Asia is a complicated region full of hotspots and conundrums. China and Russia, for the interest of the whole region, should enhance cooperation, communication, coordination, information-sharing and military trust to lower the risks of war on the peninsula." Obviously, the author, and perhaps the editorial board of the paper, did not think the existing level and channel of communication/coordination with Russia were adequate in coping with the rapidly deteriorating situation. "At a critical moment when the peninsula situation is spiraling out of control," the author urged that "Beijing and Moscow must demonstrate to Pyongyang, Washington and Seoul their resolution to safeguard the national interests and stability of the region by getting rid of the double-layered predicament through the method of dual track."

Beyond the Korean issue, "hawks" in China have challenged Beijing's long-held non-alliance, or independent, foreign policy posture. In an interview with the *New York Times* on Feb. 9, [Yan Xuetong](#), the director of the Institute of International Relations at Tsinghua University in Beijing, argued that China needs to develop more alliance relationships with other countries and that China should set up military bases with its allies. The current independent foreign policy of China was formed in 1982 when China was a very weak power. Despite the fact that China is the second largest economy in the world, China has limited itself because of its years of propaganda criticizing alliances as part of a Cold War mentality. "The more allies China has, the more balanced and stable the world will be. The more China shies away from alliances, the greater the chance that Washington will contain China, therefore resulting in an unstable relationship," argued Yan. Although Yan's view is provocative, if not radical, for existing Chinese foreign policy, part of his argument seems to have found its way into Chinese discourse. In the first four months of 2016, Beijing's foreign policy was clearly more proactive. Both the media and experts actively promoted [Xi Jinping's "partner-but-not-alliance relationship,"](#) first articulated at the Chinese Communist Party's foreign affairs conference in November 2014. Xi's vision of a global network of partners is a more explicit pursuit of cooperative relations with other countries with economic, political, societal, and strategic components.

Accordingly, more channels have been opened to engage Russia. China and Russia started the [first-ever](#) regular meeting between the Kremlin Administration (Russia's presidential staff) and the General Office of the Central Committee of the Communist Party of China when Li Zhanshu, director of the General Office of the CCP Central Committee, visited Moscow in March 2015 for the first meeting. On March 24-25, the second meeting was held in Beijing when Kremlin Administration Head Sergei Ivanov visited China.

China has also reached out to its strategic partners in the face of growing pressure from the US and its allies in the South China Sea (SCS). Following the routine Foreign Ministerial Meeting between Russia, India, and China (RIC) in Moscow on April 19, the group issued an explicit endorsement of China's position for a negotiated resolution between the parties concerned their joint communiqué:



Russia, India and China are committed to maintaining a legal order for the seas and oceans based on the principles of international law, as reflected notably in the UN Convention on the Law of Sea (UNCLOS). All related disputes should be addressed through negotiations and agreements between the parties concerned. In this regard the Ministers called for full respect of all provisions of UNCLOS, as well as the Declaration on the Conduct of Parties in the South China Sea (DOC) and the Guidelines for the implementation of the DOC.

Several days before the meeting, Foreign Minister Lavrov made [more explicit remarks](#) to Japanese, Mongolian, and Chinese journalists in Moscow saying that, “[A]ny disputes in the South China Sea should be resolved through dialogue and attempts to internationalize the issue must be stopped. I am convinced that they are completely counterproductive. Only negotiations, which China and the ASEAN are pursuing, can bring the desired result, namely, mutually acceptable agreements.” He added that his country actively supports a political solution to the South China Sea issue between China and nations in Southeast Asia.

Foreign Minister Lavrov’s commitment came shortly after the annual G7 Foreign Ministers Meeting in Japan issued an implicit criticism of China for allegedly indulging in “intimidating, coercive or provocative unilateral actions that could alter the status quo and increase tensions” over the South China Sea. Following the trio’s footsteps, China visibly stepped up its effort in soliciting support for its SCS policies from friendly countries. By the end of April, 14 countries have publicly supported China’s position on the SCS issue (Russia, India Brunei, Cambodia, Laos, Gambia, Poland, Pakistan, Bangladesh, Belarus, Kyrgyzstan, Fiji and Sudan).

### **China pivots to the west; at Russia’s expense?**

While Russian and Indian support for China on the South China Sea issue came as a surprise, those calling for a Sino-Russian alliance were disappointed by some other trends in Sino-Russian relations in the early months of 2016. The growing challenge to China from the east and southeast seemed to prompt Beijing to “pivot” further to the west, or the heartland of Eurasia, for both economic and security interests. Since Xi Jinping kicked off his OBOR strategy in September 2013, China has set aside and invested billions of dollars for infrastructure development along the traditional Silk Road stretching from Central Asia to Europe. In early 2016, the settlement of the Iranian nuclear issue and the deteriorating security situation in the region led to Xi’s high-profile tour in January of the greater Middle East with stops in Iran, Saudi Arabia, and Egypt, where he sought out economic opportunities and strategic partnerships. Meanwhile, Xi also tried to mediate rivalries and crises between the three countries.

As a follow-up to Xi’s three-country tour, China dispatched its first special envoy to Syria. This happened shortly after Secretary of State John Kerry’s Moscow visit when Russia and the US reached agreement on the Syrian conflict. As Russia’s strategic partner, China has closely coordinated policies with Russia, particularly at the UN Security Council. Moscow, however, did not inform or consult with China prior to its agreement with Washington on the Syrian issue in late March. Similarly, Russia failed to inform China following its military intervention in and subsequent withdrawal from Syria. China’s decision to appoint a Syrian envoy, therefore, was seen as a means of indicating to the world that China should be involved in vital decisions in the region and in determining Syria’s future.

Meanwhile, Beijing also initiated a mini-security alliance to deal with Afghanistan. In early March, PLA Chief of the General Staff Gen. Fang Fenghui said on a visit to Kabul that China was proposing an anti-terror regional alliance consisting of Afghanistan, China, Pakistan, and Tajikistan. Afghan President Ashraf Ghani supported China's proposal as did an anonymous US State Department official who said, "... We'd welcome any effort by the international community and members of the international community that would lead to a strong, prosperous, stable Afghanistan in the future."

It was reported that Tajikistan's Internal Affairs Ministry and China's Defense Ministry would create an antiterrorism center in Dushanbe. In the case of Pakistan, a decision was said to have been made that the PLA would be permanently deployed in Pakistan to protect the Chinese-Pakistani economic corridor, which stretches from the port of Gwadar [Pakistan] to Xinjiang. In both Tajikistan and Pakistan, China intends to work more closely with the host countries to provide security for its huge infrastructure investments. Since stability in Afghanistan is the key link to achieving those goals, China will also increase its military assistance to Afghanistan.

Russian officials have not publicly commented on China's mini-alliance in Central Asia. Russian commentators, however, were alarmed: "There is a danger in this new alliance, along with Pakistan and Afghanistan, China is including Tajikistan, which Russia has until recently considered part of its zone of influence," said Andrey Serenko of the Russian Center for the Study of Contemporary Afghanistan in Moscow in an interview with *Izvestiya*. He further warned that Russia would be marginalized by "this 'Central Asian NATO' under the Chinese umbrella." Separately, Central Asia analyst Alexander Knyazev wrote in *Nezavisimaya Gazeta* that, "[T]he attempt to create this sort of military alliance, were it to be realized, would de facto reject the anti-terror component of the Shanghai Cooperation Organization.... The existence of the Collective Security Treaty Organization in this case is completely being ignored."

Xiao Bin, an associate research fellow at the Institute of Russian, Eastern European and Central Asian Studies, of the Chinese Academy of Social Sciences in Beijing, responded in the *Global Times*, saying that "In order to promote the reconciliation process in Afghanistan, since 2016 China has been playing a positive role in the Quadrilateral Coordination Group (QCG) that involves the US, Pakistan and Afghanistan. China proposed a four-nation alliance against terrorism based on its own commitment. All this shows that China eyes a bigger role in maintaining security in Central Asia." He further indicated that China is not satisfied with the slow pace of the Afghanistan related operations: "China hopes to accelerate Afghanistan's reconciliation process. In recent years, the international community has made strong efforts in this regard. In March, countries such as China, the US, Japan, Russia, India, Iran and organizations such as the EU, the Red Cross, and the Asian Development Bank lent a helping hand by offering assistance and loans and reducing debts. The four-nation alliance can provide security shelters for the above measures and prevent international assistance materials from being attacked by terrorist groups." Xiao dismissed the "Central Asian NATO" analogy saying that, "Some Russian scholars have defined the alliance proposal as a Central Asian NATO. Given concerns that China might challenge their regional or even global interests, some established powers do not want to see China play a bigger role in Central Asian security. To cope with potential negative impact from these countries, China needs to make certain laws to



standardize its cooperation with other countries and show its stance to the international community.”

For this “highly curious Chinese military and diplomatic activity,” Russia’s immediate response was to conduct [unusually large-scale joint Russia-Tajikistan antiterrorism drills](#) in Tajikistan’s Khatlon region. From March 15-20, 2,000 Russian troops and 50,000 Tajik troops drilled to repel “external terrorist threats” and practiced “coordination and interaction in combat missions in mountains.” It was also the first time “in the history of military cooperation between Tajikistan and Russia” that joint drills had included soldiers from Russia’s Central Military District, not just troops from Russia’s 201<sup>st</sup> Motorized Rifle Division stationed in Tajikistan. To highlight the true intention of the drills, Russia’s *Tu-22M* strategic bombers were dispatched to join the drills. “It should not be ruled out that the army drills underway in Tajikistan, aside from their basic purpose, are also demonstrative and cautionary in nature – only this time directed by Russia at Tajikistan and China,” said *Nezavisimaya Gazeta Online* in Russian on March 15, 2016.

More actions are yet to be carried out. In a largely unrelated area in relations with China, Russia announced on April 8 that Russia’s Roskosmos State Corporation was “not ready to begin delivering rocket engines to China for now,” reported Moscow *Izvestiya*. “We take into account that in contrast to Russia, China is not a party to the Missile Technology Control Regime (MTCR) at the present time, so a reliable regulatory legal base must be established for organizing cooperation in the rocket engineering area,” said the newspaper.

Russia’s turnaround came as a surprise because until recently, China’s MTCR status had “never been an issue for this “win-win” deal, in which exporting Russia’s highly capable rocket engines to Beijing would allow Russia to have access to Chinese electronic components to be used in Russia’s spacecraft construction. The China deal would be a big win for Russia’s ailing space sector because, until now, this type of Russian rocket engine, which is the best in the world, has the US as the only foreign customer. A supply deal with China could give Russia additional leverage over the US space industry. In the longer run, the engine deal would be the first step toward a joint venture specializing in the production of microchips and receivers for Russia’s Glonass satellite navigation system and its Chinese analogue BeiDou. Both are marketed as alternatives to the US-operated Global Positioning System (GPS).

### **Tales of alliances: between the past and future**

The Russian rocket engine flip-flop reveals the complex, and perhaps inherently unsettled, nature of the current Sino-Russian relationship. The two large Eurasian powers cooperate, coordinate, compete, and may even conflict over a wide range of issues, given the heavy burden of the past and the highly volatile world. In the best scenario, such as in the Korean and SCS cases, their propensity for creating an alliance may be issue-based rather than a full-fledged commitment. This includes the scheduled anti-missile drills to be conducted in May in Russia. It will be a significant development in terms of both military interoperability and strategic trust. It is, however, more like a measured response to deter, if it is still possible, the THAAD deployment than a long-term and comprehensive alliance commitment.

The limited nature of the Sino-Russian strategic interaction does not necessarily mean that everything should be based on a rather cynical “axis of convenience.” Nor would Yan Xuetong’s rush to an alliance with Russia guarantee things would work out perfectly. For large powers like Russia and China, their capabilities, interests, history, strategic culture, and complex interactions with others produce multi-dimensional outcomes in an increasingly complex world.

## **Chronology of China-Russia Relations January – April 2016**

**Jan. 6, 2016:** North Korea conducts its fourth nuclear test.

**Jan. 15, 2016:** Russian media reports that Russia will start supplying *Su-35* fighter jets to China in the fourth quarter of 2016 as part of a contract to deliver 24 jets in three years.

**Feb. 5, 2016:** Foreign Minister Wang Yi has a telephone conversation with Russian counterpart Sergei Lavrov to discuss the North Korean nuclear test and Syria. They describe the bilateral relationship as one of strategic communication, strategic cooperation, and common strategic interests.

**March 2, 2016:** Foreign Ministers Wang and Lavrov discuss over the phone strategic bilateral coordination on the passing of a new UN Security Council resolution regarding North Korea.

**March 2, 2016:** Gen. Fang Fenghui, a member of China’s Central Military Commission (CMC) and chief of Joint Staff Department of the CMC, proposes during his trip to Afghanistan a four-nation anti-terror alliance consisting of China, Pakistan, Tajikistan and Afghanistan.

**March 4, 2016:** Second China-Russia Northeast Asia Security Consultation is held in Moscow. Assistant Foreign Minister Kong Xuanyou and Deputy Foreign Minister Igor Morgulov of Russia co-chaired the consultation.

**March 11, 2016:** Foreign Minister Wang Yi visits Russia and meets Foreign Minister Lavrov to discuss the Korean nuclear issue. Wang also meets President Vladimir Putin

**March 24-25, 2016:** Kremlin Administration Head Sergei Ivanov visits China at the invitation of Li Zhanshu, director of the General Office of the Central Committee of the Communist Party of China. Ivanov also meets President Xi Jinping and participates in a forum for Russian and Chinese media.

**April 8, 2016:** Shanghai Cooperation Organization’s Regional Anti-Terrorism Structure (RATS) holds its 18<sup>th</sup> session in Tashkent.

**April 13, 2016:** Russian Security Council Secretary Nikolai Patrushev and Chinese State Council member and Minister of Public Security Guo Shengkun meet prior to the 11<sup>th</sup> meeting of the SCO Security Council secretaries in Tashkent.

**April 13-14, 2016:** The 11th meeting of SCO Security Council secretaries is held in Tashkent. Uzbek President Islam Karimov delivers a speech.

**April 18, 2016:** The 14th meeting of the foreign ministers of Russia, India and China is held in Moscow. For the first time since its inception, Russian and Indian foreign ministers support China's position on resolving the South China Sea disputes.

**April 24, 2016:** A forum is held to commemorate the 20th anniversary of the signing of the Agreement on Confidence-Building in the Military Field in Border Areas by China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan.

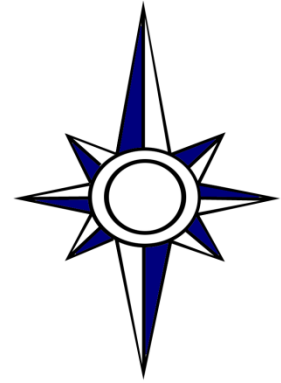
**April 27-28, 2016:** Fifth International Conference on International Security is held in Moscow. Russian Defense Minister Gen. Sergei Shoigu delivers a speech at the conference.

**April 27-28, 2016:** Foreign Minister Lavrov travels to Beijing to attend the fifth Foreign Ministers Meetings of CICA (Conference on Interaction and Confidence Building Measures in Asia). Lavrov meets President Xi Jinping after the CICA meeting on April 28.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



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## Japan-Southeast Asia Relations: Incremental, But Groundbreaking Steps

Two objectives drive Japan's increasing engagement with Southeast Asia: stimulating Japanese economic growth through investment in large-scale infrastructure abroad, and supporting regional maritime domain awareness to protect Japan's own long-term maritime security, one component of Prime Minister Abe Shinzo's new strategy of "Proactive Pacifism" in the region. While Tokyo officially denies any suggestion of rivaling or checking China with these policies, the timing and nature of Japan's "pivot" to Southeast Asia would suggest otherwise. The number of "first-ever" Japanese defense initiatives with Southeast Asian countries in the past year, particularly with the Philippines and Vietnam, correspond to rising concern in the region over China's moves in the South China Sea. Tokyo has matched these new policy measures with a diplomatic strategy to urge peaceful resolution of territorial disputes in the South China Sea. In his May visit to several Southeast Asian countries, Foreign Minister Kashida Fumio urged a greater effort to forge a code of conduct for the South China Sea between China and ASEAN.

New developments in regional security relations reflect a revision of Japanese defense guidelines and of the US-Japanese alliance, both of which emphasize greater interaction with regional partners. New guidelines have enabled the Japan Self-Defense Forces to deepen their engagement with Southeast Asian militaries. For several years, the Japanese Coast Guard (JCG) was the primary institution for maritime cooperation in the region. There is still considerable scope for JCG cooperation with its Southeast Asian counterparts, but the Japan Maritime Self-Defense Force appears to be positioned to become the lead agency over time. On the economic side, Japan and China are in direct competition for infrastructure projects in Southeast Asia, particularly in Myanmar. This will likely be the case for the next several years as ASEAN seeks to undergird the ASEAN Economic Community with new transportation grids. Although Japan will enjoy some advantage over China with Vietnam and Malaysia when and if the Trans-Pacific Partnership becomes fully operational, the three countries with the most ambitious infrastructure plans – Myanmar, Thailand, and Indonesia – will not be TPP members for several years, if ever.

### Edging into security cooperation

Many of Japan's overtures and agreements with Southeast Asian countries in the security sector over the past year have been small steps that have been highly symbolic of a new level of cooperation. However, with both Vietnam and the Philippines – the two countries with the

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highest level of tension with China over the South China Sea – Tokyo has also fashioned new defense agreements. In both cases, the agreements were followed in short order by “deliverables” – port visits, equipment transfers, joint activities – indicating urgency in the regional maritime security environment. Security developments with the Philippines and Vietnam have also paralleled expansion in US security relations with these two countries: in Vietnam, the partial lifting of the US ban on exporting weapons to Hanoi; in the Philippines, the finalization of the US-Philippines Enhanced Defense Cooperation Agreement. Japanese and US policy in Southeast Asia increasingly complement one another but still stand apart, to avoid disturbing the fragile balance of Japan-Southeast Asian relations, especially in the area of defense.

### *Philippines*

In February 2016, Tokyo and Manila signed an agreement to enable Japan to supply defense equipment and technology to the armed forces of the Philippines. This represented Japan’s first such agreement since lifting its self-imposed ban on defense exports. The agreement also stipulates the establishment of a joint committee to plan and manage transfers. Negotiation of the agreement was rapid – less than three months – and was followed two months later by the announcement that Japan would lease five *TC-90* aircraft to the Philippines, which will effectively double the range of the AFP’s maritime domain surveillance capacity. The two countries touched on the possibility of a visiting forces agreement in the future, but no concrete measures or dates were set.

In the early months of 2016, the equipment agreement was complemented by a series of port calls and brief military exercises. Japanese vessels have made annual port calls in Manila for several years, but in April a Japanese training submarine and two destroyers docked in Subic Bay for a three-day series of visits and joint exercises.

### *Vietnam*

In the past year, Japan’s security relations have followed a similar path with Vietnam. In November, the two countries revived their episodic Defense Ministerial Meeting in Hanoi. Japanese Defense Minister Nakatani Gen and Vietnamese counterpart Phung Quang Thanh agreed in principle to an expansion of security relations. They agreed to port visits, joint exercises, and the launch of working-level talks on defense equipment and technology transfer.

In February, the visit of two *P-3C* patrol aircraft to Danang led to modest joint exercises; the two militaries have agreed in principle to conduct joint bilateral humanitarian assistance/disaster relief exercises in the future. On April 12, two Japanese destroyers made an historic port call at Cam Rahn Bay and conducted joint drills with the Vietnamese Navy. The ships were on their way back from their port call at Subic Bay.

### *Indonesia*

Since the beginning of the 21<sup>st</sup> century, the Japanese Coast Guard has conducted joint exercises with the littoral states of the Strait of Malacca, to ensure the safe transit of Japanese oil tankers and other ships through the Strait. With tensions rising in the East and South China Seas,

however, Japan is gradually extending its naval reach to the littoral states with a different focus. In mid-April Japan sent the destroyer JS Ise to multinational exercises hosted by Indonesia off the coast of Sumatra, barely a month after the Indonesian government arrested a Chinese trawler it charged was illegally fishing in Indonesia's Exclusive Economic Zone.

### **Infrastructure: “connectivity” breeds competition**

Tokyo may have good cause to expand its security relations with the Southeast Asian maritime states carefully, but its rivalry with China over infrastructure projects is more obvious. ASEAN plans to strengthen connectivity through the development of a series of rail, road, and water links not only offer the possibility of investment contracts, but also the opportunity to shape Southeast Asian infrastructure according to the economic and security needs of the regional powers. This includes creating new trade and faster trade routes, in particular strengthening access to the Indian Ocean and westward to the Middle East.

In May 2015, Japan announced a plan to provide \$110 billion in aid for Asian infrastructure projects “to spread high-quality and innovative infrastructure throughout Asia.” About half the funds will be extended by state affiliated agencies in charge of aid and loans and the rest in collaboration with the Asian Development Bank (ADB). In broad strokes, the China-led Asian Infrastructure Investment Bank (AIIB) stands as a counterpart to the Japan-led Asian Development Bank. The distance between the two institutions has recently narrowed with a May 2, 2016 Memorandum of Understanding that paves the way for jointly financed projects. However, this new partnership will focus first on South Asia rather than Southeast Asia.

Both countries have folded infrastructure into their regional assistance program, particularly in the Mekong sub-region. Japan is a member of the Friends of the Lower Mekong Initiative (LMI), which derives from the regional program launched by the US. However, in May, Tokyo announced the establishment of the Japan-Mekong Connectivity Initiative, the initial phase of which will provide \$7 billion in assistance, to be apportioned between infrastructure development and capacity building. The announcement came two months after the first summit in Hainan of the Lancang (Mekong) Cooperation Organization, China's version of the LMI. Over the past year, the shape and tenor of the two countries' competition over Southeast Asian infrastructure was particularly evident in three countries: Indonesia, Thailand and Myanmar.

#### *Indonesia*

Japan suffered a surprising defeat in its bid for Indonesia's first high-speed rail project, linking Jakarta with Bandung in Western Java with a 150km line. In November 2015, after several weeks of wavering, Jakarta seemingly canceled the project and then awarded the contract to China Railway.

The choice of China over Japan was instructive. Indonesian officials characterized China's bid as government-to-government and Japan's as business-to-business. China Railway offered to build the railway for \$5.5 billion, against Japan's bottom line of \$6.2 billion. China promised to finish the project in three years, while Japan estimated a five-year timeline. But the deciding factor for Jakarta was likely the terms of financing. The Chinese proposal did not require a

funding guarantee from Indonesia, and the Chinese Development Bank agreed to finance 75 percent of the cost of the project. Japan's business model and regulations did not permit concessional credit as appealing as that offered by China. However, the financing and other aspects of the start-up have not gone smoothly; shortly after the Indonesian and Chinese governments broke ground, the project was suspending pending the resolution of several issues.

### *Thailand*

Its political problems notwithstanding, Thailand aspires to become the transportation hub of ASEAN. To this end, Bangkok envisions a division of labor in which China builds rail links running north-to-south, while Japan will develop an east-to-west transportation corridor. Bangkok's negotiations with both China and Japan have proceeded fitfully and slowly.

The north-south rail is part of a larger Chinese plan to develop high-speed passenger and freight rail service that will run from Yunnan to Bangkok, by way of Laos, and eventually through Malaysia to Singapore. In early 2016, Laos and China agreed on the interest rate for a \$480 million loan from China to build the Lao-China railway, although they had broken ground in December 2015. The remainder of the estimated \$6 billion cost will be borne by various agencies and state-owned enterprises in both countries, with the larger share from China.

Negotiations between Beijing and Bangkok on the next leg of the North-South line foundered over the issue of interest rates and total investment costs. Bangkok did not consider the rate on offer from China for the \$5 billion project to be "friendly." In March 2016, Prime Minister Prayuth Chan-ocha informed Beijing that Thailand would fund the rail project itself, although he intends to use Chinese engineers. Construction on the line has not yet begun.

As a result, Bangkok has pressured Japan to speed up the joint process of developing the East-West railway corridor. In May 2015, the two governments signed a Memo of Cooperation to construct a 60km high-speed rail line between Chiang Mai and Bangkok, using *shinkansen* train technology. Feasibility studies are scheduled to be done in June, but no date has been set to break ground and a construction timeline, final costs, and cost-sharing have yet to be finalized. Nevertheless, Bangkok is also pushing for Japanese help in building two additional east-west lines: one to run from Aranyaprathet on the Cambodian border to Kachanaburi on the Myanmar border; and the other from Mukhadan province on the Thai-Laos border to Mae Sot on the border with Myanmar. Tokyo is cautious about long-term commitments to Thailand in the absence of that country's political stability.

### *Myanmar*

Japanese and Chinese strategic and commercial objectives have driven the two governments' selection of initial infrastructure projects, in the form of Special Economic Zones, in Myanmar. To date, China has focused on the Kyaukphyu SEZ in Rakhine State. The project has proved difficult, not least because Rakhine is the center of Buddhist-Muslim tensions in Myanmar. However, China's two energy pipelines – oil and natural gas – run through the state.



Japan's initial infrastructure investment is the Thilawa SEZ in the Yangon region, which will support Japanese commercial interests in Yangon. Although China remains the largest investor in Myanmar, over the long-term Tokyo could well eclipse Beijing with its participation in the Dawei Special Economic Zone. Under discussion since 2008, Japan, in July 2015, acceded to pressure from Myanmar and Thailand to develop a deep sea port, oil refineries, and other facilities in the zone.

The implications of the development of the Dawei SEZ for the economies of mainland Southeast Asia are profound. The SEZ would allow goods to flow through Southeast Asia's first major port on the Indian Ocean to all of East Asia, avoiding the Strait of Malacca. Access to energy supplies from the Middle East will improve. The new east-west rail and road corridor will connect to the port. Much of the infrastructure will be built by Japan if Tokyo and Bangkok are able to negotiate those projects successfully. However, Dawei will be a long-term effort: although some initial construction could begin this year, the entire facility could take as long as four decades to complete.

### **Political transitions and stability**

As Japan deepens its engagement with Southeast Asia, political conditions in several countries have a new salience, and bring new risks. These risks are most evident in three countries: Thailand, Philippines, and Myanmar.

#### *Thailand*

When Foreign Minister Kishida visited Bangkok in early May 2016, he expressed concern that the election planned for late 2017 could return Thailand to a prolonged period of instability; conversely, refusing to call elections could have the same effect. With US-Thailand relations at a low point because of the 2014 coup, Bangkok has sought closer relations with both Tokyo and Beijing. Apart from prospective rail projects, Japan has 4,500 companies in Thailand and is its largest source of foreign investment.

#### *Philippines*

Tokyo is slightly less worried about the potential impact of the political transition this year in the Philippines. The term limit on Philippine presidents – one six-year term – makes continuity difficult, and Japan's economic interests could be affected by the outcome of the May 9 elections. However, the new Japan-Philippines security relationship is likely to be less affected, since it parallels the US-Philippines security relationship. Washington will make efforts to ensure that EDCA remains in place, and Tokyo will benefit from them.

#### *Myanmar*

The political situation in Myanmar – and Japan-Myanmar relations as a result – are not as straightforward. Japan's "special relationship" with then-Burma in the 1980s ended as US sanctions mounted over the following two decades. China replaced Japan as Myanmar's largest trading partner, and maintains that position. However, during the Thein Sein administration

Tokyo was able to recoup some of its political and economic leverage in Myanmar, particularly after it resumed development assistance in 2013 while it also provided \$1.3 billion in concessionary loans. Although relations with Aung San Suu Kyi are cordial – she lived in Japan briefly before returning to Myanmar in the late 1980's – Japan has less entrée with the National League for Democracy (NLD) than with Thein Sein. Moreover, Tokyo worries that the NLD may not have the capacity to govern, much less to stimulate economic growth.

The foreign policies of the new NLD government are uncharted territory. The government has indicated that it will review all foreign investment projects, which could create delays, or worse, obstacles in the two SEZ projects as well as smaller Japanese ventures. In February, Aung San Suu Kyi made a public request for more Japanese aid to Myanmar, and Tokyo has been quick to respond: when he visited in early May, Foreign Minister Kishida announced a new tranche of assistance, slightly over \$35 million. Japan also makes significant contributions to Myanmar – more than \$31 million to date – through several United Nations agencies.

An adjunct concern for Tokyo is the continuation of US sanctions on Myanmar, although since 2012 most restrictions have been suspended by the Obama administration through executive order. The most significant of the remaining sanctions are those on the Specially Designated Nationals (SDN) list, which includes a significant number of wealthy businessmen with links to former military juntas. Washington applies political pressure to countries that deal with entities on the SDN list, and Tokyo is wary of full economic exposure in Myanmar until the list has been revised. President Obama is scheduled to make a decision on sanctions renewal in mid-May. Although he is expected to ease sanctions further, he will likely not remove them altogether.

### **US-Japan-Southeast Asia: the (informal) triangle**

The revision of guidelines for the US-Japan alliance enables Washington and Tokyo to cooperate with third countries more easily. Defense cooperation between and among ASEAN and its external partners is gradually expanding through the ASEAN Defense Ministers Meeting process. Longstanding multilateral security exercises, most notably *Cobra Gold*, provide additional opportunities for regional defense cooperation, particularly in non-traditional areas such as humanitarian assistance and disaster relief.

Japan is a full participant in these regional mechanisms, as well as in more informal and ad hoc forms of defense cooperation. These enable Tokyo to advance its defense agenda in Southeast Asia in a manner consonant with the pace and style of the Southeast Asian countries. For example, in August 2015, the Japan Maritime Self-Defense Forces made a call at Subic Bay, its first in several years, while participating in US-Japan-Philippine humanitarian exercises.

At this point Japan's defense relations with Southeast Asia are not an outgrowth of the US-Japan alliance. The two militaries often operate in parallel in Southeast Asia, but a more formal triangulation would raise concerns in the region on several scores. Recent studies have indicated that, on the whole, Southeast Asians view the US-Japan alliance positively, primarily because it increases the likelihood that the US will remain in the Asia-Pacific region as a strategic partner. However, they fear that extension of the alliance to include formal links with

Southeast Asian states, even those that are US treaty allies, would exacerbate tensions with China. They also worry that it would erode or negate ASEAN “centrality” in the region.

Japan’s status as a major regional power offers some protection against negative attitudes toward increased defense cooperation in Southeast Asia. In contrast to the US-Australia alliance, which encouraged perceptions of Canberra as a “deputy sheriff” in the early 2000s, most Southeast Asians view Japan’s role in the region as distinct from that of the US. This is in part because Tokyo has traditionally pursued its foreign policy objectives through economic diplomacy, while Washington has focused more on democracy and human rights. This distinction makes increased defense cooperation with Japan acceptable to most Southeast Asian states, although they would prefer that it be bilateral or filtered through an ASEAN mechanism.

### **Chronology of Japan – Southeast Asia Relations** **May 2015 – April 2016**

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

**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 21, 2015:** Japan announces a plan to provide \$110 billion in aid for Asian infrastructure projects “to spread high-quality and innovative infrastructure throughout Asia.”

**May 24-26, 2015:** Malaysian Prime Minister Najib Razak visits Japan and meets Prime Minister Abe Shinzo.

**May 27, 2015:** Japan Transportation Minister Akihiro Oto and Thai Minister of Transportation Prajin Juntong sign a Memorandum of Cooperation to construct a high-speed rail link between Chiang Mai and Bangkok.

**June 2-5, 2015:** Philippine President Benigno Aquino visits Japan and meets Prime Minister Abe. They agree on talks on a framework for the transfer of defense equipment and technology.

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

**July 5, 2015:** Japan signs a Memorandum of Intent with Thailand and Myanmar on participation in building the Dawei Special Economic Zone project.

**Sept. 19, 2015:** Japanese Diet passes legislation giving the government the authority to send forces overseas to defend allies even if Japan is not being attacked.

**Aug. 14, 2015:** Japan Maritime Self-Defense Forces participate with US and Philippine naval forces in humanitarian exercises off Subic Bay.

**Oct. 2, 2015:** Indonesian government announces it will award a contract for the country's first high-speed railway to China rather than Japan. Six days after the ground-breaking ceremony, Jakarta suspends the project because of "unresolved issues."

**Nov. 6, 2015:** At the Japan-Vietnam Defense Ministerial Meeting in Hanoi, Japanese Defense Minister Nakatani Gen and Vietnamese Defense Minister Phung Quang Thahn lay out a plan for increased defense cooperation that includes port visits, equipment transfers, and joint exercises.

**Dec. 17, 2015:** The defense and foreign ministers of Japan and Indonesia meet in Tokyo in a "two-plus-two" format and agree to strengthen security and economic ties.

**Jan. 26-30, 2016:** Japanese Emperor Akihito and his wife Michiko visit the Philippines, marking the 60<sup>th</sup> anniversary of the normalization of diplomatic relations between the two countries.

**Feb. 16-18, 2016:** Two Japanese Maritime Self-Defense Force *P-3Cs*, returning home from Djibouti, stop in Danang. It is the first time since World War II that Japanese military aircraft have landed in Vietnam.

**Feb. 29, 2016:** Philippines Defense Minister Voltaire Gazmin and Japanese Ambassador to Manila Ishikawa Kazuhide sign an agreement for Japan to supply defense equipment and technology to the Philippines. It is the first such agreement between Japan and a Southeast Asian country since Japan lifted its self-imposed ban on defense exports in 2014.

**April 3-5, 2016:** Japanese training submarine *JS Oyashio*, accompanied by the destroyers *JS Ariake* and *JS Setogiri* dock in Subic Bay in the Philippines for a goodwill visit and confidence-building exercise.

**April 12, 2016:** Japanese destroyers *JS Ariake* and *JS Setogiri* proceed to Cam Ranh Bay for an historic goodwill visit and joint drills with the Vietnamese Navy.

**April 12-16, 2016:** Japan sends the destroyer *JS Ise* to multinational exercises hosted by Indonesia in conjunction with a meeting of the Western Pacific Naval Symposium.

**May 2, 2016:** Japan agrees to lease five *TC-90* planes to the Philippines, which will effectively double the range of the Armed Forces of the Philippines in maritime monitoring.

**May 2, 2016:** On a visit to Bangkok, Japanese Foreign Minister Kishida Fumio announces the three-year, \$7 billion Japan-Mekong Connectivity Initiative.

**May 3, 2016:** In Myanmar, Foreign Minister Kishida pledges a \$35.7 million bilateral assistance package, in response to State Counselor Aung San Suu Kyi's February request for increased aid.

## About The Contributors

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