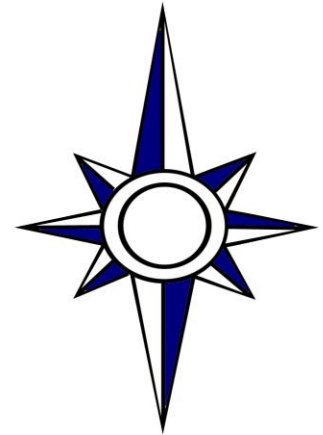




**P a c i f i c   F o r u m   C S I S**



# Comparative Connections



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

*edited by*

Carl Baker  
Brad Glosserman

May – August 2016  
Vol. 18, No.2  
September 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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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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President Obama and Prime Minister Abe traveled to Hiroshima, where Obama took the opportunity to speak of the devastating consequences of war in the nuclear era. The summer months that followed were full of politics, with an Upper House election in Japan in July and the Republican and Democratic Party conventions in the US kicking off the general election campaign for president. The Obama administration continued to work toward congressional passage of the Trans-Pacific Partnership at the end of the year. With less political contention but growing skepticism over Washington’s ability to ratify the agreement, the Abe Cabinet decided to postpone Diet discussions on the topic until after its election. Regional relations continue to shape the US-Japan alliance agenda with Chinese maritime activity in the East China Sea and South China Sea and ongoing North Korean provocations garnering the most attention.

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Tensions over South China Sea territorial disputes dominated relations throughout the summer months of 2016. Fearing that the UNCLOS Arbitral Tribunal case would go against China, Beijing took remedial steps in the lead-up to the July 12 ruling to show resolve to domestic Chinese constituencies and to counter international pressures. With the Tribunal’s award even more negative for China than most anticipated, Beijing’s attacks on the arbitral panel and warnings to neighbors and the US intensified. They were accompanied by shows of force in the South China Sea. Given the restraint of others, after a few weeks registering intense indignation, Chinese officials and commentary also moderated their rhetoric. Whether the Chinese shift to moderation was tactical or strategic remains to be seen.

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The middle four months of 2016 were among the bleakest for inter-Korean relations in the 15 years this writer has been covering that often rebarbative relationship for *Comparative Connections*. There have been numerous fiery threats from Pyongyang, extreme even by their own standards. An accelerated flurry of ballistic missile launches, followed by North Korea’s second nuclear test this year, raised fears that Kim Jong Un was speeding up development of his strike capacity. As of now the Koreans are not talking to each other, only at each other. North Korea did make a few new proposals for dialogue, though it can hardly have expected them to be taken seriously, given the tone and content of most of its other statements and actions. For South Korea, as for all North Korea’s interlocutors, the Kim Jong Un factor adds an extra layer of anxiety to the already complex and concerning challenges posed by the DPRK. Given the latest Kim’s youth, he could be around for decades, despite wishful thinking to the contrary.

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Vice Chairman of the Workers’ Party of Korea (WPK) Central Committee Ri Su Yong visited Beijing at the end of May to deliver a message of friendship from Kim Jong Un and to report on the results of the May 6-9 WPK Congress, which reportedly marked the “official start to Kim Jong-un’s era.” Ri’s visit drew attention to Pyongyang’s nuclear policy as a continued source of friction in relations with Beijing. China-ROK tensions rose with the announcement of a US-ROK agreement to deploy the THAAD missile defense system in South Korea and South Korean protests against illegal Chinese fishing. Exclusive Economic Zones (EEZs) remain another point of China-ROK tension. Although China and South Korea seek to advance trade within various frameworks, such efforts only highlight a widening gap between the economic and political aspects of their relationship. Current security priorities require effective approaches to both immediate differences over THAAD and EEZs and longer-term preferences over how to effectively promote lasting stability on the Korean Peninsula.

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**No Lack of Dialogue, Results -- TBD**

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

There was no lack of high-level bilateral dialogue over the summer months with the foreign ministers meeting three times between late April and the end of August. There were several other exchanges in between including a meeting between Prime Minister Abe and Premier Li in July at the Asia-Europe Meeting in Ulaanbaatar. Despite the dialogue, strong differences continued to mark the relationship, in particular on issues related to the South China Sea and the East China Sea. Tensions heightened in June when a PLA Navy ship entered Japan’s territorial waters off Kagoshima and again in August when Chinese fishing boats and Coast Guard ships swarmed into the Senkakus, entering Japan’s contiguous zone and territorial waters despite repeated high-level protests.

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**by David Kang and Jiun Bang, University of Southern California**

The summer months were less tumultuous than usual for Seoul and Tokyo. Aside from the main political issue surrounding the implementation of the “comfort women” deal that was struck back in December 2015, there were many visible instances of cooperation across a range of sectors. To some extent, Seoul was preoccupied with the fallout from its decision to host the Terminal High Altitude Area Defense (THAAD) system while Japan was focused on its House of Councillors election in July. It was business as usual with North Korea for Japan, with efforts to denounce Pyongyang’s ballistic missile tests and the stalemate over the investigation into the abduction of Japanese citizens since the North’s decision to suspend the probe in February 2016.



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The China-Russia relationship was both extraordinary and ordinary. On one hand, both sides were visibly, albeit reluctantly, moving toward more security-strategic coordination to offset growing pressure from the US and its allies. On the other hand, they continued to interact with a mix of cooperation, competition, and compromise for interests and influence in a range of areas including trade, investment, and regional development. Neither trend was definitive, given the complex dynamics between the two, as well as their respective relations with others, which are beyond the control of Moscow or Beijing. The asymmetry between “high” and “low” politics in their bilateral ties may be normal, if not necessarily desirable. Nevertheless, the scope, speed, and sustainability of the emerging Sino-Russian strategic alignment deserve careful scrutiny.

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**by Graeme Dobell, Australian Strategic Policy Institute**

While Malcolm Turnbull’s coalition government was narrowly returned to office in Australia’s 2016 election, Australia’s thinking about Asia’s future hinges on another election. Concern about the US presidential race has joined worries about Asia’s “rules-based order” and growing competition between the US and China. Not least of Australia’s fears is what US politics will do to the Trans-Pacific Partnership trade deal. Meanwhile, there were a few “surprises” between Australia, the US, and Japan that shaped relations over the summer months and will likely continue to influence them in the coming year.

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**by Satu Limay, East-West Center**

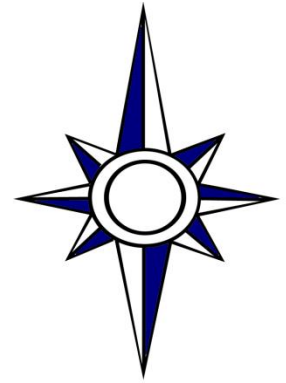
Since relations were reset following President Obama’s visit to India in January 2015, there have been three visits to the US by Prime Minister Modi. The US and India have also conducted two iterations of the Strategic and Commercial Dialogue (S&CD), exchanged multiple Cabinet-level visits, and announced new initiatives to broaden and deepen dialogue and produce outcomes. Over the past year and a half, the absence of drama has allowed for notable progress in the area of defense relations, but just as notably little progress on key trade and investment issues even as bilateral trade and investment grows. After three decades and three US presidents with strong commitments to the bilateral relationship, it remains to be seen whether a new US president will reciprocate Modi’s expressed and demonstrated interest in strong US-India relations.

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# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**Regional Overview:**

## **Rule of/by Law?**

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

The rule of law took a few huge hits during the year's second trimester, as Beijing chose to ignore the UNCLOS Arbitral Tribunal's ruling that negated many of its South China Sea claims (including the infamous 9-dashed line), while Pyongyang displayed its usual disdain for UN Security Council Resolution 2270 with a series of ballistic missile launches, highlighted by a submarine-launched ballistic missile test that landed in Japan's exclusive economic zone (EEZ). There were also a number of significant multilateral forums, addressing regional security (ASEAN Regional Forum) and economic (G7, G20) issues, or both (ASEM), along with the ASEAN Ministerial and various ASEAN Plus One sessions. Most in some form also touched upon the SCS and Korean Peninsula, even as ASEAN danced around the Tribunal's ruling. Meanwhile in the battle of who gets to make trade rules (we prefer to say "set the standards"), the Chinese-backed Regional Comprehensive Economic Partnership (RCEP) seemed to fare only slightly better than the US-driven Trans-Pacific Partnership (TPP), the objection to which seems to be the only thing the two US presidential candidates agree upon.

### **Philippines-1, China-0 . . . or is it?**

The most highly anticipated and potentially significant event of this reporting period was the July 12 award by the UNCLOS Arbitral Tribunal at the Permanent Court of Arbitration in The Hague in the case brought by the Philippines against China's excessive claims and activity in the South China Sea. As anticipated, the ruling went against China. Not anticipated was the depth and breadth of the ruling. According to the Permanent Court of Arbitration's [press release](#), the nonpartisan international body's five-judge tribunal unanimously ruled that:

- to the extent China had historic rights to resources in the waters of the South China Sea, such rights were extinguished to the extent they were incompatible with the exclusive economic zones provided for in the Convention.
- although Chinese navigators and fishermen, as well as those of other States, had historically made use of the islands in the South China Sea, there was no evidence that China had historically exercised exclusive control over the waters or their resources.

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- there was no legal basis for China to claim historic rights to resources within the sea areas falling within the “nine-dash line”.
- none of the Spratly Islands is capable of generating extended maritime zones [i.e., EEZs]. ... [and]the Spratly Islands cannot generate maritime zones collectively as a unit.
- China had violated the Philippines’ sovereign rights in its exclusive economic zone by (a) interfering with Philippine fishing and petroleum exploration, (b) constructing artificial islands and (c) failing to prevent Chinese fishermen from fishing in the zone.
- fishermen from the Philippines (like those from China) had traditional fishing rights at Scarborough Shoal and that China had interfered with these rights in restricting access ... [and] Chinese law enforcement vessels had unlawfully created a serious risk of collision when they physically obstructed Philippine vessels.
- China had caused severe harm to the coral reef environment and violated its obligation to preserve and protect fragile ecosystems and the habitat of depleted, threatened, or endangered species.
- China's recent large-scale land reclamation and construction of artificial islands was incompatible with the obligations on a State during dispute resolution proceedings, insofar as China has inflicted irreparable harm to the marine environment, built a large artificial island in the Philippines’ exclusive economic zone, and destroyed evidence of the natural condition of features in the South China Sea that formed part of the Parties’ dispute.

The Tribunal’s report also noted that “absence of a party or failure of a party to defend its case shall not constitute a bar to the proceedings” and that Chinese complaints notwithstanding, “the Tribunal found that it has jurisdiction to consider the Parties’ dispute concerning historic rights and the source of maritime entitlements in the South China Sea.” Those interested in reading the entire 479-page report can find it [here](#). Noted international law professor Jerry Cohen has forcefully argued that, “like it or not, UNCLOS arbitration is legally binding for China.” For its part, Beijing argues that it is honoring and protecting international law when it rejects the ruling, a logic which seems to resonate only to China and a handful of others.

In discussing the implications of the ruling, Hong Thao Nguyen, professor of international law at the Diplomatic Academy of Vietnam, had the following useful observations:

- It restores international justice in the interpretation and application of UNCLOS. The award finds that claims of historic rights to natural resources cannot displace the legal status of maritime institutions created by UNCLOS, such as exclusive economic zones (EEZ) or continental shelves. Unilateral political actions cannot supplant agreements approved by the majority of the international community.
- It finds that Mischief Reef and Second Thomas Shoal, as well as other low-tide elevations, do not generate maritime zones of their own, as extensive Chinese land

reclamation has not modified their legal status. By that conclusion, the verdict removes obstacles to freedom of navigation, overflight, and trade near those features. Additionally, it affirms that access to waters beyond a vicinity of 500 meters from artificial islands is legal for commercial as well as military vessels. The United States' freedom of navigation operations will, of course, benefit.

- It minimizes the scope of maritime disputes. The overlap in claimed maritime zones in the South China Sea has dropped from the vast majority of the region's waters to only the 12nm territorial seas around the high-tide features in the Spratly Islands. The possibility of having high seas in the semi-enclosed South China Sea has been revived by the verdict. Beyond the limits of 200nm EEZs claimed from the coasts of bordering nations and 12nm territorial seas emanating from high-tide features of the Spratly Islands, every state will now enjoy the freedoms provided to the high seas under UNCLOS.
- It creates a chance for the region to escape from the deadlock that is preventing negotiation of an acceptable solution. The parties now have the opportunity to further clarify the scope of their disputes and finalize a code of conduct for the South China Sea.

While many feared the worst after the ruling announcement – increased Chinese assertiveness, to include the possible establishment of a SCS Air Defense Identification Zone and more in-your-face US freedom of navigation operations – thus far the primary response has been diplomatic. Whether this will still be the case after the China-hosted G20 meeting in early September is anyone's guess, however.

### **Ruling? What ruling?**

Other chapters will go into more detail on how China, the Philippines, and other claimants have responded to the ruling. We will focus here on ASEAN's response (or general lack thereof – it still has not issued an official statement and is unlikely to ever do so). The insistence on full consensus has allowed a single ASEAN state – in this case, Cambodia, which has clearly been acting as a proxy in accordance with Chinese wishes/demands – has generally prevented reference to the Tribunal's award from even being mentioned in ASEAN gatherings, such as the ASEAN Plus One meeting with China in Kunming on June 13 (before the ruling) or the July 24 ASEAN Ministerial Meeting (AMM), which precedes the annual ASEAN Regional Forum international gathering of foreign ministers.

At the Kunming meeting, Chinese Foreign Minister Wang Yi reportedly warned Southeast Asian states against issuing a statement on the South China Sea following the Tribunal's award, while challenging the much-prized notion of ASEAN centrality, according to Prashanth Parameswaran in *The Diplomat*. He claims that the ASEAN ministers, miffed at China's behavior, initially decided to issue their own statement instead of jointly with Beijing – an unprecedented move – which reportedly noted: “We look forward to working together with China to bring ASEAN-China cooperation to the next level. But we also cannot ignore what is happening in the South China Sea as it is an important issue in the relations and cooperation between ASEAN and China.” Working through its Cambodian and Laotian surrogates, Beijing suppressed the ASEAN statement; no joint statement was issued.

At the July ministerial, Cambodia once again made sure that there would be no reference to the Tribunal's ruling, tying up the proceedings and almost causing the ministers, for a second time (the first being at the 2014 AMM in Cambodia) to not issue a statement at all. China actually publicly thanked Cambodia for supporting its position, demonstrating how deeply Phnom Penh has sunk into Beijing's pocket.

The AMM's [joint communiqué](#) nonetheless noted that the ministers “remain seriously concerned over recent and ongoing developments and took note of the concerns expressed by some ministers on the land reclamations and escalation of activities in the area, which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the region.” The ministers called for “self-restraint in the conduct of activities and avoid actions that may further complicate the situation, and pursue peaceful resolution of disputes in accordance with international law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS)” while emphasizing “the importance of non-militarisation and self-restraint in the conduct of all activities, including land reclamation that could further complicate the situation and escalate tensions in the South China Sea.”

China's heavy hand was also in evidence at the 11<sup>th</sup> Asia-Europe Meeting (ASEM) Summit held on July 15-16 in Ulaanbaatar, Mongolia. Discussions there focused on the theme “20 years of ASEM: partnership for the future through connectivity.” (Sharp-eyed inclined readers will note a discrepancy between the number of years of ASEM and the number of meetings: ASEM meets every other year.) The meeting was China's first multilateral encounter since the Tribunal ruling and Beijing let it be known that it thought South China Sea issues should not be mentioned at the conclave. In their statement, the 51 Asian and European countries agreed to uphold a “rules-based” global order, and called for stronger economic cooperation and enhanced regional connectivity – but there was not mention of the South China Sea disputes. One has to question the credibility of international forums that refuse to even acknowledge, much less address, one of the most far-reaching important developments of the day.

On a more potentially positive note, a subsequent ASEAN-China meeting on Aug. 16 – the 13th Senior Officials Meeting on the implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) in Inner Mongolia's Manzhouli city – reported several “breakthroughs” regarding the South China Sea, suggesting that the Tribunal's ruling is having some impact on Chinese behavior. China and ASEAN agreed to complete a draft framework for a binding Code of Conduct (COC) by the middle of next year – the first time a timeline has been officially set – while also agreeing to initiate an emergency hotline and adopt a code for unplanned encounters in the South China Sea (CUES), at least for their respective navies. To be really effective of course, coast guards and other maritime enforcement agencies will also need to be included. This all remains to be seen, of course. Given the manner in which most claimants have repeatedly violated the DOC, it is hard to be optimistic about a COC, especially if it contains no enforcement mechanisms or punishment for gross violations.

### **ARF: More of the same**

The annual ASEAN Regional Forum ministerial was pretty much a non-event. One would be hard-pressed to even find a reference to it in the international media. Blame it on the location –

Vientiane, Laos – and a “more of the same” agenda. Despite the best efforts of the Philippines, Vietnam, United States, and no doubt others, there was not a single reference to the Tribunal’s ruling in the July 26 Chairman’s Statement of the 23<sup>rd</sup> ARF. References to the South China Sea essentially repeated those from the ASEAN Ministers’ Joint Communiqué, almost verbatim. Even Secretary of State John Kerry’s report as co-chairman of the ASEAN-US side ministerial meeting was fairly tepid, noting only that “Ministers affirmed ASEAN’s full respect for diplomatic and legal processes to peacefully resolve disputes. Several stressed that both parties in the Philippines-China arbitration should abide by the decision and uphold international law.” Even less is expected at the annual East Asia Summit since Philippine President Rodrigo Duterte has already said he would not push for a discussion of the Tribunal’s ruling when the 18 leaders (including President Obama, for the last time) meet in Vientiane on Sept. 6-8.

Despite the presence of the DPRK foreign minister in their midst, the ARF Chairman’s Statement “reiterated ASEAN’s support for the denuclearization of the Korean Peninsula in a peaceful manner. *Most Ministers* [emphasis added] also urged the DPRK to comply with all relevant UNSC resolutions, including the UNSC Resolution 2270 and called on all parties to exert common efforts to maintain peace and security in the said region and create an environment conducive to the early resumption of the Six-Party Talks to make further progress in denuclearization of the Korean Peninsula in a peaceful manner.” Of note, the ministers also “stressed the importance of addressing humanitarian concerns.”

### **DPRK: even more of the same**

Pyongyang’s response to the newest round of UNSC sanctions – UNSCR 2270, imposed in March joins a long list of sanctions resolutions (1718 in 2006, 1874 in 2009, and 2087 and 2094 in 2013) against the hermit state’s nuclear and missile violations – was highly predictable: defiance, defiance, and more defiance. Quite frankly, we have lost count of the number of missile launches since that time – the Korean press is citing 30, just in the time Kim Jong Un has been in power – all in direct violation of 2270 and earlier prohibitions.

One violation stands out. On Aug. 24, the North Koreans conducted what has been assessed to be the first successful (and fourth attempted) firing of a submarine-launched ballistic missile into the Sea of Japan (East Sea). The ROK military reported that it was fired in the early morning hours from a location near Sinpo, South Hamgyong Province, and appears to have flown about 500km. Many interpreted the launch’s timing as a protest to the US/ROK joint military exercise *Ulchi Freedom Guardian*, scheduled from Aug. 22-Sept. 2. The North had threatened a “pre-emptive nuclear strike” against the military exercise.

While the SLBM’s flight was much shorter than its estimated maximum range (2,000-2,500km), it has still been seen as a success (it is not uncommon to conduct test launches at a higher angle and with less fuel than normal to keep splashdown in the open ocean while avoiding overflying Japan or some other country). The ROK military had earlier estimated that the North’s SLBM capacity “was in its earliest stages, lacking actual ability to fly the missile for a significant range.” According to a *Korea Herald* [news analysis](#), the North’s success has considerably moved up the expected timeline of the SLBM’s actual deployment -- originally put at around 3-4 years – with some estimating that it could be deployed as early as later this year.

The ROK, over strenuous Chinese objections, decided that it had the right and the responsibility to take measures to defend itself and its US ally against the growing missile capability, especially given the fact that Pyongyang has claimed that it already has the ability to miniaturize nuclear warheads and put them on missiles capable of hitting the ROK, Japan, Guam, and Hawaii, if not the US mainland itself. While few believe that North Korea has achieved that level of capability yet, the ROK and US have learned not to underestimate the North's growing nuclear and missile capabilities and to prepare for a worst case not-too-distant future.

The US government has been offering to provide the Chinese with technical briefings that would demonstrate that THAAD has virtually no ability to impact Beijing's second-strike capability – a Pacific Forum CSIS briefing to the Chinese in June demonstrated (we think convincingly) that THAAD would not be able to detect launches from China or even the warhead in flight, but merely 10 seconds of the second stage rocket; the Chinese left that meeting better informed but not convinced. In the bluntest of terms, the Chinese position comes down to this: the ROK better not take steps to defend itself from a real and growing threat because of the (remote) possibility that such measures might in some way limit China's ability to strike the US with nuclear weapons. When put in those terms, it's pretty easy to understand why the Chinese argument fails to resonate in Seoul or Washington. Nonetheless, when the UNSC met to respond to the SLBM firing in violation of the above-cited resolutions, it failed to reach agreement on a statement of condemnation, with Beijing insisting that language also be inserted opposing the deployment of THAAD to the Peninsula.

Since their inception, this Regional Overview has assessed the prospects and progress (if any) of the currently moribund Six-Party Talks aimed at denuclearization of the Korean Peninsula. Never have the prospects appeared this slim. Pyongyang has made it clear that it no longer has any interest in discussing the topic (at least not until after the US signs a Peace Treaty with the DPRK) and in mid-August confirmed that it had resumed plutonium production and had no plans to stop nuclear tests as long as perceived threats from the United States continue. It also reacted harshly in July when the US put Kim Jong Un on its list of sanctioned individuals for human rights abuses, stating that the US has “crossed the red line” and effectively “declared war” on the North. In response it announced that it was cutting off its only channel of communication with Washington – the so-called New York channel (via its UN representatives), stating that “all matters related to the United States,” including the handling of US citizens detained by Pyongyang, will be conducted under “wartime law.” It also threatened a “physical response” if THAAD was deployed in the South.

## **G20: boilerplate and ballistic missiles**

Shortly after our reporting period ended but before *Comparative Connections* was put on line, Pyongyang sent one more message to demonstrate its disdain not only for the West and UNSC, but toward China as well when it saluted the assembled grandees for the China-hosted G20 summit by launching three medium-range ballistic missiles on Monday, Sept. 5. Not only were the launches a reminder of Pyongyang's potential to roil the region, but they were a deliberate poke in the eye to Beijing, North Korea's erstwhile ally. The play for international attention cast



a shadow over the summit, reminding the world of Pyongyang's capacity for mischief and highlighting Beijing's inability to do much about it.

The G20 summit, hosted by Chinese President Xi Jinping in Hangzhou, China Sept. 5-6 was not without drama. The meeting began with reported protocol sleights to US President Barack Obama and National Security Advisor Susan Rice, but they were overshadowed by the climate agreement that the two men struck soon after. Indeed, as is so often the case at such summits, the real work was done not at the multilateral leader-level discussions, but in the bilateral meetings that took place on the sidelines. In addition to the Obama-Xi sit-down, which was labeled "candid," diplomat-speak for contentious and characterized more by disagreement than agreement – attention was focused on the meetings between Obama and Russian President Vladimir Putin – "candid, blunt and businesslike" as well – and between Xi and Abe, at which the two men appeared noticeably warmer than at their previous encounters.

The official motto of this year's G20 was "Towards an innovative, invigorated, interconnected and inclusive world economy," a phrase that literally says it all. The leaders endorsed that message, acknowledging that global growth was sluggish and weak, urging governments to take more direct fiscal action to stimulate growth, agreeing to coordinate macroeconomic policies, but – surprise, surprise – articulating few concrete proposals to do that. They also agreed to oppose protectionism – a staple of such gatherings – and support multilateral trade mechanisms. In one of the few specific measures agreed, the group backed creation of a global forum to address excess capacity in steel production and encourage adjustments. Other downside risks include terrorism, immigration, and the UK exit from the European Union.

### **Abe makes Japan's case at the G7**

The G20 served as a bookend to the other major economic gathering held in Asia during this trimester, the G7 gathering of the world's leading industrialized countries hosted by Japanese Prime Minister Abe Shinzo at Kashiko Island in Shima, Japan May 26-27. We detailed the lead-up to the G7 Summit in our last issue and the meeting itself offered few surprises. Abe used the summit to press Japan's role as a key player in international economic and diplomatic management, as well as make his case for the more controversial elements of his Abenomics economic program – namely the loose money policy that some governments view as an attempt to artificially dampen the value of the Japanese currency and sustain the competitiveness of Japanese export industries. His prediction that "Abenomics will be deployed throughout the world" was controversial, but may be more on the mark than more staid policy makers want to admit. Despite nervousness about global conditions – the final declaration characterized global growth as "below potential" and noted that "risks of weak growth persist" – his claim that the world faced a situation reminiscent of the pre-Lehman Brothers collapse was dismissed as self-serving rhetoric to justify the delay in the consumption tax hike.

More generally, the leaders promised "to collectively tackle current economic challenges while laying out foundations for stronger long-term global growth," which will be achieved with a "forceful mix" of fiscal and financial policies and structural reforms. No specifics were provided, although leaders reiterated their commitment to freer and fairer world trade.

On political issues, the G7 statement seemed equally profound and vague but the intent seemed more pointed. The final declaration noted that “We remain bound together as a group guided by our common values and principles, including freedom, democracy, the rule of law, and respect for human rights.” Even without identifying China, the reference could not be clearer. Russia was called out explicitly: the group endorsed a diplomatic settlement to the conflict in Ukraine and condemned the “illegal annexation of Crimea.” Other issues highlighted in the 32-page [final declaration](#) included: migration and refugees, infrastructure, health, women, cybersecurity, anticorruption, climate, and energy. That last topic was noteworthy as the group committed to “accelerate our work towards the transition to an energy system that enables a decarbonization of the global economy.” This includes a 2025 deadline for the end of fossil fuel subsidies.

The G7 leaders also “condemn in the strongest terms North Korea’s nuclear test in January and its subsequent launches using ballistic missile technology,” which “pose a grave threat to regional and international peace and security.” While not mentioning the then-impending Arbitral Tribunal award, they did “reiterate our commitment to maintaining a rules-based maritime order in accordance with the principles of international law as reflected in UNCLOS, to peaceful dispute settlement supported by confidence building measures and including through legal means as well as to sustainable uses of the seas and oceans, and to respecting freedom of navigation and overflight.” They also reaffirmed “the importance of states’ making and clarifying their claims based on international law, refraining from unilateral actions which could increase tensions and not using force or coercion in trying to drive their claims, and seeking to settle disputes by peaceful means including through juridical procedures including arbitration.”

### **US election challenges foreign policy orthodoxy**

According to *The New York Times*, one other topic received outsized attention at the May G7 summit – GOP presidential nominee Donald Trump. Trump, who had secured enough delegates to claim the nomination in May but was officially designated as such at the July GOP convention, has directly challenged US foreign policy orthodoxy, in particular charging that US allies have been freeloading and under his administration they would either pay more of the bill or be forced to defend themselves. In an interview in early June, Trump said the US needed to be “prepared to walk” from negotiations that he would initiate with Japan over the alliance. “At a certain point, you know Japan will, if they're not going to pay us what it's going to cost. The fact is, they are paying a small fraction of what it's costing. So is Germany, so is Saudi Arabia, so is South Korea. We are losing a fortune.” Diplomats and officials from Japan and South Korea (along with many other US allies and partners) have pressed virtually all US interlocutors for insight into Trump’s thinking, to identify his advisors, and to indicate whether his bombast will survive his campaign. Trump even seemed to suggest he is prepared to let US allies, and Japan in particular, to go nuclear if that would follow the loosening of US ties to the region.

His rhetoric pushed Sen. John McCain, Republican chairman of the Senate Armed Services Committee, and Robert Menendez, Democratic former chairman of the Senate Foreign Relations Committee, to write a commentary in a South Korean newspaper that urged South Koreans to not over-react, noting that “any talk of pulling back from our commitment should be taken with a grain of salt on both sides of the Pacific.”

Democratic nominee Hillary Clinton (who officially bested challenger Bernie Sanders at the July party convention) has been, as could be expected of a former secretary of state, a supporter of US alliances in Asia, calling them indispensable to the protection of US national interests and critical to regional security. A cornerstone of her campaign has been to paint Trump as a danger to US alliances, its standing in the world, and peace and stability more generally.

On another issue central to US relations with Asia, the Trans-Pacific Partnership (TPP) trade deal, both candidates are skeptics. Trump has denounced all such trade agreements as flawed, and the product of poor negotiations. In a June speech, Trump called the TPP “another disaster done and pushed by special interests who want to rape our country — just a continuing rape of our country.” He went on to say it “would be the death blow for American manufacturing. It would give up all of our economic leverage to an international commission that would put the interests of foreign countries above our own. It would further open our markets to aggressive currency cheaters. It would make it easier for our trading competitors to ship cheap subsidized goods into U.S. markets – while allowing foreign countries to continue putting barriers in front of our exports.” Trump promised to focus on bilateral talks, renegotiate existing trade deals, and label China a currency manipulator from Day 1 of his administration.

China is a particular *bete noir* for Trump. In addition to manipulating its currency, its leaders possess a toughness and determination he believes US leaders, Obama in particular, don’t have. “We can’t continue to allow China to rape our country, and that’s what they’re doing,” he said at a rally in May.

Worryingly, Clinton also opposes TPP. While she identified it as a core element of the rebalance to Asia when she was secretary of state, she was pushed to the left during the campaign by Bernie Sanders’ progressivism and now risks being outflanked by Trump’s antitrade populism. She has made numerous statements against TPP, noting in August that “I will stop any trade deal that kills jobs or holds down wages, including the Trans Pacific Partnership. I oppose it now, I’ll oppose it after the election, and I’ll oppose it as president.” That statement – the equivalent of George H.W. Bush’s famous declaration, “Read my lips: No new taxes” – seems definitive. How she squares that opposition with her knowledge of the strategic importance of the deal – during his August visit to the US, Singapore Prime Minister Lee Hsien Loong called TPP “vital from a strategic point of view and a strong signal of the U.S. commitment to continue its deep engagement in the region.” – is beyond us.

Undaunted, President Obama promised an aggressive push to get TPP passed during the last half year of his administration. In May, he pronounced himself “confident” that Congress will be able to ratify the agreement, despite widespread opposition. The week before, the International Trade Commission released a report that concluded that within 15 years US annual real incomes would increase by 0.23 percent relative to a baseline level, while GDP would be 0.15 percent higher than without the trade deal. The agriculture, food, and services industries would be big winners while manufacturing and energy would be among the losers. In August, on the eve of his 11<sup>th</sup> and presumed final trip to Asia (to include the G20 and ASEAN meetings), he pledged to press his case to US partners and the public. At his press conference after the G20 meetings, he insisted that “it’s my intention to get this one done, because, on the merits, it is smart for America to do it.... Nobody is able to describe to me how this would not be a significant improvement for US

workers and US businesses going forward compared to the status quo. And so I intend to be making that argument.” A recent PacNet by our CSIS colleague Matt Goodman – [PacNet # 65](#), Sept. 6, 2016, “Yes, TPP is about who writes the rules” – makes the case for why passage of the TPP makes economic and strategic sense for the US.

## **RCEP stalled?**

There is another trade deal in the works. Negotiators met in Auckland, New Zealand in June for the 13<sup>th</sup> round of talks to advance the Regional Comprehensive Economic Partnership (RCEP), a 16-country trade and investment deal in the Asia-Pacific region (which does not include the US). According to the hosts, all RCEP countries have submitted initial offers for goods and services trade, as well as initial lists of reservations for investment. (Investment liberalization is taking a negative list approach: all sectors are presumed open to foreign investment unless specifically identified as closed.)

Less than two months later, the fourth RCEP ministerial meeting convened in Vientiane, Laos on Aug 6. It is reported that the members agreed against a tiered approach to tariff reductions (different levels of cuts for different members), and the group is said to be considering a longer phase out period for tariffs, particularly for sensitive items. The 14<sup>th</sup> round of talks followed in Ho Chi Minh City on Aug. 10-19. Discussions focused on cargo, service and investment, as well as cooperation on economic technology, competition, e-commerce, and law provisions.

By most accounts, the talks are encountering difficulty, with the end of 2016 deadline now in doubt. A July inter-sessional meeting brought together officials from the trade in goods committee and the lead negotiators to work out a compromise on cuts on goods tariffs, which appears to have produced the agreement against the tiered tariff approach originally championed by India. The next round of talks, which should provide some clarity about these issues, is set for October in Tianjin, China.

## **Regional Chronology May – August 2016**

**May 1-6, 2016:** Japanese Foreign Minister Kishida Fumio visits Southeast Asia with stops in Thailand, Myanmar, Laos, and Vietnam. Kishida offers to improve infrastructure and bolster development in the region with 750 billion yen (\$7 billion) in aid over three years.

**May 3-5, 2016:** Lao President Bounnhang Vorachit visits China and meets President Xi Jinping.

**May 5, 2016:** Indonesia, Malaysia, and the Philippines agree to conduct coordinated maritime patrols in the Sulu and Celebes seas to combat piracy and ship hijacking in the region.

**May 6-9, 2016:** North Korea holds its first Workers’ Party (WPK) Congress since 1980. Kim Jong Un is elected as chairman of the WPK.

**May 9-10, 2016:** Chinese State Councilor Yang Jiechi visits Indonesia and Malaysia. In Indonesia, he attends the second meeting of China-Indonesia High-level Economic Dialogue. In Malaysia Yang meets Foreign Minister Anifah Aman.

**May 10, 2016:** US Navy destroyer *USS William P. Lawrence* sails within 12nm zone near Fiery Cross Reef (China: Yongshu; Philippines: Kagitingin; Vietnam: Da Chu) to “challenge excessive maritime claims of some claimants in the South China Sea.”

**May 19-20, 2016:** ASEAN-Russia Summit is held in Sochi, Russia.

**May 22-25, 2016:** US President Barack Obama visits Vietnam to discuss the US-Vietnam comprehensive partnership. He is accompanied by Secretary of State Kerry.

**May 25, 2016:** The 10th ASEAN Defense Ministers Meeting is held in Vientiane. The [Joint Declaration](#) highlights ASEAN countries’ commitment to promoting regional peace and security.

**May 26-27, 2016:** Forty-second G7 Summit is held in Ise-Shima Japan.

**May 26-27, 2016:** President Obama visits Japan to attend the G7 Summit and tour the Peace Memorial Park in Hiroshima, becoming the first sitting US president to do so.

**June 1, 2016:** US Treasury [designates North Korea](#) as a primary money launderer, saying that it would seek to cut off from the US financial system any bank or company that conducts banking transactions with the North.

**June 1, 2016:** Kim Hong-kyun, South Korea’s special representative for Korean Peninsula peace and security affairs, Sung Kim, US special representative for North Korea policy, and Ishikane Kimihiro, director general for Asian and Oceanian affairs at Japan’s Foreign Ministry meet in Tokyo to continue trilateral coordination on North Korea policy.

**June 3-5, 2016:** Shangri-La Dialogue is held in Singapore.

**June 5-6, 2016:** The sixth US-China Strategic Security Dialogue (SSD) and eighth US-China Strategic and Economic Dialogue (S&ED) are held in Beijing.

**June 6, 2016:** International Atomic Energy Agency (IAEA) reports that the North Korean reprocessing plant at the Yongbyon Nuclear Complex has resumed operations.

**June 6-8, 2016:** Indian Prime Minister Narendra Modi visits the US and meets President Barack Obama and addresses a joint session of the US Congress.

**June 9, 2016:** ASEAN-China Joint Working Group on the Implementation of the Declaration on the Conduct of Parties in the South China Sea convenes in Vietnam. The meeting focuses on drafting guidelines for a regional hotline on urgent contingency events at sea, as well as a joint statement on the implementation of the Code for Unplanned Encounters at Sea.

**June 10-17, 2016:** US, Japan, and India conduct joint naval exercise *Malabar* in the Philippine Sea near the Senkaku/Diaoyu Islands.

**June 13-14, 2016:** Special ASEAN-China Foreign Ministers Meeting is held in Kunming, China. Following the meeting, the ASEAN minister issued a [communiqué](#) expressing serious concerns over recent and ongoing developments that “have the potential to undermine peace, security and stability in the South China Sea.” Shortly after, the communiqué is retracted.

**June 17, 2016:** Indonesian Navy arrests and detains a Chinese fishing boat and seven crew members over illegal fishing near the Natuna Islands.

**June 21-23, 2016:** Northeast Asia Cooperation Dialogue (NEACD) is held in Beijing.

**June 22, 2016:** North Korea launches two mid-range (*Musudan*-type) ballistic missiles from its east coast. Kim Jong Un hails the tests as successful and they represent a direct threat to US military bases in the Pacific.

**June 24, 2016:** UN Security Council rebukes North Korea for its latest missile tests, calling for redoubled enforcement of sanctions imposed after the DPRK’s fourth nuclear test.

**June 23, 2016:** Indonesian President Joko Widodo holds a Cabinet meeting aboard a warship off the Natuna Islands asserting sovereignty over waters in the southern portion of the South China Sea after Beijing states its “over-lapping claim” on nearby waters.

**June 23-24, 2016:** The 16<sup>th</sup> Shanghai Cooperation Organization (SCO) Council of Heads of State Meeting is held in Tashkent.

**June 27, 2016:** North Korea proposes a conference with South Korea to discuss reunification of the Korean nation and peace on the Korean Peninsula. Seoul refuses to accept the invitation saying North Korea should take action to denuclearize first.

**June 28, 2016:** South Korea, Japan, and the United States conduct a joint missile defense exercise off the coast of Hawaii. This is the first joint military training exercise involving the three countries focused on tracking and defending against North Korean missile launches.

**June 29, 2016:** North Korea’s Supreme People’s Assembly (SPA) appoints Kim Jong Un as chairman of a newly-created state apparatus, tentatively named the commission on state affairs.

**June 30-Aug. 4, 2016:** *Rim of the Pacific (RIMPAC)*, the world’s largest international maritime exercise, is held around the Hawaiian Islands and off the Southern California coast.

**July 5-11, 2016:** China conducts military exercises near the Paracel Islands (China: Xisha) and announces that civilian vessels would be prohibited from entering the area for the duration.

**July 6, 2016:** US imposes sanctions on North Korean leader Kim Jong Un along with 10 other top officials and five state agencies over human rights abuses. North Korea responds by stating that the sanctions are tantamount to a declaration of war.

**July 8, 2016:** US and South Korea reach agreement to deploy the Terminal High Altitude Area Defense (THAAD) anti-missile system with the US military stationed in South Korea to counter North Korea's missile threat. China and Russia protest the decision.

**July 12, 2016:** UNCLOS Arbitral Tribunal at the Permanent Court of Arbitration [issues an award](#) in the Philippines v. China case over the maritime jurisdiction of the Philippines in the West Philippine Sea.

**July 12, 2016:** Chinese commercial jets land for the first time on newly built runways at Subi Reef (China: Zhubi, Philippines: Zamora; Vietnam: Da Xu Bi) and Mischief Reef (China: Meiji, Philippines: Panganiban, Vietnam: Da Vanh Khan).

**July 13, 2016:** Chinese Vice Foreign Minister Liu Zhenmin announces the issuance of a white paper on the South China Sea and says the decision to establish an Air Defense Identification Zone (ADIZ) in the disputed waters will depend on its threat perception in the region.

**July 14, 2016:** US Deputy Secretary of State Antony Blinken, ROK First Vice Foreign Minister Lim Sung-nam, and Japanese Vice Foreign Minister Sugiyama Shinsuke meet in Hawaii for the fourth round of deputy-level trilateral consultations on “shared regional and global priorities.”

**July 15-16, 2016:** The 11th Asia-Europe Meeting (ASEM) is held in Ulaanbaatar. ASEM is an informal dialogue process involving 51 countries from Asia and Europe and two organizations—ASEAN Secretariat and the European Union.

**July 18, 2016:** Foreign Secretary Perfecto Yasay states that the Philippines rejected a Chinese offer to hold talks “outside of and in disregard” of an international tribunal’s ruling that rejects Beijing’s claim to ownership of virtually the entire South China Sea.

**July 19, 2016:** North Korea fires three ballistic missiles from the western city of Hwangju, which fly 500-600km toward the East Sea (Sea of Japan).

**July 19, 2016:** Malcolm Turnbull is sworn in for another term as Australia’s prime minister.

**July 21-25, 2016:** ASEAN Foreign Ministers Meeting and Post Ministerial Conference are held in Vientiane. After considerable discussion, the ministers issue a [joint communiqué](#).

**July 26, 2016:** The 17<sup>th</sup> ASEAN Plus Three Foreign Ministers Meeting is held in Vientiane.

**July 26, 2016:** The 23<sup>rd</sup> ASEAN Regional Forum, the sixth East Asia Summit Foreign Ministers Meeting, and the Lower Mekong Initiative Ministerial Meeting are held in Vientiane.

**July 31-Aug. 5, 2016:** Singapore Prime Minister Lee Hsien Loong visits the US and meets President Barack Obama. The visit coincides with the 50<sup>th</sup> anniversary of diplomatic relations, and is the first official visit to the US by a Singapore prime minister since 1985.

**Aug. 2, 2016:** Japan issues annual defense white paper. China expresses opposition, saying the document is hostile to China's military and deceptive to the international community.

**Aug. 3, 2016:** North Korea fires two mid-range *Rodong* ballistic missiles into the Sea of Japan (East Sea) with one reportedly landing in Japan's Exclusive Economic Zone.

**Aug. 6, 2016:** Japan summons Chinese diplomats to protest after six Chinese Coast Guard vessels, three of which reportedly armed with gun batteries, approached the Senkaku/Diaoyu Islands, accompanying a fleet of 230 Chinese fishing boats.

**Aug. 16, 2016:** The 13<sup>th</sup> Senior Officials Meeting on the Implementation of the Declaration on the Conduct of the Parties in the South China Sea (DOC) is held in Manzhouli, Inner Mongolia Autonomous Region.

**Aug. 17, 2016:** North Korea's Atomic Energy Institute says it has resumed plutonium production by reprocessing spent fuel rods and has no plans to stop nuclear tests as long as perceived US threats remain. It also states that it has been producing highly enriched uranium necessary for nuclear arms and power "as scheduled."

**Aug. 17-21, 2016:** Myanmar State Counselor Aung San Suu Kyi visits China and meets Premier Li Keqiang, President Xi Jinping, and other senior officials.

**Aug. 22-26, 2016:** Fifteenth annual *Southeast Asia Cooperation and Training (SEACAT)* military exercise with naval forces from Singapore, Brunei, Indonesia, Malaysia, the Philippines, Thailand, Bangladesh, Cambodia, and the United States is held with the Singapore Navy's Multinational Operations and Exercises Center (MOEC) as the main coordinating center.

**Aug. 22-Sept. 2, 2016:** ROK and US Combined Forces Command (CFC) conduct annual *Ulchi Freedom Guardian* military exercise.

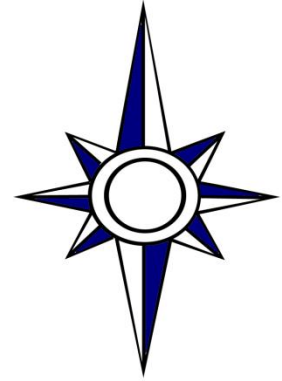
**Aug. 23-24, 2016:** Foreign ministers from China, South Korea, and Japan meet in Tokyo.

**Aug. 24, 2016:** North Korea test-fires a submarine-launched missile in the Sea of Japan (East Sea) that reportedly travels 300 miles, much further than previous similar tests.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## US-Japan Relations: Hiroshima to The Hague

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After the May 25-27 [G7 meeting](#) in Ie-Shima, President Obama and Prime Minister Abe traveled to Hiroshima to commemorate the August 1945 dropping of the atomic bombs. As the first sitting US president to visit Hiroshima, Obama took the opportunity to not only address the survivors of that terrible day in Japan – the *hibakusha* – but also to [speak](#) to a global audience of the devastating consequences of war in the nuclear era.

The summer months that followed were full of politics, with an Upper House election in Japan in July and the Republican and Democratic Party conventions in the US kicking off the general election campaign for president. The Republican nominee, Donald Trump, continued to take aim at trade deals and US alliances, but the Democratic Party had its “anti-trade” moment when its convention took aim at the Trans-Pacific Partnership (TPP), the trade pact concluded by 12 Pacific nations. The Obama administration continued to work toward a [Congressional vote](#) in the lame duck session at the end of the year. With less political contention but growing skepticism over Washington’s ability to ratify the agreement, the Abe Cabinet decided that it would postpone Diet discussions until after its election.

Regional relations continue to shape the US-Japan alliance agenda. In July, the UN Convention on the Law of the Sea Tribunal announced its [arbitration ruling](#) in a case brought by the Philippines on Chinese behavior in the South China Sea. Beijing was quick to [condemn the ruling](#), but its neighbors in Asia largely welcomed it. In August, Chinese fishing vessels inundated the waters near the Senkaku Islands, prompting Japan’s Vice Minister of Foreign Affairs Sugiyama Shinsuke to call in Chinese Ambassador Cheng Yonghua for a harsh protest. A diplomatic opening came when Foreign Minister Wang Yi traveled to Tokyo on Aug. 24 for a trilateral meeting with the foreign ministers of Japan and the ROK, the first trilateral meeting held in Japan in 11 years. North Korea heralded this Japan-ROK-PRC meeting by testing a ballistic missile launch from a submarine. Pyongyang yet again interrupted regional diplomacy when it launched three missiles into the Sea of Japan during the G20 meeting hosted by Beijing, prompting renewed UN condemnation of North Korea and a hasty set of meetings between the leaders of Japan, South Korea, and the US. A full agenda of Asian multilateral meetings ended the summer, offering plenty of opportunity for diplomacy. For this summer, at least, there seems little reason to believe that diplomacy alone can bridge the growing differences over how to resolve the region’s growing security tensions.

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## **A historic visit to Hiroshima**

On May 27, President Obama visited Hiroshima to lay a wreath at the Hiroshima memorial. This was the culmination of a series of visits to Hiroshima by US officials beginning with Ambassador John Roos in 2010, who was the first US ambassador to participate in the Aug. 6 ceremony to commemorate the loss of life after the first atomic bombing. The following year, Roos attended a similar ceremony in Nagasaki, the second Japanese city chosen for atomic bombing in 1945. Ambassador Caroline Kennedy continued the practice in 2014, and in August 2015 she was accompanied by Undersecretary of State for Arms Control and International Security Rose Gottemoeller. Finally, Secretary of State John Kerry visited the Hiroshima Peace Park in April 2016 when he attended the foreign ministerial prelude to the G7 Summit. His host, Foreign Minister Kishida Fumio, is a Hiroshima native, and has been a powerful advocate for the Obama visit. In the press meeting that followed, Kerry [argued](#) that “everyone should visit Hiroshima, and everyone means everyone” suggesting that Obama would indeed extend his visit to Japan for the G7 to include a trip to Hiroshima to commemorate the atomic bombing. The White House announced the visit on May 10, and in an [interview with NHK](#) on May 22, the President discussed his historic visit to Hiroshima. Obama noted that he felt no need to apologize for past decisions made during wartime, but rather wanted to “emphasize how we can move forward, but also emphasize the fact that ... people suffer terribly in war, and we need to try to evolve our human responses and our human institutions in a way that emphasizes peace and diplomacy wherever we can.”

Anticipation of what might happen during the visit skyrocketed in Japan. Late on the day on May 27, the president and prime minister arrived at Hiroshima to each lay a wreath, and both spoke. Seated in the front row were some of the elderly victims who had been children at the time of the bombing. A [photo](#) of the president embracing one of the *hibakushu* became the headline image – in Japan and around the globe. In addition to these public events, President Obama also toured the peace museum, seeing first-hand the collection of photographs and chronicles of civilian deaths and leaving his own inscription and two origami cranes. After the president left the site, thousands of Japanese lined up to view the president’s wreath. Before the visit, there were some concerns over those who might want an “apology,” but not even the *hibakushu* seemed to press for one. In the days following the president’s visit, public opinion polls revealed a unanimously positive review of the president’s visit, with polls from virtually all Japanese newspapers showing a remarkable 90 percent+ of Japanese appreciated the visit. After the G7 and Hiroshima visit, Prime Minister Abe’s [approval rating](#) also showed a 7-point bump.

## **Japan’s election and the prospects for constitutional revision**

On July 10, Japan’s Upper House election produced another victory for the Liberal Democratic Party (LDP) and its coalition partner, the Komeito. The balance of the 242-seat Upper House now favors the ruling coalition, with 122 seats for the LDP and 25 for Komeito. The Democratic Party of Japan (DPJ), which governed from 2009 to 2012, reorganized itself and merged with the national Japan Innovation Party (*Ishin no Kai*) to create the Democratic Party (DP). DP President Okada Katsuya crafted an electoral coalition designed to defeat the LDP in the single member districts, but the inclusion of the Japan Communist Party rankled many. The DP now holds 50

seats – 10 less than the party had prior to the election – and the JCP has 14 seats. At the end of the day, the DP and its allies could not defeat Abe’s ruling coalition.

While the story of the 2016’s Upper House election has few electoral surprises, it will be remembered as the first postwar election to produce the requisite votes for a [Diet debate](#) on constitutional revision. Article 96 of the Japanese constitution requires a two-thirds majority in Japan’s Lower and Upper Houses of the Diet to propose revisions. Once Parliament has agreed, any proposed revisions must then be put forward in a national referendum for the approval of the Japanese people. In coming months, it is widely expected that deliberations within the Diet committee on the constitution will focus on how to proceed with this much-anticipated conversation on whether to tackle revising or amending Japan’s constitution. The LDP has long advocated for change, and today some in the party support consideration of a new amendment to facilitate a government response to a crisis. But other parties are skeptical, and it remains to be seen what the pace of these initial Diet committee discussions will be. Moreover, public opinion polling reveals some skepticism also of the Abe Cabinet’s ambitions. While there has been growing support for a debate over the constitution, Japanese remain deeply divided on what, if anything, needs to be revised. In the wake of the Abe Cabinet’s passage of new security legislation in 2015, [polling data](#) has revealed a decline in support for revision. Furthermore, the [announcement](#) by the Japanese Emperor of his desire to abdicate has complicated the constitutional debate, and will undoubtedly slow the Diet discussions as a new law will need to be presented and passed if Emperor Akihito’s wishes are to be respected.

### **America’s anti-trade politics and TPP**

Ministers from the US, Japan, and 10 other Pacific nations officially signed the [Trans-Pacific Partnership \(TPP\)](#) agreement on Feb. 4, yet progress remains slow on ratification. The TPP will enter into force if it is ratified within two years by at least six countries making up a minimum of 85 percent of the partner nations’ GDP – this means that Japan and the US, which together make up about 80 percent of the total, must both approve the agreement. However, there remains great uncertainty, particularly in the US, about the likelihood of ratification within this timeframe.

In Japan, Diet deliberations on TPP began in April, but soon ran into roadblocks. The Abe administration faced strong resistance to TPP from the opposition DP and other smaller parties, and then two devastating earthquakes struck Kumamoto Prefecture on April 14 and 16, demanding the government’s attention. On April 20, LDP Diet Affairs Chief Sato Tsutomu and DP Diet Affairs Chief Azumi Jun agreed to postpone TPP [deliberations](#) until after the July Upper House election to allow sufficient time for debate.

Discussion is expected to begin anew in the fall extraordinary session of the Diet, which is set to open on Sept. 26 and last until mid-December. [Business leaders in Japan](#) continue to express strong support for TPP, and even met with Abe to urge speedy ratification just days before the July election. Nevertheless, opposition remains strong among many agricultural groups. For example, in the July election, the LDP performed poorly in Tohoku, where farmers wield significant influence, losing 5 out of 6 constituency contests there. Abe administration officials continue to [meet with agricultural groups](#) to build support, and on Aug. 24 the Cabinet approved a 4.11 trillion yen (\$39.5 billion) supplementary budget that includes 431.7 billion yen (\$4.2

billion) for [policies](#) aimed at strengthening Japan's agricultural sector ahead of TPP ratification. The Cabinet will present this supplementary budget to the Diet once it reconvenes on Sep. 26.

Despite some remaining pockets of opposition, Japanese officials are optimistic that they can secure ratification of the TPP this fall. The LDP controls a majority of seats in both chambers of the Diet, which should ease the passage of TPP-related bills. Several Cabinet ministers, including Economy, Trade, and Industry Minister Seko Hiroshige and Economic and Fiscal Policy Minister Ishihara Nobuteru, are [calling](#) for Japan to take the lead and approve TPP before the US presidential election in November. The hope is that TPP's passage in Japan can provide a boost for President Obama and facilitate its ratification in the US. Japan's opposition DP will presumably resume its protest of TPP in the Diet this fall – especially given that [all three candidates](#) for the DP presidential contest in September have said that they oppose the deal.

In the US, TPP's future is much murkier, in part because a sense of anti-trade populism has taken hold in both parties. As the US presidential primaries came to a close in June, none of the remaining candidates softened their opposition to TPP. Republican candidate Donald Trump repeatedly called TPP a “[horrible deal](#),” one which he claims will be the “death blow for American manufacturing” while strengthening China's position in international trade. On the Democrat side, Bernie Sanders made opposition to TPP a focal point of his campaign throughout the primaries. In an [op-ed](#) published July 8, Sanders argued that the Democratic Party should include an amendment rejecting TPP in its platform at the national convention – although this effort was ultimately unsuccessful, viewers who tuned in to coverage of the Democratic National Convention in Philadelphia could clearly see anti-TPP signs and pins throughout the crowd. Finally, Hillary Clinton, who originally supported TPP as secretary of state in the Obama administration, has since opposed TPP as a presidential candidate, saying that the final TPP agreement “[did not meet \[her\] high standards](#).” Since receiving the official Democratic nomination for president in July, Clinton's position on TPP has only hardened – on Aug. 11, in a [speech](#) outlining her economic policies in Warren, Michigan, Clinton said: “I oppose [TPP] now, I'll oppose it after the election, and I'll oppose it as president.”

The best hope for the TPP's ratification appears to be the lame-duck session of Congress that will convene after the presidential election in November. In a press conference on Aug. 2, President Obama [expressed hope](#) that Congress will ratify the agreement during this period, noting that failure to do so would open the door for China to take the lead in defining norms for trade and commerce in the Asia Pacific. Obama successfully received Trade Promotion Authority (TPA) from the Republican-controlled Congress last summer, which simplifies the ratification process by allowing for a straight up-or-down vote without amendments or filibuster. Members of Congress will have 90 legislative days to review TPP and call a vote once Obama decides to officially send it to them.

However, in the current political climate, building bipartisan support for TPP looks to be a tough sell. On Aug. 4, Speaker of the House Paul Ryan said that the Obama administration has a “[lot of work to do](#)” on the substance of TPP in order to secure the necessary votes for ratification. On Aug. 25, Senate Majority Leader Mitch McConnell went a step further and said that the [Senate will not vote](#) on TPP before Obama leaves office adding that TPP can be “massaged, changed, [and] worked on during the next administration.” While Republican members of Congress have

traditionally been more favorable toward free trade agreements, the strength of anti-trade opposition from both Democrats and Trump supporters have [put Republicans on the defensive](#) in states such as Pennsylvania, Ohio, Illinois, Wisconsin, and Missouri. For example, Sen. Patrick Toomey of Pennsylvania, who last year voted in favor of TPA but now faces a tough reelection race, announced on Aug. 18 that he would [switch to opposing TPP](#). As more and more Republicans distance themselves from TPP prior to the election, it remains to be seen whether the Obama administration can muster the necessary votes for ratification in the lame-duck period, or if TPP will be left on the agenda for the next president.

### **After the Hague decision, Asia's maritime pressures continue**

Initiated by the Philippines, The Hague ruling produced a stern rendering of the UNCLOS on the geographic features of the islands claimed by China and others in the Spratly Islands, on the effort by China to establish an exclusive economic zone (EEZ) based on its claimed 9-dash line, and on Chinese behavior in the Philippine EEZ. Beijing has summarily rejected the ruling, claiming it has no basis under international law. Foreign Minister Kishida [responded](#) that Japan has “consistently advocated the importance of the rule of law and the use of peaceful means ... in seeking settlement of maritime disputes,” and urged both China and the Philippines to comply with the ruling, which is meant to be legally binding. Secretary of State John Kerry similarly [stated](#) that the US supports peaceful efforts to resolve maritime disputes and “expresses its hope and expectation that both parties will comply with their obligations.”

But the US and Japan faced some hurdles in their diplomatic efforts to support the Philippine claim. Chinese officials took aim at Japan for its role in the arbitration. Just a few days after the ruling, State Councilor Yang Jiechi singled out for criticism Yanai Shunji, then president of the International Tribunal for the Law of the Sea, for his appointment of the arbitrators. Describing Yanai as a “right-wing Japanese intent on ridding Japan of postwar arrangements,” Yang claimed that the proceedings were lined up against China and full of “tricks.” The change in government in Manila also complicated diplomacy after the ruling. President Rodrigo Duterte began his term in office with contradictory statements about how he would handle the island dispute with China. Moreover, Duterte's views on the Philippine relationship with the US threatened to derail alliance diplomacy. For its part, Tokyo continued its coastal defense assistance to Manila. In August, 10 144-foot coast guard vessels (worth about \$188 million) were [delivered](#) to the Philippines, and discussions began on additional ships.

Moreover, Chinese activity in the East China Sea seemed to intensify in the weeks leading up to and following The Hague tribunal, upping the tensions between Japan and China and prompting Tokyo to lodge diplomatic protests with Beijing. In June, prior to The Hague ruling, a PLAN vessel entered into the contiguous waters of the Senkaku Islands. Tokyo had monitored Russian vessels returning from an exercise with Chinese forces just hours earlier. After the ruling, in August, [several hundred Chinese fishing vessels](#) arrived in the waters off of the Senkaku Islands, accompanied by 28 Chinese government law enforcement vessels, including armed coast guard vessels, maritime observation vessels, and a fisheries enforcement vessel. The opening of the fishing season regularly attracts foreign fishing vessels, but the scale of the Chinese fishing fleet as well as the unprecedented number of Chinese government vessels sent to accompany them raised concerns in Tokyo. On Aug. 10, a US State Department spokeswoman noted this unusual



Chinese behavior, and repeated President Obama's statement in April 2014 that the US-Japan security treaty's Article 5 protections extended to the Senkakus.

Both President Obama and Prime Minister Abe sought to discuss these maritime tensions with President Xi Jinping during their bilateral meetings on the sidelines of the G20 meeting in Hangzhou. Abe met Xi for their third meeting since both took office. On the East China Sea, Abe noted that the Japan-China relationship could not stabilize unless the situation in the East China Sea stabilized. They agreed to hold senior maritime talks in Hiroshima from Sept. 14 to resume negotiations on the 2008 joint energy development agreement. Moreover, Abe and Xi agreed to [accelerate](#) defense talks on a maritime-air communication mechanism. In addition, both Obama and Abe planned to meet Philippine President Duterte on the sidelines of the East Asia Summit in Vientiane. However, media reports of Duterte's offensive remarks about Obama derailed their meeting. Abe did meet Duterte, however, and announced additional sales of larger coast guard cutters to assist Manila in defending its waters.

### **More North Korean missiles...**

Finally, Pyongyang continued to test the US and Japan in the final weeks of August. New missile tests seemed timed to punctuate the late summer diplomacy in Northeast Asia. As the foreign ministers of China and South Korea [traveled](#) to Japan for their trilateral on Aug. 24, Kim Jong Un decided to test missiles launched from a submarine. Unlike the failed test on July 9, this time the missile is estimated to have traveled over 300 miles into Japan's Air Defense Identification Zone (ADIZ) in the Sea of Japan. Pyongyang launched three more missiles in Japan's direction as China hosted the G20, prompting a renewed UN Security Council discussion on this violation of sanctions. US, Japan, and ROK leaders also hastily met on the sidelines of the ASEAN meetings in Laos on Sept. 5 to coordinate a response to the missile launches.

### **Conclusion**

For the remainder of this year, the US and Japan will work together to respond to regional tensions. The North Korean missile launches, timed as they are to regional diplomatic gatherings, will likely continue to bring US, Japanese, South Korean, and even Chinese leaders together in considering further sanctions. But US allies will also continue to ready their defenses in case of future provocations.

President Obama's final visit to Asia emphasized the regional priorities of his "pivot" to Asia: supporting strong multilateralism in the East Asia Summit, strengthening US relations with the ASEAN nations, and building an effective, cooperative relationship with China in solving regional problems. The US-Japan alliance remains central to the Obama "pivot," but the souring of relations between China and its neighbors have sorely tested the premise that the US and China can find common ground on the future of the Asia Pacific. Tokyo in particular has become a strong advocate for greater Chinese accountability in the East and South China Seas.

With a presidential transition ahead in the US, anxiety is growing in Tokyo about the future trajectory of alliance cooperation. Moreover, there is a short-term concern that Pyongyang or perhaps even Beijing might take advantage of the US election to test its alliances in Asia.

Undoubtedly, the future of TPP rests heavily on the minds of Japanese policymakers; the lame duck session of Congress seems now to be the only opportunity for ratification, and increasingly, confidence that TPP will be ratified by the US in these final months of the Obama administration seems to diminish.

## **Chronology of U.S.-Japan Relations**

**May – August 2016**

**May 11-12, 2016:** US and Japan hold the fourth annual Nonproliferation Dialogue in Tokyo.

**May 21, 2016:** US Secretary of Defense Ashton Carter speaks by phone with Japanese Minister of Defense Nakatani Gen to convey his sadness and regret over the murder of a young woman in Okinawa. He pledges that the Department of Defense will cooperate with the investigation.

**May 25-27, 2016:** President Obama travels to Japan to attend the G7 Summit and visit Hiroshima Peace Memorial Park.

**May 25, 2016:** President Obama and Prime Minister Abe Shinzo meet on the sidelines of the G7 Summit. Obama expresses condolences for the crime committed by a US forces member in Okinawa. The two leaders discuss global economy, TPP, and North Korea.

**May 26-27, 2016:** Japan hosts the 42<sup>nd</sup> G7 Summit in Ise-Shima.

**May 27, 2016:** President Obama becomes the first sitting US president to visit Hiroshima Peace Memorial Park, the site of the US atomic bombing on August 6, 1945. He gives a [speech](#).

**June 1, 2016:** Prime Minister Abe announces that he will delay a scheduled sales tax increase (from 8 percent to 10 percent) from April 2017 to October 2019.

**June 2, 2016:** Republican presidential candidate Donald Trump, clarifying earlier comments, says that he does not want Japan to go nuclear but to instead pay more for US military support.

**June 4, 2016:** Secretary Carter and Defense Minister Nakatani meet on the sidelines of the Shangri-La Dialogue to discuss regional security challenges and opportunities. South Korean Minister of National Defense Han Min-koo joins them later for a trilateral meeting.

**June 10, 2016:** Chinese PLA Navy vessel enters Japanese contiguous waters near the Senkakus.

**June 13, 2016:** US, Japan, and Korea hold a trilateral dialogue in Washington, DC.

**June 14, 2016:** Tokyo Gov. Masuzoe Yoichi announces resignation over expenses scandal.

**June 17, 2016:** The 27th Plenary Session of the US-Japan Conference on Cultural and Educational Interchange (CULCON) convenes in Tokyo.

**June 19-21, 2016:** Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel and Assistant Secretary of State for South and Central Asian Affairs Nisha Biswal travel to Tokyo to co-lead the US delegation for the US-Japan-India Trilateral Dialogue and Ninth US-India Consultations on East Asia.

**June 22, 2016:** Official campaign period begins for the Upper House election on July 10.

**June 27-July 1, 2016:** Special Advisor for Children’s Issues, Ambassador Susan Jacobs, travels to Tokyo to participate in the “Asia Pacific Symposium on the 1980 Hague Convention.”

**June 28-30, 2016:** Assistant Secretary for Arms Control, Verification, and Compliance Frank Rose travels to Japan to co-chair the third plenary meeting of the International Partnership for Nuclear Disarmament Verification (IPNDV).

**July 8, 2016:** Democratic presidential candidate Bernie Sanders publishes an op-ed arguing that the Democratic Party should include an amendment rejecting TPP in its platform at the national convention.

**July 10, 2016:** Election is held for Japan’s Upper House. The ruling LDP/Komeito coalition gains 10 seats, bringing their total to 146, a clear majority of the total 242 seats.

**July 11-12, 2016:** Japan and the US hold a bilateral Extended Deterrence Dialogue in Tokyo.

**July 12, 2016:** UNCLOS Arbitral Tribunal [issues an award](#) on the dispute between the Philippines and China over claimed rights and activity in the South China Sea. The tribunal concludes “there was no legal basis for China to claim historic rights to resources within the sea areas falling within the ‘nine-dash line’.”

**July 12, 2016:** Foreign Minister Kishida Fumio [releases a statement](#) on the tribunal’s South China Sea award, saying that Japan “has consistently advocated the importance of the rule of law.” He urges both China and the Philippines to comply with the ruling.

**July 13, 2016:** China’s Foreign Ministry [expresses strong opposition](#) to the tribunal’s ruling on the South China Sea, and reiterates that it will not abide by the case.

**July 18-21, 2016:** Republican National Convention is held in Cleveland.

**July 24, 2016:** Former Democratic Party of Japan (DPJ) member Hirano Tatsuo joins the LDP, giving the LDP a majority in the Upper House for the first time in 27 years.

**July 25, 2016:** Secretary of State John Kerry, Minister for Foreign Affairs Kishida, and Australian Minister for Foreign Affairs Julie Bishop meet in Vientiane, Laos for the sixth ministerial meeting of the Trilateral Strategic Dialogue (TSD).

**July 25-28, 2016:** Democratic National Convention is held in Philadelphia.



**July 27, 2016:** Fourth US-Japan Bilateral Cyber Dialogue is held in Washington.

**July 30, 2016:** Democratic Party (DP) leader Okada Katsuya announces he will not seek reelection in September, saying the party needs a fresh face to take on the Abe's administration.

**July 31, 2016:** Tokyo elects Yuriko Koike as city's first female governor.

**Aug. 3, 2016:** Prime Minister Abe reshuffles his Cabinet.

**Aug. 4, 2016:** Speaker of the House Paul Ryan says the Obama administration still has a lot to do if it hopes to secure the necessary votes to ratify TPP in the lame-duck session of Congress.

**Aug. 5, 2016:** Legal battle resumes in court between the central and Okinawa governments over the relocation of US Marine Corps Air Station Futenma. A ruling in the case is set for Sept. 16.

**Aug. 6, 2016:** Group of 230 Chinese fishing boats and 6 coast guard vessels enter the contiguous zone in waters near the Senkaku Islands.

**Aug. 6, 2016:** Republican presidential candidate Donald Trump criticizes US defense of Japan as one-sided, saying that if the US is attacked, Japan would "sit at home and watch Sony TV."

**Aug. 8, 2016:** Emperor Akihito releases a video message expressing concern about how his advanced age may be affecting the performance of his public duties. The speech is widely interpreted as the emperor intends to abdicate his position in the coming years.

**Aug. 10, 2016:** Japan Coast Guard rescues six members of a Chinese fishing boat near the Senkaku Islands after it collided with a Greek cargo ship and sank.

**Aug. 10, 2016:** State Department spokeswoman notes the unusual Chinese behavior near the Senkaku Islands in a press briefing, and reiterates that the islands fall within the scope of Article 5 of the US-Japan security treaty.

**Aug. 11, 2016:** Democratic presidential nominee Hillary Clinton gives a speech saying, "I oppose [TPP] now, I'll oppose it after the election, and I'll oppose it as president."

**Aug. 15, 2016:** SEALDS, one of Japan's leading liberal youth political groups, announces that it has disbanded. The group is most known for helping to organize mass protests last summer against Prime Minister Abe's security legislation.

**Aug. 16, 2016:** Japan Coast Guard releases video showing Chinese intrusions into waters near the Senkaku Islands.

**Aug. 18, 2016:** Government of Japan announces that Prime Minister Abe will meet Russian President Vladimir Putin on Sept. 2 in Vladivostok, Russia.

**Aug. 24, 2016:** North Korea launches a ballistic missile from a submarine, which travels over 300 miles and lands in the Sea of Japan.

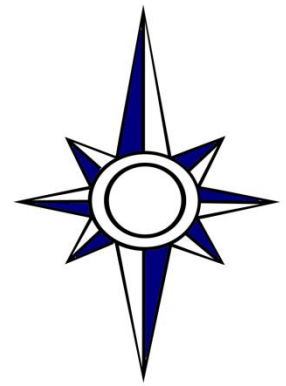
**Aug. 24, 2016:** Japan, Korea, and China hold a trilateral foreign ministers meeting in Tokyo.

**Aug. 24, 2016:** Abe Cabinet approves a 4.11 trillion yen (\$39.5 billion) supplementary budget, which includes 431.7 billion yen (\$4.2 billion) intended to strengthen Japan's agricultural sector ahead of TPP ratification.

**Aug. 25, 2016:** Senate Majority Leader Mitch McConnell says that the Senate will not vote on TPP before Obama leaves office.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## US-China Relations:

### Friction and Cooperation Advance Simultaneously

Bonnie Glaser, CSIS/Pacific Forum CSIS  
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Senior US and Chinese officials publicly emphasized positive developments in the bilateral relationship at the eighth and final US-China Strategic and Economic Dialogue (S&ED) of the Obama administration, while privately raising concerns. The second US-China Cybercrime and Related Issues High-Level Joint Dialogue convened a week later. The South China Sea persisted as a major area of competition and tension as an UNCLOS Tribunal issued a ruling in favor of the Philippines in its case against China. National Security Adviser Susan Rice traveled to Beijing in late July to prepare for the US participation in the September G20 Summit in Hangzhou and what is likely to be the last meeting between Xi Jinping and President Obama. Bilateral military ties maintained an active pace with a visit by Chief of Naval Operations Adm. John Richardson to China in mid-July and a port visit by the guided-missile destroyer *USS Benfold* to Qingdao in August. Chinese naval vessels participated in the multilateral *Rim of the Pacific (RIMPAC)* military drills off the coast of Hawaii for the second time.

#### Strategic and Economic Dialogue

The eighth and final US-China Strategic and Economic Dialogue (S&ED) for the Obama administration was held in Beijing June 5-7. Secretary of State John Kerry and State Councilor Yang Jiechi chaired the Strategic Track, and Treasury Secretary Jacob Lew and Vice Premier Wang Yang chaired the Economic Track.

The Strategic Track covered major bilateral, regional, and global issues. The “outcomes” document issued at the end of the annual consultations underscored the broad scope of the US-China relationship and the extensive degree of cooperation on a wide range of issues. Areas of bilateral cooperation include nonproliferation, anti-corruption and combatting international bribery, law enforcement, nuclear security, customs and supply chain security, and emergency management. The list of regional and global cooperation covers the Korean Peninsula, Sudan and South Sudan, Afghanistan, Iran, Syria, Iraq, Asia-Pacific, peacekeeping, counter-terrorism, the United Nations, humanitarian assistance and disaster response, global development, the 2030 agenda for sustainable development, responsible mineral supply chain, wildlife trafficking, and international economic affairs. There are numerous items that pertain to cooperation on climate change, energy, and environmental protection. Other categories of cooperation include maritime

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matters, transportation, and science, technology, health, and agriculture. There are a total of 120 outcomes listed, slightly shy of the 127 outcomes in 2015.

In the closed-door meetings between Secretary Kerry and Councilor Yang, North Korea and the South China Sea were the dominant issues. Kerry told the press after the talks that the US and China remained committed to the UN Security Council sanctions on Pyongyang passed earlier this year and that experts from both countries would meet subsequently to ensure effective implementation. No headway was made in narrowing differences on the South China Sea. Kerry called for all claimants to exercise restraint and seek peaceful resolution based on rule of law. Yang reminded the US of its promise not to take sides in the territorial disputes and insisted on China's right to protect its territorial sovereignty and legitimate maritime rights. Another contentious issue was the recently passed Chinese law restricting foreign NGOs from operating in China.

Breakout sessions were held on ocean conservation, civilian aviation, and wildlife trafficking. Kerry and Vice Premier Liu Yandong co-chaired the seventh annual US-China Consultation on People-to-People Exchange (CPE), which made progress in deepening ties between the citizens of both countries in the areas of culture, education, sports, science and technology, women's issues, and health.

Chinese President Xi Jinping met Kerry and Lew at the Great Hall of the People. According to *Xinhua*, Xi stressed that the accomplishments of US-China bilateral relations in the past three years demonstrate that the agreement reached with President Obama in 2013 to build a new model of major power relations between the US and China is achievable and is in interests of the people of both countries and the world. He called for expanding cooperation, appropriately managing differences, and eliminating disruptions in order to promote the stable development of the bilateral relationship. Xi reiterated that both sides should "respect each other's core interests and major concerns" and "refrain from or engage less in things that are detrimental to cooperation between the two countries."

In his brief availability with the press, Secretary Kerry said that "there is far more agreement than disagreement and far more places" where the US and China "have found common ground and been able to create progress." He added this year's S&ED was the most productive of the four that he has taken part in.

The joint US-China civilian-military dialogue known as the Strategic Security Dialogue (SSD) held back-to-back meetings in May and June. An inter-sessional meeting, which is usually held in December or January, was convened in Washington DC on May 19. The dialogue was co-chaired by US Deputy Secretary of State Antony Blinken and China's Executive Vice Foreign Minister Zhang Yesui, who were joined by Under Secretary of Defense for Policy Christine Wormuth, PLA Assistant Chief of Staff, Joint Staff Department of the Central Military Commission Lt. Gen. Ma Yiming, and other senior defense and civilian officials from the two countries. On June 6, the sixth SSD was held in Beijing. Reporting on both meetings was sparse, but likely included discussions of maritime issues, the Korean Peninsula, nuclear weapons, cyber and space security, and missile defense.

In advance of this year's S&ED, Secretary Lew, in a phone call with Vice Premier Wang, stressed the importance that the talks continue to produce, "concrete outcomes that promote a level playing field and unlock new opportunities for American workers and firms, while promoting economic reforms that lead to a more market-oriented and consumption-driven Chinese economy," according to a Treasury Department read-out. In pursuit of these goals, the Economic Track focused on strengthening financial stability and reform, promoting open trade and investment, and improving global cooperation and economic governance.

The US and China announced measures to encourage open trade and investment, promote financial market stability, and support domestic and global growth. Notable agreements included China's commitment to continue market-oriented exchange rate reform, to improve economic transparency, and to promote the opening up of China's market for US firms and innovation. China also included the US for the first time in a plan allowing US banks to clear Renminbi-dominated transactions, which will improve US investors' access to China's capital markets.

US officials used the S&ED to further pressure China to curtail support of steel and aluminum industries that have been accused of dumping their excess production into global markets. In recent years, foreign businesses in China have grown pessimistic as the country's slowing economy and alleged protectionist policies have made it harder to operate, and US steel producers have most recently felt the effects of such policies. "Excess capacity has a distorting and damaging effect on global markets," Secretary Lew said in his opening statement of the Dialogue. Responding to Lew's comments, China's Finance Minister Lou Jiwei maintained in a post-S&ED briefing that China's infrastructure investment boom helped to support the global economy in the aftermath of the 2008 financial crisis.

In a joint statement following the Dialogue, both parties supported "ongoing international efforts aimed at identifying effective government policies for addressing global excess capacity and structural adjustment." They announced their hope to resolve this issue at the Organization for Economic Cooperation and Development (OECD) Steel Committee meeting in September.

In a speech at the American Enterprise Institute (AEI) in Washington DC a week after the S&ED, Secretary Lew acknowledged China's intention to implement measures to cut excess capacity, but expressed concern that these and other reforms may fall by the wayside in the face of economic hardship. Lew noted reforms "can't be delayed indefinitely" and will require "hard choices, particularly given the Chinese leadership's long-standing concern for stability." Lew added that reforms "need to be prioritized to avoid major economic dislocations and to place China firmly on a path toward sustainable growth."

The Chinese media hailed the 2016 S&ED as successful. *Xinhua* noted this year's Dialogue demonstrated that the US and China can "cooperate when they are capable, and directly address their differences when they cannot." The US media generally did not portray the meeting as positively, with *The Wall Street Journal* noting both countries made "little progress." A persistent theme was skepticism about the Chinese leadership readiness to follow through on its commitments to implement the steps agreed to in the two-day meeting. Nevertheless, incremental gains and the continuation of dialogue between US and Chinese representatives were applauded by press from both countries.

## **Bilateral Investment Treaty**

In a joint press conference with Secretary Kerry prior to the 2016 S&ED, Foreign Minister Wang Yi said China looked forward to working with the US to “speed up the BIT negotiation.” BIT negotiations were a high priority on this year’s bilateral economic agenda, with both delegations committing to meet again in mid-June and exchange revised negative lists. US and Chinese negotiators hope to use the September G20 Summit and the last meeting between President Obama and Xi Jinping to finalize a BIT before Obama leaves office in January 2017.

US and Chinese BIT negotiators met again in Beijing, June 11-17. Despite revisions in China’s negative list, US Trade Representative Michael Froman told *Bloomberg* the new list was a “fair distance away from being acceptable.” Froman kept the door open for further progress, however, saying that he looked forward to continued negotiations with his counterparts in the fall. In his AEI speech, Secretary Lew stated that Beijing’s willingness to engage in serious negotiations on a high quality BIT would be an “important barometer” of whether China is ready to “cultivate a business climate that fosters competition and invites participation by foreign firms.”

## **US – China Cybercrime and Related Issues High-Level Joint Dialogue**

On June 15, Chinese State Councilor and Minister of Public Security Guo Shengkun co-chaired the second US-China Cybercrime and Related Issues High-Level Joint Dialogue with Deputy Assistant Attorney General Bruce Swartz and Under Secretary for the National Protection and Programs Directorate, Department of Homeland Security Suzanne Spalding. The Cybercrime Dialogue is a product of President Xi and President Obama’s agreement on combatting commercial cyber-theft reached during Xi’s September 2015 state visit. The first meeting was held shortly thereafter in December 2015. Secretary of Homeland Security Jeh Johnson and Attorney General Loretta Lynch were originally scheduled to serve as the US representatives for the June meeting, but both withdrew following the mass shooting at a gay night club in Orlando, Florida. The Chinese did not downgrade the level of their side’s participation, in part to demonstrate their commitment to cooperating with the US on addressing cybercrime.

Notable outcomes of the second High-Level Dialogue included agreements to hold further joint tabletop exercises on cyber incidents, implement plans to set up a cyber hotline, and conduct seminars on network security and the misuse of technology to commit acts of terrorism. Representatives from both the US and China later spoke positively about the talks, with both Spalding and Guo emphasizing to the press the importance of implementing agreements made during the dialogue. The third High-Level Dialogue will be held in the second half of 2016 in Washington, DC.

## **UNCLOS Tribunal rules against China in South China Sea**

On July 12, three and half years after the Philippines initiated arbitral proceedings against China under Annex VII to the United Nations Convention on the Law of the Sea, the Arbitral Tribunal issued a unanimous award. On virtually every substantive claim the Tribunal ruled in favor of the Philippines. The panel of five judges found that China’s claim of historic rights within its nine-

dash line was without legal basis. The panel also ruled that Chinese activities within the Philippines' 200nm exclusive economic zone (EEZ), including illegal fishing and dredging sand to create artificial islands, violated Manila's sovereign rights. In what many observers viewed as the most unexpected part of the award, the Tribunal concluded that the Spratly Archipelago contains no islands; instead it is composed of rocks that are each entitled to a 12nm territorial sea and low-tide elevations that are not entitled to a separate maritime zone.

The US response to the ruling was cautious. A statement issued by the State Department refrained from commenting on the merits of the case, noting that the US was "still studying the decision." Instead, the statement reiterated several principles that have guided US policy toward the South China Sea, including support for the rule of law and for efforts to resolve territorial and maritime disputes by peaceful means, including arbitration. Importantly, the State Department urged all claimants to avoid provocative statements or actions and emphasized that the ruling "should serve as a new opportunity to renew efforts to address maritime disputes peacefully."

As expected, China rejected the ruling, declaring the award "null and void" and with "no binding force" in a statement issued by the Ministry of Foreign Affairs. That same day, the Chinese government released a separate highly authoritative statement that outlined in unprecedented detail China's territorial and maritime claims in the South China Sea. China has historic rights in the South China Sea, according to the latter document, and has sovereignty over the Pratas Islands, the Spratly Islands, the Paracel Islands, Macclesfield Bank, and Scarborough Shoal. In the Spratly Island chain, the document maintained that China has internal waters, territorial sea and contiguous zone, exclusive economic zone and continental shelf.

In the months prior to the issuance of the award, US-China tensions over the South China Sea had continued to mount. On May 10, the US conducted a freedom of navigation operation (FONOP), the third since last October. This time the *USS William P. Lawrence*, a US guided missile destroyer, sailed within 12nm of Fiery Cross Reef where China has conducted significant dredging and is installing military facilities. According to the Pentagon, the FONOP challenged requirements by China, Taiwan, and Vietnam for "prior permission or notification of transits through the territorial sea, contrary to international law." China's Defense Ministry said that two fighter jets were scrambled and three warships dispatched to shadow the US destroyer. China's MFA spokesman condemned the FONOP, asserting that it "threatened China's sovereignty and security interests, endangered the staff and facilities on the reef, and damaged regional peace and stability."

In two separate incidents in May and June, covered below in the section on US-China military ties, the US charged Chinese fighter jets with making unsafe intercepts of a US reconnaissance plane in international airspace. The second incident took place on June 7 as the US-China S&ED meetings were taking place in Beijing. En route to the S&ED, Secretary of State Kerry told reporters during a stop in Mongolia that the US would consider the establishment of an air defense identification zone (ADIZ) over the South China Sea to be a "provocative and destabilizing act which would automatically raise tensions and call into serious question China's commitment to diplomatically manage the territorial disputes" in those waters.

In Kerry's talks with State Councilor Yang Jiechi during the S&ED, he apparently warned China to refrain from taking any action in the South China Sea that could involve US treaty obligations to the Philippines. A US State Department official told the *New York Times* that the warning was a reiteration of the message that President Obama had delivered to Xi Jinping when the two presidents met on March 31 in Washington DC. According to the *Japan Times*, Kerry also told Chinese officials that if Beijing unilaterally declares an ADIZ over the South China Sea, the US would take unspecified countermeasures. At their joint press conference, comments by Kerry and Yang suggested that no progress was made toward narrowing their differences, although in anticipation of the ruling, expectations of achieving an understanding were undoubtedly low.

On July 6, a month following the S&ED, Foreign Minister Wang Yi spoke with Secretary Kerry by phone. According to *Xinhua*, Wang urged the US to "abide by its commitment" to remain neutral on the territorial dispute, "exercise caution in its words and deeds, and refrain from taking any actions that will undermine the sovereignty and security interests of the Chinese side." Kerry reportedly expressed his hope that all parties would "exercise restraint" and noted that the US and China share common interests in safeguarding peace and stability in the South China and that Washington supports the peaceful resolution of disputes through diplomatic channels.

During CNO Adm. John Richardson's visit to China, which began five days after the Tribunal's award, Commander of the PLA Navy Adm. Wu Shengli took a tough stance on the South China Sea. Chinese media quoted Wu as telling Richardson that the Chinese Navy was "prepared to react to any infringement of rights or aggression" in the South China Sea and stressed that China would complete its "necessary construction" on the islands. "Any attempt to force China to give in through flexing military muscles will only have the opposite effect," Wu reportedly said. *Xinhua* reported that Wu called the South China Sea a "core interest" of China that concerns the foundation of the Communist Party's governance, the country's security and stability, and the Chinese nation's fundamental interests.

At about the same time, in an interview before departing for Beijing, National Security Advisor Susan Rice told *Reuters* that she planned to encourage China to avoid escalation in the South China Sea and conveyed US resolve to "sail, fly, and operate" in the disputed waters. She did not issue any warnings, however. In fact, US officials were unusually silent in the aftermath of the award, perhaps because they feared that China's resounding defeat might precipitate an assertive or even aggressive response from Beijing. The Obama administration clearly opted to quietly work to increase the prospects for diplomatic progress rather than rub China's nose in the ruling. One official told *Reuters*, "What we want is to quiet things down so these issues can be addressed rationally instead of emotionally." A State Department spokesman emphasized that the US wants to see a de-escalation of tensions and encouraged all the claimants to pause and reflect on how to find a peaceful way forward.

At the end of July in the Laotian capital Vientiane, Secretary Kerry called on the foreign ministers of all 10 ASEAN member countries to comply with "a rule-based international system that protects the rights of all nations whether big or small." The South China Sea was then discussed between Kerry and Foreign Minister Wang Yi in a bilateral meeting. After the talks, Kerry told the press that he agreed with Wang's call to "move away from public tensions and



turn the page” over the South China Sea disputes. In addition, Kerry expressed US support for the resumption of talks between Beijing and Manila.

The judicious US stance in the aftermath of the sweeping ruling in favor of the Philippines was aided by China’s relative restraint in its actions in the South China Sea. Apart from sharp rhetoric and the release of a new white paper on the South China Sea, China landed civilian aircraft on two of its artificial islands, conducted two naval exercises in the South China Sea in July, and announced plans to hold a joint naval drill in the South China Sea with Russia in September. Beijing also widely publicized images of a nuclear-capable *H-6K* bomber flying over Scarborough Shoal, but it was unclear when or even whether such an overflight took place.

### **National Security Advisor Susan Rice visits Beijing**

National Security Advisor Susan Rice traveled to Beijing at the end of July to prepare for President Obama’s visit to China in early September for the G20 Summit and a US-China summit. In addition to meeting State Councilor Yang Jiechi, Central Military Commission Vice Chairman Fan Changlong, and Central Politics and Law Commission Secretary Meng Jianzhu, Rice met President Xi Jinping. In a background briefing for the media, a senior Obama administration official described her discussions with China’s leader as “very constructive, candid and productive” as well as “strategic.”

The senior administration official speaking on background said that a common theme of the visit was that both sides are “absolutely committed to developing this relationship.” This was evident especially in Rice’s meeting with Xi. According to the US official, that conversation focused on their respective visions for the US-China relationship in the months and years ahead, and “approaches that have brought about the cooperation and the outcomes that we’ve achieved so far.” According to *Xinhua*, Xi told Rice that Beijing “attaches great importance” to bilateral ties, and is “prepared to make joint efforts to build a new model of major power relations” and promote “sustained and stable development” of the relationship. Xi also highlighted the need to “respect each other’s core interests.”

Specific issues were not discussed in the Rice-Xi meeting; instead they were relegated to the discussions with senior Chinese officials. The senior US official who provided the briefing stressed that Rice and her counterparts did not shy away from addressing contentious issues. “... both sides were very clear with one another ... there’s no room for ambiguity between both sides ... that kind of clarity I think promotes stability and reduces the risk of miscalculation,” the official told the media. *Xinhua* quoted Rice as saying that President Obama “has always maintained that the US-China relationship is the most important bilateral relationship in the world today.”

A White House statement released after the visit said that Rice and Yang agreed that “bilateral cooperation stands at unprecedented levels and affirmed the need to build on past gains” while also “managing differences constructively.” The latter category included human rights, maritime issues, and the treatment of US businesses and non-government organizations operating in China. *Xinhua* reporting said that Yang emphasized the need to focus on achieving a successful

upcoming summit, implementing the Obama-Xi understanding to build a new model of major power relations, and expanding cooperation while managing and controlling differences.

The Chinese raised concerns with Rice about the US-ROK decision to deploy the Terminal High Altitude Area Defense (THAAD) system in South Korea. According to the *People's Liberation Army Daily*, Vice Chairman of the Central Military Commission Gen. Fan Changlong warned that if the US insists on deploying THAAD, “this will pose a direct threat to Chinese strategic security, increase the tense situation on the peninsula, and deal a serious blow to mutual China-US strategic trust.” He urged the US to take seriously Chinese concerns and cancel its plans to deploy THAAD in South Korea. Rice explained that the deployment is a defensive measure taken in response to the growing threat posed by North Korea’s nuclear and missile programs. On the South China Sea, Fan told Rice that the Chinese military would resolutely safeguard the sovereignty and security of Chinese national territory. Rice reportedly called for both countries to “effectively manage risk, prevent misunderstanding and misjudgment.”

### **Developments in military-to-military ties**

There were frequent US-China military contacts in the first four months of 2016, helping to manage differences over the South China Sea and preserve stability in the overall relationship. Two days after the USS *William P. Lawrence* conducted a FONOP around Fiery Cross Reef, Chairman of the Joint Chiefs of Staff Gen. Joseph Dunford held a video conference with counterpart Gen. Fang Fenghui. A statement posted on the Chinese Defense Ministry’s website cited Fang as telling Dunford that “the common ground and prospects for cooperation between China and the US far exceed our disagreements and contradictions.” Fang stressed that China seeks to expand communication and cooperation with the US to prevent the South China Sea tensions from affecting the overall relationship.

On May 13, the US Department of Defense issued its report on *Military and Security Developments Involving the People’s Republic of China in 2015*. The 156-page report documented developments in China’s strategy, PLA force modernization goals, trends, and resources, Chinese capabilities for a Taiwan contingency, Chinese space lift and missile defense capabilities, land reclamation in the South China Sea, and US-China military-to-military contacts. China’s Defense Ministry spokesman expressed “strong dissatisfaction” and “firm opposition” to the Pentagon’s report, and maintained that it “severely damaged mutual trust.”

In two separate incidents in May and June, the Pentagon accused Chinese fighter jets of carrying out unsafe intercepts in violation of a bilateral agreement signed in September last year. In the first incident on May 17, the US claimed that two Chinese *J-11* fighter aircraft flew within 50 feet of a US *EP-3* reconnaissance aircraft that was conducting a routine mission in international airspace over the South China Sea. The second incident took place on June 7 and involved two Chinese *J-10* fighter planes that “had an unsafe excessive rate of closure” on a US *RC-135* aircraft, according to the US Pacific Command. The Chinese Defense Ministry denied that the Chinese pilots had conducted unsafe maneuvers. A Foreign Ministry spokesman also insisted that the Chinese aircraft were “completely in keeping with safety and professional standards” and demanded that the US “immediately cease this type of close reconnaissance activity” to avoid future incidents. The first incident was discussed between US and Chinese military

representatives in Hawaii on May 24-25 under the Military Maritime Consultative Agreement (MMCA).

At the end of May, US Defense Secretary Ashton Carter and Deputy Chief of the Joint Staff Department of China's Central Military Commission Adm. Sun Jianguo attended the Shangri-La Dialogue in Singapore. In his speech, Carter pledged that the US would continue to ensure security in the Asia-Pacific and urged China to join a "principled security network" for the region. He warned that if China continued to engage in destabilizing behaviors, it would risk "erecting a Great Wall of self-isolation." Sun described China's regional security strategy and called on regional states to abandon Cold War mentality and expand security cooperation. Consistent with prior years, there was no bilateral meeting between Carter and Sun due to the disparity in their positions.

A planned visit to China by Secretary Carter in 2016 has yet to take place. Carter had tentatively agreed to travel to China in April, but visited India and the Philippines instead. CNO Adm. John Richardson traveled to China in mid-July at the invitation of Commander of the People's Liberation Army Navy (PLAN) Adm. Wu Shengli. According to US Navy media, Richardson and Wu had "frank and substantive" conversations on the importance of operating safely, in accordance with international law; future opportunities for the two navies to engage; and the South China Sea. Richardson also visited Qingdao, home of the Chinese North Sea Fleet, where he toured the Chinese Navy's submarine academy and the aircraft carrier *Liaoning*.

For five weeks beginning June 30, the US held the biennial *RIMPAC* naval exercises off the coasts of Hawaii and Southern California. A five-ship PLAN flotilla linked up with two USN destroyers near Guam and steamed together toward Hawaii, conducting joint drills en route on sea resupply, aerial photography, and live fire artillery exercises. During *RIMPAC*, China joined the US and other countries in exercises to rescue sailors from a disabled submarine and for counter-piracy, diving and salvage, search and rescue, and humanitarian assistance and disaster relief. China's contingent to *RIMPAC* this year was the third largest after the US and Canada.

On Aug. 8, the guided missile destroyer USS *Benfold* sailed into Qingdao for a port visit, during which its crew held a signals exercise with the Chinese Navy. Adm. Scott Swift, commander of the US Pacific Fleet met North Sea Fleet Commander Vice Adm. Yuan Yubai. They reportedly discussed operations at sea. Swift told that media that he conveyed to Yuan "the importance of transparency, parity, and reciprocity" in relations between the US and Chinese navies. Swift also toured the PLAN frigate *Daqing*.

### **Looking to the final months of 2016**

In early September, Barack Obama and Xi Jinping meet for the last time during Obama's presidency in Hangzhou at the G20 Summit. In a bilateral meeting on the margins of the G20, the two leaders will review the achievements in US-China relations. Following that visit, US-China high-level exchanges are likely to taper off as the US presidential election approaches. It is still possible, however, that Secretary of Defense Carter will visit China in the final months of 2016, which he pledged to do when he spoke at the Shangri-La Dialogue in June.

Whether China will remain relatively restrained in the South China Sea or double down after the G20 Summit remains to be seen. The US is due to conduct another FONOP, which Beijing could use as a pretext to resume efforts to consolidate its claims and exert greater control over the South China Sea in defiance of the UNCLOS Tribunal ruling. Many observers predict that in the period after the US election and before the inauguration of a new US president, China may be tempted to take steps such as dredging on Scarborough Shoal, establishing baselines and declaring an ADIZ in the Spratlys, or landing fighter jets on its newly created islands. Alternatively, Beijing may conclude that now is a good time to engage in negotiations with other claimants on fishing rights and rules of behavior between coast guards, and accelerate discussions with ASEAN on a binding Code of Conduct. Whatever course China chooses, there will be implications for Sino-US relations.

### **Chronology of US-China Relations May – August 2016**

**May 6, 2016:** *USS Blue Ridge* arrives at a port in Shanghai just days after the *USS John C. Stennis* is denied a port visit in Hong Kong.

**May 10, 2016:** *USS William P. Lawrence* conducts a Freedom of Navigation Operation (FONOP) within 12nm of Fiery Cross Reef.

**May 11, 2016:** First meeting of the Senior Experts Group on International Norms and Related Issues concerning cyber security meets in Washington DC, co-chaired by Wang Qun, director general of the Ministry of Foreign Affairs (MFA) Department of Arms Control, and Christopher Painter, coordinator for cyber issues at the US State Department.

**May 11, 2016:** US and China hold first dialogue on outer space safety in Washington DC, co-chaired by Wang Qun, director general of the MFA Department of Arms Control, and US Assistant Secretary of State Frank Rose.

**May 12, 2016:** Vice Foreign Minister Li Baodong and Under Secretary of State Rose Gottemoeller co-chair the eighth Consultation on Strategic Security and Multilateral Arms Control in Washington DC.

**May 12, 2016:** Chinese Chief of the General Staff Gen. Fang Fenghui and Chairman of the US Joint Chiefs of Staff Gen. Joseph Dunford hold a video conference to discuss the US FONOP around Fiery Cross Reef.

**May 13, 2016:** US Department of Defense issues its report on *Military and Security Developments Involving the People's Republic of China 2015*.

**May 16, 2016:** Secretary of State John Kerry and Foreign Minister Wang Yi talk by phone about the upcoming Strategic and Economic Dialogue, Taiwan, and Syria.

**May 16, 2016:** Vice Premier Wang Yang exchanges views with Treasury Secretary Jacob Lew via telephone on bilateral economic ties and the upcoming US-China Economic Dialogue.

**May 17, 2016:** US Commerce Department raises import duties on Chinese-made cold-rolled flat steel by 522 percent.

**May 17, 2016:** Pentagon reports that at least two Chinese *J-11* fighter aircraft conduct an “unsafe” intercept of a United States *EP-3* reconnaissance aircraft that was conducting a routine mission in international airspace over the South China Sea.

**May 19, 2016:** US and China hold an Inter-sessional Strategic Security Dialogue, co-chaired by Deputy Secretary of State Antony Blinken and Executive Vice Foreign Minister Zhang Yesui.

**May 24-25, 2016:** Military representatives from US Pacific Fleet (PACFLT), US Pacific Air Forces, and PLA Navy and Air Force meet for the Military Maritime Consultative Agreement (MMCA) at Ford Island in Hawaii.

**May 26, 2016:** Pentagon concludes that an intercept by Chinese *J-11* fighter jets on May 17 violated the Memorandum of Understanding between the US and China as well as International Civil Aviation Organization (ICAO) standards.

**May 30, 2016:** China’s top legislator Zhang Dejiang meets a delegation of US lawmakers led by Sen. Steve Daines (R-Montana).

**June 5, 2016:** Director General of the MFA’s Policy Planning Department Wang Yajun and Chief of Staff to the Secretary of State and Director of Policy Planning at the US Department of State Jonathan Finer hold consultations in Beijing.

**June 5, 2016:** Strategic Security Dialogue, co-chaired by Vice Foreign Minister Zhang Yesui and Deputy Secretary of State Antony Blinken, is held in Beijing.

**June 6, 2016:** Eighth US-China Strategic and Economic Dialogue opens in Beijing.

**June 6-7, 2016:** Secretary of State John Kerry and Vice Premier Liu Yandong co-chair the seventh annual US-China Consultation on People-to-People Exchange (CPE) in Beijing.

**June 7, 2016:** US Pacific Command says that a Chinese *J-10* jet fighter conducted an unsafe intercept of a US reconnaissance plane in international air space over the East China Sea.

**June 7, 2016:** In two separate meetings, Secretary Kerry and Treasury Secretary Lew meet President Xi Jinping and Premier Li Keqiang at the Great Hall of the People.

**June 7, 2016:** Director General of the MFA’s Department of International Organizations and Conferences Li Junhua and Assistant Secretary of State for International Organization Affairs Bathsheba Crocker co-chair second China-US Consultation on UN and Multilateral Affairs.

**June 14, 2016:** Second US-China High-Level Joint Dialogue on Cybercrime and Related Issues is held in Beijing.

**June 15, 2016:** President Obama meets the Dalai Lama in the map room at the White House.

**June 18, 2016:** Foreign Minister Wang Yi and Secretary of State Kerry talk by phone. Wang tells Kerry the US should not interfere in China's internal affairs on matters related to Tibet.

**June 26, 2016:** Vice Premier Wang Yang exchanges views with Treasury Secretary Lew via telephone on the current economic and financial situation, as well as the upcoming G20 summit.

**June 30, 2016:** US Undersecretary for Political Affairs Tom Shannon says India failed to gain entry into the Nuclear Suppliers Group due to China-led opposition and calls for Beijing to be held accountable.

**July 5-7, 2016:** US Assistant Secretary Frank Rose visits Beijing for discussions on mutual strategic interests with the Ministry of Foreign Affairs and the China National Space Administration.

**July 6, 2016:** Foreign Minister Wang Yi speaks with Secretary of State Kerry by telephone ahead of a UNCLOS Tribunal award on South China Sea claims and warns Washington against moves that infringe on China's sovereignty.

**July 9, 2016:** US State Department of State issues a press statement expressing concern about the continued detention in China of at least 23 defense lawyers and rights defenders and denial of access to independent legal counsel.

**July 12, 2016:** US officials arrive in Beijing to hold talks on a bilateral investment treaty. They discuss the recent exchange of negative list offers detailing which sectors will remain closed to foreign investment.

**July 12, 2016:** Permanent Court of Arbitration at The Hague issues a ruling against China in the case filed by the Philippines. National Security Council Senior Director for Asia Dan Kritenbrink and Chinese Ambassador to the US Cui Tiankai deliver speeches at CSIS.

**July 13, 2016:** US House of Representative's Science, Space and Technology Committee releases an investigative report that finds China's government likely hacked computers at the US Federal Deposit Insurance Corporation.

**July 13, 2016:** US challenges China's export duties on nine key metals and minerals, arguing that they violate Beijing's commitments to the World Trade Organization and give an unfair advantage to Chinese manufacturers.

**July 17-19, 2016:** Adm. John Richardson, chief of naval operations, visits Beijing, where he meets the commander of the PLA Navy, Adm. Wu Shengli, then travels to Qingdao for a visit to China's aircraft carrier, *Liaoning*.

**July 19, 2016:** US Trade Representative Michal Froman announces that the US has expanded its challenge at the WTO concerning China's export restraints on raw materials that it believes provides an unfair competitive advantage to China.

**July 24-27, 2016:** National Security Adviser Susan Rice visits Beijing to discuss the South China Sea, North Korea, economic issues, and human rights, and to lay the groundwork for Obama's talks with Xi at the G20 summit in September.

**July 25, 2016:** Secretary of State Kerry and Foreign Minister Wang Yi meet on the sidelines of the ASEAN Regional Forum Foreign Ministers Meeting in Vientiane.

**Aug. 3, 2016:** China blocks a United Nations Security Council statement condemning North Korea for firing two missiles.

**Aug. 3-4, 2016:** China and the US hold the first legal dialogue in Beijing sponsored by China's central leading group for judicial reform and US departments of justice and commerce.

**Aug. 5, 2016:** Foreign Minister Wang Yi speaks with Secretary of State Kerry over the phone on US-China relations, the G20, and the situation on the Korean Peninsula.

**Aug. 8, 2016:** Guided missile destroyer *USS Benfold* arrives in port in Qingdao for a ship visit.

**Aug. 8, 2016:** State Department issues a press statement urging Chinese authorities to release the lawyers and rights defenders who are imprisoned or in detention, and says the campaign undermines China's development of a judicial system that respects the rule of law.

**Aug. 10, 2016:** After hundreds of Chinese fishing boats and a large number of government vessels swarm near the Diaoyu/Senkaku Islands, State Department spokesman says the US opposes unilateral action that seeks to undermine Japan's administration of the islands, which fall under Article 5 of the US-Japan Mutual Defense Treaty.

**Aug. 16, 2016:** US Army Chief of Staff Gen. Mark A. Milley meets counterpart Gen. Li Zuocheng in Beijing.

**Aug. 19, 2016:** Vice Premier Wang Yang exchanges views by phone with Treasury Secretary Lew in advance of the G20 Summit.

**Aug. 24-Sept. 11, 2016:** China, US, and Australia conduct joint military exercise *Kowari 2016*, which includes field survival training in Darwin, Australia.

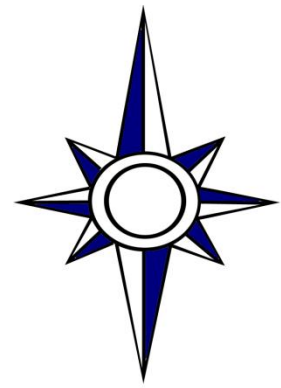
**August 30, 2016:** National Security Advisor Susan Rice meets Chinese human rights advocates to discuss issues related to human rights, including religious freedom, in China.





# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## US-Korea Relations:

### Tests, Distress, Defection, Election

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The United States and South Korea entered the summer months with growing concern over North Korean missile capabilities. North Korea conducted a hobbled submarine-launched ballistic missile (SLBM) test in May, yet closed out August with a more successful launch reaching some 300nm, raising alarm for US and ROK strategists. May's rare DPRK Workers' Party Congress – North Korea's first since 1980 – signaled solidarity in Kim Jong Un's reign, replacing the National Defense Commission with a new State Affairs Commission, and appointing Ri Yong Ho as foreign minister – both developments worth watching. Mid-summer, the US sanctioned Kim Jong Un and 10 other individuals and entities for human rights violations, and the US and ROK agreed to deploy the Terminal High Altitude Area Defense (THAAD) system against North Korea. Angered, the DPRK severed the New York channel, its only official line of communication with Washington. Closure of the channel, coupled with the earlier severing of inter-Korean links, raises concerns about communication in the event of further provocations or crisis. The US and South Korea joined together in military exercise *Ulchi Freedom Guardian*, involving more than 25,000 US and 50,000 ROK troops. In response, Pyongyang threatened to turn Seoul and Washington into a "heap of ashes through a Korean-style preemptive nuclear strike." Finally, South Korean officials and analysts privately expressed growing concern over the course of the US presidential campaign and suggestions by Republican candidate Donald Trump that allies should bear a greater cost or see US troop withdrawal, and that South Korea and Japan consider nuclear weapons development as a counter to North Korea.

### DPRK Workers' Party Congress

May saw the convening of the DPRK's Seventh Workers' Party Congress, signaling Kim Jong Un's firm grip on power. In addressing the assembly, he characterized the DPRK as a responsible nuclear weapons state, a classification rejected by Washington and Seoul. In what some analysts considered a mark of potential restraint, Kim Jong Un vowed that the DPRK would opt for using nuclear weapons only when its sovereignty is violated. The North Korea leader announced a new five-year economic program, but refrained from suggesting real reforms. Foreign media covering the congress met heavy controls, and only a select few witnessed a small portion of the final proceedings. There were no meetings with the senior-most leadership, one journalist was expelled, and most of the press corps saw only local sites and projects.

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A new State Affairs Commission (SAC) was named the “highest guiding organ” of the state (with Kim Jong Un as chair), replacing the National Defense Commission favored by Kim’s father. In foreign affairs, Foreign Minister Ri Su Yong was named Workers’ Party of Korea vice chairman for international relations, and Ri Yong Ho, a sophisticate and skilled negotiator on nuclear issues, was named foreign minister. Both Ri Su Yong and Ri Yong Ho serve on the new State Affairs Commission. A participant in a Washington DC review of the party congress suggested that the ties of both to the senior-most leadership could imply that DPRK agreements going forward might bear new weight. Ri Yong Ho emerged at the ASEAN Regional Forum Foreign Ministers Meeting in Laos to intense media attention and received a boost from Chinese Foreign Minister Wang Yi, signaling a possible warming of Sino-DPRK ties (Ri Su Yong also visited Beijing).

### **DPRK missile tests and THAAD**

However, internal DPRK recalibrations failed to signal positive developments for South Korea or the United States. North Korea spent the summer months testing its missile technology, both short- and intermediate-range, and stoking concerns over enhancement of its submarine-launched ballistic missile (SLBM) capabilities. Earlier tests had seen mishap and spin, but the DPRK marked real improvement over the short period reviewed. Whereas an early May SLBM traveled less than a couple hundred meters, on Aug. 24, a *KN-11* missile traveled a remarkable 500km into Japan’s Air Defense Identification Zone (ADIZ) waters. That followed an Aug. 3 *Rodong* test, with a missile landing only 155nm off Japan’s coast in its exclusive economic zone (EEZ) – the closest a missile has come to Japan since 1998, raising alarm and strong condemnation from Prime Minister Abe Shinzo.

In sum, the DPRK has launched more than 20 missiles to date in 2016, a serious acceleration that raises tensions in the region. The provocations have led to greater US-ROK cooperation, especially through an agreement to deploy the Terminal High Altitude Area Defense (THAAD) system to South Korea and closer trilateral consultation with Japan. After earlier to and fro, the ROK moved with newfound determination to work with the US on the THAAD deployment, announcing on July 8 its intention to deploy the system. Seoul followed the general announcement by naming Seungju on July 13 as the site for deployment, which met condemnation and protest by some local residents concerned about rumored health threats posed by the THAAD radar system and the environmental impact. In ensuing weeks, opposition lawmakers also raised concerns about the decision to deploy the system.

China, Russia, and North Korea voiced opposition to the THAAD deployment as well. The US sought to offer assurances to China, with the head of the US Army determined to convey to his PLA counterpart in Beijing the defensive aspects of the new system. China rebutted assurances from Washington and Seoul and warned that the perceived imbalance caused by THAAD would raise regional tensions. In early August, President Park Geun-hye rebuked critics at home and abroad and underscored South Korean determination to see through the THAAD deployment. In early September, she offered assurances in an interview with Russian news service *Sputnik News* that THAAD was not aimed at Russia, or any other third party.

Despite firm commitment on the part of ROK and US defense authorities, opposition to THAAD remains a political reality. The controversy will spill into the 2017 ROK presidential elections and poses immediate challenges for ROK diplomacy, particularly with China. For the United States, installation of the system in Korea is a stated strategic priority, but brings other challenges. Chinese consternation has increased, especially when coupled with tensions over the South and East China Seas.

### **Naming Kim Jong Un**

In early July, the US State and Treasury Departments made an unprecedented announcement in naming North Korean leader Kim Jong Un and 10 other DPRK State Security Department individuals and affiliates “ultimately responsible” for the DPRK’s “notorious” human rights abuses. The immediate impact was to freeze assets and deny business with the named designees, consistent with steps taken earlier this year by Congress and the president to tighten sanctions on North Korea. The announcement met stark pushback from Pyongyang; it condemned the move as an act of war, launched a missile (which exploded on firing), and closed its only official means of communicating with Washington, DC – the New York channel, which involves personnel at the DPRK Mission to the United Nations. In its July 11 response, North Korea cautioned that relations with the US will be under the “wartime law” of the DPRK, noting its applicability to detained US citizens, two of whom remain imprisoned in North Korea.

The DPRK reaction to the naming of its leader was similar to that exhibited following the 2014 release of the United Nations Commission of Inquiry (COI) Report, which urged referral of DPRK senior leaders to the International Criminal Court (ICC), and before that the 2005 cut-off of North Korean funds through Banco Delta Asia (BDA). US and South Korean officials and human rights organizations hailed the US move, which stemmed from the North Korea Sanctions and Policy Enhancement Act of 2016.

The DPRK now engages with the US only at the unofficial level. However, the communications cutoff comes at a time when North Korea is advancing its nuclear and missile technology. In mid-August, the DPRK informed *Kyodo News* that it is harvesting plutonium from spent fuel rods, while continuing production of highly enriched uranium “on schedule.”

### ***Ulchi Freedom Guardian***

The second scheduled major exercise of the year between ROK and US forces, *Ulchi Freedom Guardian*, began the third week of August. Primarily a computer simulation aimed at the defense of the South in the event of an invasion from the North, the exercise engaged more than 75,000 troops, two-thirds from the ROK and one-third from the US. The US advised the DPRK through Panmunjom of the defensive nature of the exercises, but the DPRK condemned the exercises as offensive and threatened to reduce Seoul and Washington to ash heaps.

More seriously, the DPRK fired its latest SLBM on Aug. 24, a successful launch it hailed as its “greatest success and victory.” Some US and ROK strategists were quick to caution against the significance without a greater DPRK submarine capability, but at least one group in Seoul suggested in late August that the North Koreans are intent and fast-tracking development of a

larger class of submarines. Ju-min Park and James Pearson of *Reuters* acknowledge the consensus that the DPRK “remains years away from developing a missile system or submarine which could threaten its sworn enemy, the United States,” but that does not account for security assurances afforded South Korea and Japan that could draw in the US to regional conflict. Jeffrey Lewis of the Middlebury Institute notes the tremendous challenge of finding even a small number of subs armed with missiles and the “enormous investment in North Korea’s missile production infrastructure consistent with the propaganda offensive and spike in missile testing.”

## **Defection**

Seoul announced in mid-August the high-profile defection of Thae Yong Ho, the second-highest diplomat at the DPRK Mission to the UK. The defection followed that of 13 North Korean restaurant workers to South Korea in early April. Less reported though have been the recent defection of other officials, including at least one senior military and one DPRK fund manager, as well as a number of diplomats, including the number three in Moscow and a diplomat posted in Bulgaria. Thae’s defection is notable, as he could provide useful information about the DPRK Mission to the UK, which handles its European affairs, as well as his primary tasks of (ironically) tracking defectors from North Korea and responding to human rights criticisms. There were reports that he had been called home after significant time in European assignments. Pyongyang quickly condemned Thae as a traitor and in typical fashion accused him of embezzlement and other improprieties.

In the aftermath, President Park Geun-hye suggested rifts among senior elites are a sign of fragmentation in Pyongyang. US and ROK analysts are divided in seeing the defection along these lines or as a more isolated incident facilitated by Thae’s having his immediate family with him. South Korean media reported on fears that the DPRK could attempt to assassinate defectors, as well as a possible acceleration of a “reign of terror” on the part of Pyongyang in response.

## **Election**

One certainty in US-Korea relations was the growing concern expressed by observers in Seoul over the US presidential campaign and the candidates’ positions toward Korea and Asia. Officials privately sought advice from colleagues, scholars, and analysts as to the seriousness of Republican candidate Donald Trump’s calls for allies to pay more for US security guarantees or face the US going home. Trump’s statements have created a degree of consternation among South Korean officials and policy observers not seen since Jimmy Carter’s call for a US troop withdrawal from the Korean Peninsula in the late 1970s. Trump also had suggested South Korea and Japan develop nuclear weapons to counter those of North Korea, raising concerns in the non-proliferation community and leading to repeated private assurances to Americans that those were options that neither the Korean nor Japanese polities would accept.

South Koreans see more dependability in Democratic candidate Hillary Clinton’s stands on Korea and Asia as she is generally viewed as one of the architects of the Obama rebalance toward Asia. Clinton advisor Wendy Sherman’s May 3 address to CSIS was seen though by many Koreans as a harder line by stepping up sanctions on the DPRK until it accepts an Iran-style negotiation.

In sum, Koreans were as confused as their US counterparts over the 2016 US presidential campaigns and the implications of a Trump victory. All ears will be on discussions of foreign policy in the three US presidential candidate debates. The 2017 South Korean presidential campaign will see a step up in its foreign policy and security focus, depending on the result of the US elections, as well as North Korean provocations. A possible DPRK fifth or sixth nuclear test or further missile tests – as well as potential mishap or political intrigue – could present the outgoing or incoming United States and South Korean administrations with serious challenges.

## **Chronology of US-Korea Relations May – August 2016**

**May 2016:** US Congressional Research Service releases a comprehensive report on [US-South Korea Relations](#).

**May 6-9, 2016:** DPRK holds its Seventh Workers' Party Congress, the first since 1980, further solidifying Kim Jong Un's leadership.

**May 7, 2016:** North Korea test-fires a submarine-launched ballistic missile. Though traveling only 150 meters, the missile signals advances in DPRK technology.

**May 9-10, 2016:** Ninth round of the South Korea-US Integrated Defense Dialogue (KIDD) is held in Washington, led by South Korea's Deputy Defense Minister for Policy Yoo Jeh-seung and US Assistant Secretary of Defense for Policy David Shear.

**May 25, 2016:** Sen. Cory Gardner (R-CO) introduces an amendment to the FY 2017 National Defense Authorization Act, calling for Terminal High Altitude Area Defense (THAAD) system deployment to the ROK.

**May 31, 2016:** DPRK fails in its fourth test in 2016 of the *Hwasong-10* intermediate-range ballistic missile.

**June 1, 2016:** US Ambassador to the Republic of Korea Mark Lippert addresses the Institute for Global Economics on *Allies in Business: The Future of the US-ROK Economic Relationship*.

**June 1, 2016:** US Treasury Department classifies North Korea as a primary money laundering concern under Section 311 of the Patriot Act.

**June 4-6, 2016:** US Defense Secretary Ash Carter delivers a keynote at the Shangri-La Dialogue (15<sup>th</sup> Asia Security Summit) in Singapore, attended by ROK Defense Minister Han Min-koo. The two meet Japan Defense Minister Nakatani Gen on the sidelines.

**June 10, 2016:** US-Korea Institute at SAIS issues a [report](#), *No Man's Land: The Future of US Policy toward North Korea*.

**June 13, 2016:** *USS Mississippi*, a fast-attack submarine, visits the ROK Fleet base in Busan to signal strength in the alliance and expand naval cooperation.

**June 16, 2016:** US House Foreign Affairs Committee approves HR 5484, the State Sponsors of Terrorism Review Enhancement Act, which increases the period a designated country must refrain from sponsoring terrorism from six to 24 months. HR 5208, the North Korea State Sponsor of Terrorism Designation Act of 2016, mandates that the State Department report to Capitol Hill on the DPRK's designation.

**June 21-23, 2016:** Northeast Asia Cooperation Dialogue (NEACD) meets in Beijing.

**June 22, 2016:** DPRK fails in its fifth *Musudan* intermediate range ballistic missile test of 2016, but succeeds the same day in a sixth test of the *Hwasong-10*, which flies 400km.

**June 22, 2016:** President Barack Obama extends Executive Order 13466, *Continuing Certain Restrictions with Respect to North Korea and North Korean Nationals*, which was initiated under President George W. Bush.

**June 28, 2016:** US, South Korea, and Japan conduct missile warning exercise off the coast of Hawaii.

**July 6, 2016:** State Department and Treasury Department name 11 individuals and entities, including DPRK leader Kim Jong Un, for violations of human rights in accordance with the North Korea Sanctions and Policy Enhancement Act of 2016.

**July 8, 2016:** South Korea and the US announce the decision to deploy the Terminal High Area Altitude Defense (THAAD) system to South Korea to protect against the DPRK missile threat.

**July 8, 2016:** UN Office of the High Commissioner for Human Rights names Tomas Ojea Quintana as special rapporteur on human rights in the DPRK beginning Aug. 1.

**July 9, 2016:** DPRK fails in its test of the *Bukgukseong-1*, a *KN-11* submarine-launched ballistic missile (SLBM), which explodes at an altitude of only 10km.

**July 11, 2016:** North Korea closes the New York communication channel, its only direct diplomatic link to Washington.

**July 13, 2016:** ROK Deputy Defense Minister Yoo Jeh-seung announces THAAD deployment to Seoungju. The announcement meets considerable local opposition.

**July 13, 2016:** ROK First Vice Foreign Minister Lim Sung-nam and Japan Vice Foreign Minister Sugiyama Shinsuke meet in Hawaii to discuss enhanced cooperation in response to DPRK provocations.

**July 14-15, 2016:** Vice President Joseph Biden and Deputy Secretary of State Antony Blinken meet ROK VFM Lim and Japan VFM Sugiyama for trilateral discussions. ROK Special

Representative for Korea Peninsula Peace and Security Affairs Kim Hong-kyun meets US Special Representative for North Korea Policy Sung Kim.

**July 19, 2016:** DPRK launches three missiles from Hwanghae Province, including the short-range *Scud* and mid-range *Rodong*, which travel 310-370 miles.

**July 24-26, 2016:** Secretary of State John Kerry and ROK Foreign Minister Yun Byung-se attend the 23<sup>rd</sup> ASEAN Regional Forum (ARF) in Laos. New DPRK Foreign Minister Ri Yong Ho makes his debut in Vientiane.

**July 25, 2016:** President Obama issues a presidential proclamation commemorating the National Korean War Veterans Armistice Day.

**July 27, 2016:** ASEAN Foreign Ministers Meeting adopts a joint communiqué underscoring ASEAN support for denuclearization of the Korean Peninsula.

**Aug. 2, 2016:** President Park Geun-hye underscored ROK resolve to deploy THAAD despite domestic and Chinese opposition.

**Aug. 3, 2016:** DPRK fires a mid-range *Rodong* missile from the DPRK's southwest.

**Aug. 17, 2016:** Seoul announces the defection of the DPRK's number two diplomat in the UK, Thae Yong Ho, the eighth or ninth diplomatic defections in 2016.

**Aug. 17, 2016:** Japan's *Kyodo News* reports that North Korea's Atomic Energy Institute says the DPRK has resumed plutonium production by reprocessing spent fuel rods and is producing highly enriched uranium on schedule.

**Aug. 20, 2016:** DPRK condemns defector Thae Yong Ho as "human scum who betrayed the fatherland."

**Aug. 22, 2016:** President Park Geun-hye suggests that DPRK elite defections signal "serious cracks" in the DPRK regime.

**Aug. 22-Sept. 2, 2016:** ROK and US Combined Forces Command (CFC) conduct annual *Ulchi Freedom Guardian* military exercise.

**Aug. 24, 2016:** ROK Foreign Minister Yun Byung-se, Japanese FM Kishida Fumio and China FM Wang Yi meet in Tokyo.

**Aug. 24, 2016:** DPRK launches a *KN-11* SLBM from waters off Sinpo. It travels 500km, falling within Japan's Air Defense Identification Zone (ADIZ).

**Aug. 25, 2016:** Pyongyang reportedly orders the return of DPRK Ambassador to the UK Hyon Hak Bong following the defection of Thae Yong Ho.

**Aug. 31, 2016:** South Korea's *JoongAng Ilbo* reports executions of DPRK Vice Premier and Education Minister Kim Yong Jin and former Agriculture Ministry official Hwang Min.

**Aug. 31, 2016:** US State Department spokesperson John Kirby urges the DPRK to pardon and release US university student Otto Frederick Warmbier "on humanitarian grounds."

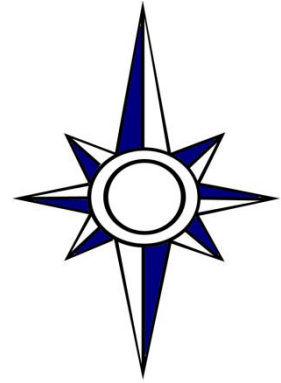
**Aug. 31, 2016:** Seoul-based research organization suggests that North Korea is building a 3,000-ton-class submarine designed to hold four SLBMs, with a goal of completion by October 2017. *DPRK Sinpo*-class subs carry a single SLBM with a displacement of 2000 tons.

**Aug. 31, 2016:** South Korea and the US-led UNC launch a second joint policing operation of 2016 at the Han River estuary to curb and repel illegal boat activity violating the Korean Armistice Agreement.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



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## **US-Southeast Asia Relations: Augmented Presence**

The Obama administration has achieved only a portion of its Asian rebalance strategy in Southeast Asia. Washington is repositioning elements of the US Navy to the Pacific, engaging in “freedom of navigation (FON) patrols” in the South China Sea, and along with Tokyo, providing assistance to Vietnam and the Philippines to enhance their abilities to monitor and defend their maritime territories. The president and secretaries of state and defense are regularly attending ASEAN-based meetings to demonstrate US commitment to Asia. President Obama regularly promotes the Tran-Pacific Partnership (TPP) and Malaysia and Vietnam are changing domestic practices to meet TPP criteria. Despite these advances, US presidential electoral politics are presenting new obstacles as the Republican and Democratic presidential candidates now oppose the TPP, and the prospect for passage in the US Congress before the end of the year is problematic. Meanwhile, the US has urged caution to Southeast Asian officials with respect to the UNCLOS Arbitral Tribunal’s decision on the South China Sea. Although the US has completely removed the arms embargo from Vietnam, human rights concerns continue to trouble US relations with Hanoi as well as Bangkok, Nay Pyi Taw, Vientiane, and Phnom Penh.

### **Background**

At its beginning in 2009, the Obama administration identified Asia as the most important world region for America’s future. Initially describing the turn to Asia as a “pivot,” the US shifted to the term “rebalance” so that it would not be seen as an abandonment of its European allies. The “Obama Doctrine” has tried to reconfigure US global leadership through “burden sharing” and greater US military restraint. In Asia, this involves strengthening existing alliances and developing new partnerships. However, US commitments to the Middle East, South Asia, and Eastern Europe have negatively affected Washington’s ability to focus on the Asia-Pacific. The Obama administration’s liberal-internationalist goals must adjust to limited financial means and *realpolitik* considerations.

A combination of the Budget Control Act of 2011 and the onset of sequestration in 2013 meant that the Pentagon faced a reduction in previously planned spending of about \$1 trillion over 10 years. Consequently, the Obama administration accentuated the limitations to US power and the virtues of restraint. These more modest aspirations were articulated in the 2015 National Security Strategy’s assertion that the United States should lead in combination with allies and partners and that military power was only one of many tools at its disposal. Washington has

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strengthened alliances with the Philippines and Australia, rotating naval ships and marines through the territory of the latter and implementing an Enhanced Defense Cooperation Agreement (EDCA) with the former. Additionally, the US has developed varying forms of “strategic partnerships” with several countries, including Burma (Myanmar), Vietnam, Singapore, Malaysia, Indonesia, and India. These partnerships entail regular security meetings, joint military exercises, and, in the case of Singapore, rotational navy deployments.

According to Secretary of Defense Ashton Carter at this year’s US Naval Academy commencement ceremony: “The Defense Department is operationalizing the defense part of the rebalance by sending our most advanced capabilities to the region... [Some] of our Navy and Marine Corps examples [include] stealthy *F-35* fighters, *P-8 Poseidon* maritime patrol aircraft, and our newest surface ships, including our cutting-edge stealth destroyers, all to the Pacific.” Carter concluded that they “demonstrate the United States commitment to playing an essential and pivotal role in the Asia-Pacific for decades to come.”

Among the most prominent US military activities in the Pacific are its freedom of navigation (FON) patrols. Secretary Carter has stated: “The United States will fly, sail, and operate wherever international law allows ... and the South China Sea will not be an exception. Inaugurated in 1979, the FON patrols are conducted routinely to demonstrate that the US provides a “public good” – protection of the sea lines of communication. The FON patrols take place unilaterally, bilaterally, and multilaterally with the South China Sea being a particularly important venue. Related to the FON patrols are US efforts to help its partners develop maritime domain awareness through capacity-building programs that include navy and coast guard training, the provision of coastal radars, and the sale or donation of ships and aircraft.

A new Southeast Asia-wide five-year \$425 million Pentagon program, the Southeast Asia Maritime Security Initiative, involves the Philippines, Vietnam, Indonesia, Brunei, Thailand, and Singapore to develop multilateral cooperation for South China Sea protection. Creating regional capabilities to monitor and patrol countries’ exclusive economic zones (EEZ) is important because few maritime boundaries in the South China Sea have been delineated. As maritime expert Sam Bateman points out in the Aug. 4 *RSIS Commentary*, the EEZs of the mainland countries – China and Vietnam – overlap with those of the insular countries – the Philippines, Malaysia, Brunei, and Indonesia. These intersections need to be addressed through diplomacy but are so far unresolved because China refuses to acknowledge the necessity of multilateral negotiations. For China, only bilateral settlements are acceptable.

### **Arbitral Tribunal decision: Southeast Asian caution**

Four Southeast Asian states (Philippines, Vietnam, Malaysia, and Brunei) contest overlapping claims to portions of the South China Sea – all contesting with China and some with each other. The Southeast Asian claimants base their cases on the 1982 UN Convention on the Law of the Sea (UNCLOS) that provides each with 12 nautical mile (nm) territorial seas and 200nm Economic Exclusive Zones (EEZs) from their land borders or continental shelves. In 2013, the Philippines formally requested an UNCLOS Arbitral Tribunal to rule on numerous land features in the South China Sea to determine whether they qualified as rocks, islands, or simply reefs and shoals that were exposed at low tide. If the latter, they were entitled to no sovereign status; if

they were islands, they generated both territorial waters and EEZs; if they were rocks, they only warranted 12nm territorial waters. The July 12 Arbitral Tribunal decision is based on UNCLOS, which is considered by renowned maritime authority Robert Beckman to be “the most elaborate and complex dispute settlement regime contained in an international treaty.” The Tribunal ruled that no land features in the South China Sea under dispute are islands – above sea level 24 hours per day and able to sustain human habitation. Rather, what appear to be South China Sea islands in the Philippines’ EEZ are just rocks, so there are no overlapping EEZ claims. This means that Reed Bank, which has great potential for hydrocarbon resources, is in Manila’s EEZ; so, too, is Mischief Reef, which is currently occupied by China, and Second Thomas Shoal on which the Philippines has grounded an old navy vessel to prevent China from occupying the reef. None of the features that China has built into islets with facilities for a military presence qualifies as an island as defined by UNLCOS. The bottom line in the Arbitral Tribunal’s ruling, according to Beckman’s analysis, is that China has no legal basis under UNCLOS to claim the right to fish or explore for oil and gas in the EEZs of the ASEAN claimants bordering the South China Sea. In short, the decision endorsed all the Philippines’ hopes in bringing the action before the Tribunal.

While all ASEAN claimants (as well as Indonesia, which has a separate dispute with China over Jakarta’s EEZ extension from the Natuna Islands) were expected to welcome the ruling, only Manila and Hanoi displayed unalloyed satisfaction with the outcome. Fellow claimant Brunei has been silent as have nonclaimants Cambodia and Laos, although Cambodian Prime Minister Hun Sen echoed China’s insistence that the court’s decision was a “political conspiracy” and that his country would not support the decision.

None of the ASEAN-based meetings in July and August produced an unambiguous endorsement of the Tribunal’s ruling because Cambodia and Laos refused to support a statement that would go against China, their primary economic backer. Even the US urged caution, emphasizing the importance of diplomacy by ASEAN and between the claimants and China. White House spokesman Josh Earnest stressed that, “We want to protect the billions of dollars of commerce that flows through the South China Sea. We want to protect ... the shipping lanes in that region of the world. And we want to make sure that those competing claims don’t devolve into some sort of military confrontation.” Going further, one US official averred: “This is ... not some attempt to rally the region against China, which would play into a false narrative that the US is leading a coalition against China.” Insofar as ASEAN states identified a path forward, it was expressed by Malaysia one day after the Tribunal’s ruling, calling upon ASEAN to implement its earlier Declaration of Conduct of Parties in the South China Sea (DOC) “in its entirety” and for the “early conclusion of a Code of Conduct (COC) between the ASEAN states and China.” These aspirations have been expressed for many years. The most important provisions of the DOC are that all signatories agree to settle disputes peacefully and that they agree to do nothing to disturb the status quo with respect to South China Sea features. Neither of these stipulations has been followed, however, and progress toward a new formal COC is premised on the successful implementation of the DOC. Moreover, following the Tribunal decision, the COC should now address the blockading of features occupied by contesting states, the construction of artificial islands, militarization, along with managing encounters at sea. This is a very tall order, indeed, since even upholding the status quo under DOC was never achieved. The most optimistic take on the South China Sea’s future based on the Tribunal’s decision was stated by Secretary of State John Kerry during a July 27 visit to Manila when he said that “We hope to see

a process that will narrow the geographic scope of the maritime disputes, set standards for behavior in contested areas, lead to mutually acceptable solutions, perhaps even a series of confidence-building steps.”

The new Philippine administration led by President Rodrigo Duterte has suggested that the South China Sea dispute be discussed in multilateral talks, involving the claimants, the United States, Japan, and Australia. The purpose of these talks would not be to resolve sovereignty issues, but rather to devise plans for the joint development of maritime resources. (An effort was made in the early 2000s by the Philippines, Vietnam, and China to survey the seabed below the offshore waters near the Philippines, but the results were never released.)

Finally, worth mentioning is the impact of the Arbitral Tribunal’s decision on global commerce. If smaller Asian countries are more assertive regarding their South China Sea rights, for example, in expanding their fishing operations or oil and gas exploration, the potential for conflict increases. Because tens of thousands of ships traverse these waters daily, shipping and maritime insurance firms could significantly raise their rates to cover an increased risk of conflict. So far, China’s building of artificial islands has not led to an increase in those fees, but if the Tribunal’s ruling leads to more physical confrontation, that is certainly a possibility.

### **The Trans-Pacific Partnership: “much ado…”**

The economic component of the Obama administration’s rebalance is focused on the Trans-Pacific Partnership (TPP), a multi-country consortium that includes Canada, Chile, Mexico, New Zealand, Singapore, Australia, Brunei, Malaysia, Vietnam, Japan, and the United States (with Indonesia and Thailand expressing interest in future membership). The agreement eliminates trade barriers and tariffs while streamlining trade and investment rules and procedures. When Hillary Clinton, the Democratic presidential nominee, was secretary of state she termed TPP the “gold standard” of trade agreements because it covered not only trade but also investment, labor rights, and the environment. In an analysis conducted by the US International Trade Commission, the TPP is estimated to lead to an increase in US GDP by its 15<sup>th</sup> year of \$42.7 billion and the creation of 128,000 more full-time jobs. However, these numbers would barely register in an economy that already generates \$18 trillion a year.

The agreement protects the interests of the US pharmaceutical industry and the interests of developed countries’ workers vis-à-vis low cost third world labor. It particularly helps improve worker rights to organize and bargain collectively in countries such as Vietnam where no free labor organizations currently exist. In Malaysia, the government is cracking down on human trafficking because TPP membership requires Kuala Lumpur to do so. Free labor unions and collective bargaining should raise wages in developing countries.

The TPP would eliminate 18,000 tariffs that its members currently place on US products and strengthen environmental protection standards. Nevertheless, Southeast Asian countries have lengthy grace periods under TPP to meet its labor and environmental requirements. For example, the TPP provides a five-year compliance window for Vietnam to meet its labor commitments followed by an assessment period of two years. In case of a labor dispute after this period, the TPP includes a dialog mechanism prior to a TPP dispute settlement arrangement. In all, this

would provide Vietnam with about 10 years before a TPP ruling could occur. In Malaysia, the TPP plan does not hold employers fully accountable for forced labor.

Despite the Obama administration's hopes for a smooth Congressional approval for TPP authorization, the upcoming US elections have dimmed that prospect. Normally supportive of trade agreements, with Donald Trump as candidate, the Republican Party seems to have turned against the TPP as the party's current base of poor and working-class voters spurn international trade accords that particularly disadvantage unskilled labor. Democrats have traditionally been averse to trade agreements because labor unions see them as costing jobs for US working people. Although Hillary Clinton helped negotiate TPP when she was secretary of state, as the Democratic presidential nominee, she has said she now opposes it. In fact, for both parties, defeating the TPP has become a major component of their campaigns.

President Obama, however, insists that the trade agreement is not only a key component of the rebalance but also an important counter to China's efforts to dominate Asia-Pacific trade and investment activities. Already a dominant trade partner for most Asian states, the PRC is also proposing new investment opportunities through its Asia Infrastructure Investment Bank and its One Road, One Belt initiative. Obama has argued that if the US fails to enact the TPP, it would cede Asia's economic future to China; Beijing would set the rules and norms for Asian economic activity for years to come. This, in turn, would undermine the region's trust in US commitments.

### **US security presence in Southeast Asia**

There are two ways the US contributes to security in Southeast Asia: the first involves the presence of US air, naval, and land forces; the second is military assistance to allies and partners, emphasizing maritime domain awareness and defense capabilities. As early as the first Obama administration, the president announced that 60 percent of US naval assets would be deployed to the Pacific by 2020. A recent demonstration of this enhanced naval power was the unusual June deployment of two carrier battle groups for a training mission in Southeast Asia east of the Philippines. The *John C. Stennis* and *Ronald Reagan* engaged in air defense drills, sea surveillance, air combat simulations, and long-range strikes. ASEAN media reported on the carriers' maneuvers. Even normally nonaligned Malaysia, in an apparent response to China's expression of outrage at the carriers' presence, issued a June 23 statement by Kuala Lumpur's deputy defense minister who averred: "The US ships have been in the area several times. We have no problem with their presence.... It is normal for big ships to sail through these areas." The two carriers deployed 12,000 personnel, 140 aircraft, and six smaller warships. The choice of the Philippine Sea for the maneuvers keeps US forces out of range of Chinese missiles and other area denial capabilities. The *Stennis* has been operating regularly in the South China Sea. In an interview carried in the June 13 *Defense News*, a US Navy official stated that while trying not to be provocative, "we're working to get used to operating in close proximity to a close competitor navy.... The last time we did this was in the 1990s."

One of the most important US security partners in Southeast Asia has been Singapore. Changi Naval Base was constructed specifically to serve US *Nimitz*-class aircraft carriers. As President Obama said during Prime Minister Lee Hsien Loong's visit to Washington in early August: "Singapore is an anchor for the US presence in the region.... Our defense relationship remains

one of the closest in Southeast Asia, with hundreds of American ships and aircraft rotating through Singapore each year.... Singapore's interest in purchasing *F-35* aircraft [and] the possibility of Singapore troops training on Guam" are all under discussion. Singapore and Washington concluded an Enhanced Defense Cooperation Agreement in 2015 that links the two in cyber defense and counterterrorism. Elaborating on the purpose of US defense ties in the Pacific, President Obama explained that it was "not a matter of active conflict, but rather creating an architecture, a framework of rules and norms that keeps the peace and that has underwritten security for the region...." Singapore also hosts four US Navy littoral combat ships on rotation and the most modern of the navy's maritime surveillance aircraft, the *P-8A Poseidon*. The *P-8s* share surveillance information not only with Singapore's forces but also with its neighbors, thus broadening regional awareness of Southeast Asia's maritime security environment.

The US is also working with Vietnam to establish defense ties. Over the last three years, a comprehensive partnership has been established and partial arms sales were restored. In 2016, the remaining ban on US weapons has been lifted, though continuing human rights concerns mean that arms sales will be decided on a case-by-case basis linked to Hanoi's progress on human rights issues. Washington has pledged to provide Vietnam with 18 patrol boats. Hanoi has also asked Japan to provide coast guard vessels. India, too, is planning to assist Vietnam in weaponizing two frigates acquired from Russia. Delhi has additionally given Hanoi a credit line sufficient to buy 10 new patrol boats.

While lifting the US arms embargo on Vietnam is certainly welcome in Hanoi, its practical effect is limited. Cost constraints and political divisions in Hanoi will suppress the desire for US weapons. The country will likely continue to rely on traditional partners, particularly Russia. The US security goal for Vietnam is to assist in strengthening Hanoi's maritime domain awareness to better defend its own territorial waters. Hence, the offer of patrol boats and aid in the areas of maritime intelligence and surveillance was made.

### **US political and human rights concerns in Vietnam**

One major stumbling block in the path to full normalization of US-Vietnam relations is the politics of the country's communist leadership, particularly with respect to human rights. Human Rights Watch has described Vietnam as one of the world's most repressive countries. In a May visit to Hanoi, Assistant Secretary of State for Democracy, Human Rights, and Labor Tom Malinowski urged Hanoi "to release political prisoners without condition." However, Deputy Secretary of State Antony Blinken praised Hanoi for "some progress" on human rights by permitting independent trade unions for the first time – a condition for Vietnam's entrance into the TPP. Although President Obama met six Vietnamese civil society leaders in his late May visit to the country, several other activists who were scheduled to meet him were prevented from doing so. The president complained "there [are] still areas of significant concern" with respect to "free speech, freedom of assembly, [and] accountability with respect to governance." While Obama insisted that the US was not trying to impose its form of government on Vietnam, there are some values that should be seen as universal, including free speech, assembly, and a free press that have been, in fact, enshrined in Vietnam's own Constitution.

When President Obama completely lifted the arms embargo on Vietnam, he acknowledged that human rights remain “an area where we still have differences.” Obama also announced the establishment of a new Fulbright University in Vietnam (FUV) in collaboration with Arizona State University during his visit. While the emphasis at FUV will be science and technology, if US universities are the template, freedom of inquiry could become a human rights issue.

### **The Philippines: anxious ally**

Under President Aquino, Philippine-US political and military relations prospered with the implementation of the Enhanced Defense Cooperation Agreement (EDCA). However, Philippine leaders have always been concerned about whether the 1951 Mutual Defense Treaty between the two countries commits Washington to defend Philippine forces in the disputed areas of the South China Sea, particularly around Scarborough Shoal, in the same way the US has pledged to defend Japanese forces in the vicinity of the Senkaku Islands in the East China Sea. In 2015, President Aquino insisted that Washington must respond militarily if China reclaimed Scarborough Shoal and began to militarize it. Failure to do so would undermine America’s “moral ascendancy and the confidence of its allies.” In fact, the US does not have a commitment to defend the Philippine Spratly islands’ claims in the same manner as the Senkakus. The latter were included under the 1960 US-Japan Mutual Defense Treaty. Philippine acquisition of some of the Spratly islands occurred in the 1970s and, therefore, are not covered by the 1951 MDT. Rather, with respect to the South China Sea, the US position is that it “does not interfere in sovereignty issues.”

Nevertheless, at a July 27 press conference in Manila, Secretary of State Kerry referred to the Philippine-US defense treaty as a “cornerstone of security in the region for decades,” emphasizing the regional role for US deployments in the country. Going further, Kerry emphasized the importance of humanitarian assistance and disaster relief that US forces in the Philippines play in the aftermath of natural disasters. US Ambassador Philip Goldberg echoed Kerry when he stated that the US can “preposition supplies for humanitarian assistance.” Both Kerry and Goldberg also underlined the role of US forces in training their Philippine counterparts and modernizing the Philippine Armed Forces.

In May, President-elect Rodrigo Duterte displayed a more ambivalent attitude toward the US alliance. While agreeing soon after taking office that “We are allied with the West and depend on America and the rest for our defense,” he also said, “America will never die for us.” Moreover, the new chief of the armed forces, Lt. Gen. Ricardo Visaya, stated in late June that internal security will take precedence over external defense and that “the military will invest more in speed boats and helicopters.” Defense Minister Delfin Lorenzone said the defense budget should be spent on winning security at home rather than buying fighter jets to protect its waters, as the Philippines would not be going to war with any country. These statements suggest that Philippine external defense remains dependent on a robust US regional presence.

Despite these caveats, the Philippines is acquiring new *FA-50* fighter jets from South Korea and is also budgeting for two new frigates, two long-range patrol aircraft, two anti-submarine helicopters, and surveillance radar. Washington, in late July, also transferred a third retired Coast Guard cutter to the Philippine Navy. US surveillance planes – *EA-18 Growlers* – were

deployed in May and June to train Philippine Air Force pilots in sea surveillance and maritime domain awareness. Also in July, Washington transferred four patrol boats to the Philippine Maritime Police for use off Palawan province in maritime and environmental law enforcement.

Japan is also helping to arm the Philippines. The first of 10 new multi-role response vessels (MRRV) was delivered in August for search-and-rescue operations and improving fisheries protection. Earlier in March, the Philippines became the first Southeast Asian country to sign an agreement with Japan for the transfer of defense equipment and technology. Among the fruits of this agreement is a Japanese commitment to lease five surveillance planes, including a training package for Philippine pilots. The EDCA along with the transfer of US and Japanese ships and aircraft are certainly contributing to the buildup of the Philippines' ability to monitor nearby waters. However, as the Center for New American Security estimated in a May article in *Policy Forum* by Maria Ortuoste, the Philippines needs several more corvettes and frigates, four to six midget submarines, and several *F-16* fighters to be able to patrol its maritime domain. These acquisitions are beyond Manila's plans and budgets.

### **Political concerns in Thailand and Burma**

US interactions with Thailand have been strained since the 2014 military coup that led to a significant reduction in US military relations under a US law that requires the cessation of arms sales to any country that overthrows a democratically elected government. On Aug. 7, Thailand held a referendum on a new constitution written essentially by the ruling military junta. Leading up to the referendum, Thai authorities forbade political campaigns opposing the new document. In May, US Ambassador Glyn Davies expressed concern at the arrest of activists opposing the latest iteration of the constitution saying, "We remain concerned by the continual limits on human rights and fundamental freedoms in Thailand, including undue restrictions on freedom of expression and peaceful assembly, and the practice of trying civilians in military courts, courts that lack free trials." The ambassador went on to urge Thai authorities to "open discussion and public participation in shaping the country's future, including the charter draft and public referendum that will be held in August." These requests not only were ignored by the Thai government, but on May 17 Prime Minister Prayut Chan-ocha angrily responded that the US envoy's negative attitude will "backfire" and that the ambassador's remarks reflect his lack of knowledge about Thailand.

Over the last two years, Thailand has signed weapons orders with China and Russia. High-level visits have been exchanged between Bangkok and Beijing and Moscow. Nevertheless, Thailand still cohosts the annual multi-nation *Cobra Gold* military exercises with the US, although the exercises have been scaled back in the last two years and have emphasized humanitarian assistance and disaster relief more than traditional military scenarios. Thailand's military remains connected to and deeply rooted in US expertise, while arms purchases from new sources complicate the logistics budget and procedures for Thai armed forces.

On a more positive note at the end of June, the US State Department annual Trafficking in Persons Report (TIP) raised Thailand to Tier 2 from the lowest Tier 3 level to which it was assigned in 2014 following the military coup. Upgrading Thailand is expected to have a positive effect on consumers, importers, and retailers in US and European markets. Washington has



stated that the upgrade to Tier 2 is based solely on the improvement in Thailand's Trafficking profile; it is also true that the Tier 2 designation coincides with Thailand's interest in joining the TPP as soon as it is open for new members.

Burma did not fare as well as it went from Tier 2 to the worst TIP level, Tier 3. The downgrade appears to be an attempt to prod Burma's new democratically elected government to curb the use of child soldiers and forced labor. The US move is also directed at the continued persecution of the Rohingya Muslim minority. The lowest TIP designation for Burma came just weeks after the US Treasury Department lifted a broad array of sanctions against the country's banks and businesses in recognition of its democratization efforts. Washington estimates that 125,000 Rohingya are confined to camps under strict travel restrictions. Human rights advocates, while applauding the decision to downgrade Burma's TIP ranking, were concerned about Thailand's upgrade and the decision not to downgrade Malaysia after the discovery last year of more graves along the Malaysia-Thailand border believed to contain trafficking victims.

### **Indonesian President Jokowi and maritime security**

President Joko Widodo (Jokowi) sees Indonesia as a "maritime fulcrum" in Southeast Asia linking the Indian Ocean and South China Sea. Concerned about China's Coast Guard encroaching on Indonesian waters around the Natuna Islands, Jokowi increased Indonesia's defense budget by 16 percent in 2015 and another 10 percent in 2016. The Indonesian armed forces in late June announced the construction of several military bases in the Natunas, augmenting the capacity of Ranai Air Base to accommodate the country's *F-16s*. And, apparently emulating China's strategy of employing fishing fleets to assert sovereignty, in mid-July, Rizal Ramli, coordinating minister for maritime affairs, announced the government plans to move 400 wooden boats to the islands by this October.

The Natunas comprise a group of 272 islands at the northern edge of Riau Islands Province. President Jokowi's "maritime fulcrum" has three main priorities: building sea and air defenses in and around the islands, exploiting fisheries and natural gas production, and developing logistics throughout the Indonesian archipelago. Nevertheless, these plans will take time. In the meantime, Indonesia's Coast Guard and Navy must deal with the incursion of Chinese, Malaysian, and Vietnamese fishing craft into Natuna's waters. Jakarta has captured many of these boats and regularly blows them up.

### **Looking ahead**

A new US Maritime Security Initiative (MSI), announced at the July 2015 Shangri-La Dialogue, has a current budget of \$425 million to strengthen the maritime capacities of Indonesia, Malaysia, Thailand, Vietnam, and the Philippines over the span of five years. Washington hopes to collaborate on establishing a common operating picture in the South China Sea for these countries as well as boosting their interoperability. Ultimately, the MSI would augment the US "hub and spokes" structure for its Asian alliances. The hope is that greater cooperation among these countries with Washington will reduce some of the operational burden on the US. This is a tall order, especially given US defense budget constraints. It will be up to the next president to determine whether Asia retains the priority the Obama administration aspired to give it.

## **Chronology of US - Southeast Asian Relations**

### **May – August 2016**

**May 2-12, 2016:** ASEAN Defense Ministers Meeting Plus (ADMM+) naval exercise hosted by Brunei includes three Russian warships for the first time.

**May 3, 2016:** Myanmar's Foreign Ministry asks the US Embassy to stop using the term "Rohingya" in referring to the persecuted Muslim community in Burma. US Ambassador Scot Marciel says it is normal to call a people by the name they wish to be called.

**May 6-8, 2016:** Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel visits Laos for a series of meetings on the Lower Mekong Initiative, the ASEAN Regional Forum, and the East Asia Summit.

**May 9-10, 2016:** Assistant Secretary Russel visits Vietnam for discussions on maritime security and human rights progress.

**May 10, 2016:** *USS William P. Lawrence*, a guided-missile cruiser, conducts a freedom of navigation patrol near Fiery Cross Reef, an artificial island built by China in the South China Sea. The Philippines, Taiwan, and Vietnam also claim Fiery Cross Reef.

**May 11-12, 2016:** Assistant Secretary of State Russel visits Malaysia, the host for this year's ASEAN-US meetings.

**May 13, 2016:** Vietnam's Foreign Ministry issues a statement ahead of President Obama's May 22-25 visit that a US decision to lift the lethal arms embargo against Vietnam would reflect growing "trust" between the two countries.

**May 16, 2016:** Thai Prime Minister Prayut Chan-ocha excoriates US Ambassador Glyn Davies' criticism of Thailand's human rights situation, claiming the critique would "backfire."

**May 17, 2016:** Obama administration lifts a broad range of sanctions on Myanmar, particularly on state-owned banks and businesses, in recognition of the country's move toward democracy.

**May 22, 2016:** Secretary of State John Kerry meets State Counsellor Aung San Suu Kyi in Nay Pyi Taw. The joint press conference discusses the plight of the country's Rohingya Muslims and Kerry expresses appreciation for Myanmar's commitment to nuclear nonproliferation.

**May 23-25, 2016:** President Obama visits Vietnam and announces that the US arms embargo is now completely lifted.

**May 24-27, 2016:** US and Thailand conduct naval exercise *Guardian Sea* in the Andaman Sea.

**May 25, 2016:** Secretary of State Kerry delivers an address on the establishment of the Fulbright University Vietnam in Ho Chi Minh City.

**June 1-5, 2016:** US and Malaysian naval forces hold annual *Cooperation Afloat Readiness and Training (CARAT)* exercises in Sabah State and Sulu Sea waters. The maneuvers include amphibious landings and gunnery drills.

**June 3-5, 2016:** Most ASEAN defense leaders attend the annual Shangri-La Dialogue in Singapore. US Secretary of Defense Ashton Carter also attends.

**June 6-10, 2016:** US and Philippines conduct *CARAT* military exercise at various locations in and near the Philippines.

**June 6-18, 2016:** US and Cambodia conduct *Pacific Angel* military exercise. They are joined by service members from Australia, Vietnam and Thailand in working with local nongovernmental organizations to provide humanitarian assistance.

**June 14-22, 2016:** The 22<sup>nd</sup> annual US-Thai *CARAT* exercise is held with shore and sea-based events, including air defense, helicopter operations, ASW training, surface warfare maneuvering, and joint amphibious landings.

**June 15, 2016:** Four US Navy *E/A-18 Growler* aircraft and 120 personnel arrive at Clark Air Base to train Philippine pilots for sea patrol.

**June 19, 2016:** US aircraft carriers *John C. Stennis* and *Ronald Reagan* sail together in exercises in the Philippine Sea.

**June 30, 2016:** US government's annual *Trafficking in Persons* [report](#) upgrades the Philippines to the top tier of those with improved records, downgrades Myanmar to the bottom tier, and upgrades Thailand to Tier 2.

**July 6, 2016:** US Ambassador to Burma Scot Marciel visits the segregated Muslim community in Rakhine state and says he will raise their concerns with State Counsellor Aung San Suu Kyi.

**July 8, 2016:** United States turns over four patrol boats to the Maritime Group of the Philippine National Police. The boats will be based on Palawan for law enforcement patrols in what Manila calls the West Philippine Sea (South China Sea).

**July 14, 2016:** US House of Representatives Foreign Affairs Committee passes a resolution, urging Cambodia to improve democracy, rule of law, and human rights before the 2018 general election and end the persecution of opposition lawmakers.

**July 17-19, 2016:** US Assistant Secretary of State Tom Malinowski visits Cambodia and warns that Washington could end bilateral military ties if the Cambodian forces commit human rights violations. He also demands that Phnom Penh drop all charges against the opposition party and permit an independent investigation of the murder of government critic, Kem Lay.

**July 20, 2016:** US Justice Department charges relatives and close associates of Malaysian Prime Minister Najib Razak with embezzling more than \$3 billion from the country's sovereign wealth fund. The US is seeking to seize \$1 billion in US-based assets.

**July 21, 2016:** US Navy and Marines begin 22<sup>nd</sup> annual *CARAT* exercise with Singapore Navy.

**July 25-27, 2016:** Secretary of State Kerry at the ASEAN Foreign Ministers meeting praises ASEAN for speaking up for "a rules-based international order." He also attends the ASEAN Regional Forum and East Asia Summit.

**July 27, 2016:** Secretary of State Kerry visits the Philippines and meets Foreign Secretary Perfecto Yasay as well as President Rodrigo Duterte. Kerry announces a grant of \$32 million for law enforcement training, while also emphasizing the importance of human rights and rule of law in democratic countries.

**July 31-Aug. 5, 2016:** Singapore Prime Minister Lee Hsien Loong visits Washington to meet President Obama and members of Congress, stressing trade and security. The visit also celebrates the 50th anniversary of diplomatic relations.

**Aug. 5, 2016:** Philippine President Duterte accuses US Ambassador Philip Goldberg of interfering in Philippines elections earlier this year, using a slur in referring to the ambassador.

**Aug. 7, 2016:** Thai voters approve a draft constitution put forth by the military government in a referendum, with 61 percent of votes in favor. Critics warn that the constitution would grant inordinate power to the military.

**Aug. 8, 2016:** US State Department says it summoned Philippine Chargé D'affaires Patrick Chuasoto, to discuss President Duterte's "inappropriate" remarks about Ambassador Goldberg.

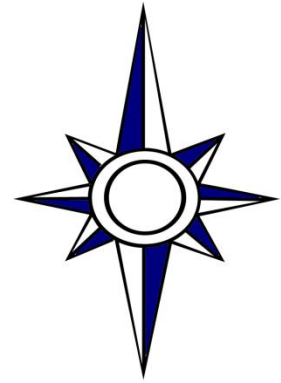
**Aug. 9, 2016:** Thai Prime Minister Prayuth Chan-o-cha confirms that a general election will take place around November 2017.

**Aug. 10, 2016:** US State Department of State releases its annual *Report on International Religious Freedom*. The report includes specific criticisms of Brunei's implementation of its Sharia Penal Code Myanmar's new laws related to the "protection of race and religion," and Vietnam's recently released draft law on religion and belief.

**Aug. 22-26, 2016:** Fifteenth annual *Southeast Asia Cooperation and Training (SEACAT)* military exercise to collaborate and execute responses maritime security challenges such as smuggling and piracy among naval forces from Singapore, Brunei, Indonesia, Malaysia, the Philippines, Thailand, Bangladesh, Cambodia, and the United States is held with the Singapore Navy's Multinational Operations and Exercises Center (MOEC) as the main coordinating center.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## China-Southeast Asia Relations: Countering Adverse Tribunal Ruling

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Steadily growing tensions over South China Sea territorial disputes saw Chinese-Southeast Asian relations dominated by these issues throughout the summer months of 2016. Complaints, maneuvers, and challenges by regional governments and concerned powers, especially the United States and Japan, targeted China's island building and other coercive expansionism associated with Beijing's wide-ranging territorial claims. They continued in the weeks up to the July 12 decision of the arbitral tribunal constituted under the UN Convention on the Law of the Sea (UNCLOS).

The Chinese government rightly feared that the case would go against China. Beijing took remedial steps in the lead-up to the decision that were designed to show resolve to domestic Chinese constituencies and to counter international pressures and possible isolation as China continued advancing its territorial ambitions. A large-scale propaganda campaign along with active diplomacy backed by threats and enticements were directed at discrediting the tribunal and the Philippines case, undermining ASEAN efforts to take a stand on the South China at odds with China's positions, and unmasking alleged sinister motives of outside powers, particularly the United States and Japan. With the tribunal's decision, even more negative for China than most anticipated, Beijing's attacks on the arbitral panel and warnings to neighbors and the US intensified. They were accompanied by shows of force in the South China Sea. Also, a surge in the use of militia fishing boats and coast guard forces to challenge Japanese control of the disputed Senkaku/Diaoyu Islands in the East China Sea was seen as related to China's reaction to the South China Sea ruling (See the Japan-China section of this issue of *Comparative Connections*).

The Chinese onslaught was met with restraint and moderation in the region and on the part of other concerned powers. In contrast to the high tempo of large-scale US and US led-naval exercises and other military maneuvers in the South China Sea prior to the decision, there were no military actions signaling pressure on China in the weeks following the decision. Japan and Australia joined the US in restricting reactions mainly to official statements approving of the tribunal's decision. The Philippines, the initiator of the case, inaugurated a new government on June 30 that was much more interested in seeking common ground with China.

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Given the restraint of others, after a few weeks registering intense indignation, Chinese officials and commentary also moderated their rhetoric. Whether the Chinese shift to moderation was tactical or strategic remains to be seen. Construction of hangers that could be used by military as well as civilian aircraft continued on the newly created land features now hosting modern aircraft landing strips on Chinese-controlled rocks and reefs in the Spratly Islands. Other infrastructure for Chinese occupation continued to be built. Chinese leaders from President Xi Jinping on down strongly reaffirmed China's determination to defend its territorial claims, with China's most senior foreign policy spokesperson, State Councilor Yang Jiechi telling Chinese media on July 14 that China "cannot lose one centimeter of inheritance left by ancestors."

### **The Shangri-La Forum and lead-up to July 12**

As reviewed in the China-US relations chapter of this issue of *Comparative Connections*, China's calculations toward relations with Southeast Asia and the South China Sea disputes were heavily influenced by US behavior. US armed fighter jet patrols over Chinese occupied Scarborough Shoal in April showed strong resolve to check Chinese expansion of control at the expense of the Philippines. There followed in June a firm presentation against Chinese policies and practices by Secretary of Defense Ashton Carter at the annual Shangri-La Forum in Singapore; Carter led a large delegation of US executive branch and senior congressional officials, some of whom also spoke out strongly against Chinese behavior in the South China Sea. Carter's concern with the South China Sea was supported by defense leaders from, among others, Japan, India, Malaysia, New Zealand and Vietnam. Remarkably, the French defense minister announced at the Shangri-La Forum that France would coordinate European Union freedom of navigation operations in the South China Sea.

The rhetoric at Shangri-La put Chinese delegates on the defensive, with some reports suggesting Chinese expansion in the disputed territories faced widespread international opposition; Carter warned that Beijing risked isolation if it continued recent practice. That China faced a serious challenge from US-led efforts was underlined with impressive shows of force including two US aircraft carrier battle groups exercising with Japanese and Indian forces in the annual *Malabar* exercises held in June in the northern part of the Philippine Sea and the same two US carrier battle groups exercising again later in June in the southern part of the Philippine Sea.

Anticipating more international pressure in case the arbitral tribunal decided against China, China's response had three main tracks.

1. Discredit the tribunal and the Philippines' case. China's strong opposition to the Philippine case and the tribunal was summarized as the "four nons": non-acceptance, non-participation, non-recognition, and non-implementation. China insisted that its position complied with international law and indeed was designed to defend the proper conduct of international law. China's argument had several charges, notably:

- The case involves territorial disputes that are beyond the scope of UNCLOS. China argued that the Philippines was using the case to, among other things, justify its "illegal" occupation of Chinese territory in the South China Sea.

- China's long history of "exercising jurisdiction" over the South China provides a solid foundation for its claims, whereas Philippines claims are undercut by historic treaties defining the country's territory in ways that do not support its current South China Sea claims; the Philippines advancing its control into the South China Seas since the 1970s violated UNCLOS and international law.
- When China signed UNCLOS in 2006 it declared that it would not accept compulsory arbitration and it repeated that declaration when the Philippines introduced the case in 2013, but the Philippines unfairly went ahead with its case requiring compulsory arbitration anyway.
- China and the Philippines in the recent past committed to resolving their disputes through bilateral talks and the 2002 Declaration of the Conduct (DOC) of the Parties in the South China, which included China and the Philippines, pledged that such issues are to be discussed by the parties directly concerned. China argued that Manila's resort to third party arbitration was a violation of these pacts.

As the polemics against the tribunal and the Philippines escalated in the weeks ahead of the July 12 ruling, Chinese officials and official media raised a variety of other charges against the tribunal and the Philippines. For example, of the five judges selected for the tribunal, four were from Europe and one from Africa; some Chinese commentary saw them as biased against China because of their national backgrounds. Moreover, a Japanese national was the head of the International Tribunal of the Law of the Sea (ITLOS) who appointed one judge to the arbitral panel and then, because of China's non-participation, appointed two other judges that China should have selected in order to fill the five-member arbitral tribunal, adding to the two judges chosen by the Philippines. Chinese commentary saw these circumstances as creating another bias against China. Meanwhile, with the costs for the work of the arbitral tribunal reportedly well over \$30 million, the Chinese media argued on the one hand that the tribunal was responsive to its benefactor, the Philippines, and on the other hand argued that the Philippines probably got covert economic support from the US and Japan.

The main Chinese diplomatic effort against the Philippines and the tribunal represented what in basketball is called a full court press. Chinese officials throughout the world were mustered into service to support China's position. Since only the government in Taipei is known to come close to supporting the broad scope of Chinese territorial claims in the South China Sea, the Chinese government defined support for its position in a vague way that could elicit wider international support. At bottom, it appeared that if a government or organization stated that it preferred that territorial disputes in the South China Sea should be settled through talks with the parties concerned, that was construed by Beijing as support for its position. In any event, the Chinese government began keeping score of a growing number of governments supporting its position said to be at odds with the arbitral tribunal and the Philippines. In late June, the number was said to be over 60. Western specialists keeping track of such support saw no basis for many of the Chinese claimed supporters. Meanwhile, Chinese ambassadors throughout the world were tasked with giving speeches and writing editorials in support of China's position.

2. Prevent unwanted ASEAN involvement in South China issues. Chinese officials, with Foreign Minister Wang Yi most recently in the lead, have been working for many years to shape ASEAN opinion to deal with South China Sea disputes in ways compatible with China's interest that ASEAN not play a direct role in the disputes. Since 2014, Wang has emphasized getting ASEAN members to agree to what he calls China's "dual track approach," which endorses the handling of disputes by the directly affected countries, with ASEAN and China being responsible for maintaining regional peace and stability. As Beijing prepared for the July 12 arbitral tribunal ruling, Wang strengthened Chinese efforts to keep ASEAN from involvement in the disputes by reaching an agreement with Brunei, a South China Sea claimant, and China-leaning governments in Cambodia and Laos that became known as the four point consensus.

- Disputes over the Spratly Islands are not an ASEAN-China issue and should not have any implications for China-ASEAN relations;
- Every sovereign state is free to choose their own way to resolve differences and no unilateral decision should be imposed on them.
- Dialogues and consultations under Article 4 of the 2002 Declaration of Conduct (DOC) of the Parties in the South China Sea are the best way to solve South China Sea disputes.
- China and ASEAN together can effectively maintain peace and security in the region.

Against that background, China exploited differences within ASEAN to prevent the issuance of a proposed ASEAN statement (not, as usual, a joint statement with China) following a special ASEAN-China Foreign Ministers meeting in June that said the South China Sea disputes were negatively impacting ASEAN-China relations. The absence of the joint statement with China reflected resistance by some in ASEAN regarding China's reported "heavy-handed pressure," with Foreign Minister Wang warning ASEAN not to issue a statement following the arbitral tribunal ruling and calling into question ASEAN's role in such regional affairs. Wang belatedly proposed instead a 10-point consensus statement that merely restated general principles without addressing concerns with China's behavior. This 11<sup>th</sup> hour initiative was not acceptable to ASEAN members concerned with China's South China Sea behavior, but opposition from Beijing and from Cambodia and Laos precluded release of a consensus ASEAN statement mentioning China and the South China Sea disputes.

In fact, there was an agreed ASEAN statement. Malaysia decided to release it, but the statement was subsequently retracted for "urgent amendments" when Cambodia and Laos overturned their earlier decision. Frustrated with the diplomatic fiasco, Singapore Foreign Minister Vivian Balakrishnan, whose country holds the coordinating role for ASEAN-China relations, decided not to show up for a scheduled joint press conference with Wang after the meeting. South China Sea and Vietnam expert Bill Hayton pointed out that, "What's remarkable is not so much that China wanted to suppress a strong statement on the South China Sea but that ASEAN was prepared to disrupt a major event, the 25<sup>th</sup> anniversary of China-ASEAN relations, in order to send a message to the Chinese government."



3. Expose the “hidden hand” of the United States and Japan. A major theme in the Chinese complaints about the arbitral tribunal and South China Sea disputes was that China was the “victim” of other powers’ machinations. While the Philippines was sometimes accused of “bullying” China, the optics of such a charge were not persuasive. The propaganda campaign found better targets for such charges in the US and its ally Japan as culprits responsible for the rise in tensions in the South China Sea. In May, a long explanation of China’s view on South China Sea issues by its most prominent South China Sea specialist, Wu Shicun, and National People’s Congress spokesperson Fu Ying highlighted the widespread judgment in China that the reason there are troubles today is because “the US is the invisible hand behind the rising tensions in the South China Sea.” Fu repeated the charge in a presentation to Royal Institute of International Affairs in early July.

Meanwhile, Dai Bingguo, now retired state councilor and the senior Chinese official with the most experience in dealing with leading US officials earlier in the Obama administration, traveled to Washington in early July to deliver a speech at the Carnegie Endowment. It was anticipated that Dai, with his reputation from years of pragmatic cooperation with the US, would offer a moderate approach. While there were some moderate elements in his speech, Chinese media rightfully labeled the address a “sledgehammer speech.” Dai warned that the heavy-handed US intervention in the South China Seas issues is viewed as trying to intimidate China. He advised that “China would not be intimidated by U.S. actions, not even if the U.S. sent all 10 aircraft carriers to the South China Sea.”

Japan for its part continued to be treated harshly by Chinese officials and media for its involvement with South China Sea issues. Routine Chinese commentary warning against Japanese stirring up trouble in the South China Sea included a critique in early July that marked Japan’s start on July 1 as the one-month head of the UN Security Council. It sharply attacked an alleged Japanese effort to raise the South China Sea issues before the council. Unlike the moderate Chinese treatment of top-level China-US meetings, Prime Minister Li Keqiang sharply rebuked Japanese Prime Minister Abe Shinzo in a meeting on the sidelines of the Asian-European (ASEM) Summit on July 15. Li told Abe that “Japan is not a state directly involved in the South China Sea issue, and thus should exercise caution in its own words and deeds, and stop hyping up and interfering.”

### **Arbitral Tribunal award – China loses to the Philippines**

The unanimous ruling of the five-judge tribunal supported nearly all of the 15 claims made by the Philippines. According to UNCLOS Annex VII (article 11) the award “shall be final and without appeal.” However, the award has no enforcement mechanism, and China has the power and determination to ignore it. Nonetheless, it represents the most serious international legal rebuke of the Chinese government since the Cold War. Systematically dismantling and undermining China’s claims in the South China Sea, the tribunal ruled that:

- China’s claims to historic rights, other sovereign rights, and jurisdiction in the South China Sea enclosed by its nine-dash line are contrary to UNCLOS and “without lawful effect.”

- None of the China claimed land features in the Spratly Islands, including the Taiwan government outpost on the largest natural land feature in the Spratly Islands, Itu Aba (Taiping Island), are islands as defined by UNCLOS capable of generating a 200nm Exclusive Economic Zone (EEZ).
- China violated the Philippines' sovereign rights in its EEZ by interfering with Philippine oil exploration activities, notably in Reed Bank, a submerged reef formation that falls within the Philippine EEZ, by prohibiting Philippine fishing vessels from operating and failing to prevent Chinese fishing vessels from operating in the Philippine EEZ; and by conducting land reclamation in the Philippine EEZ.
- China violated its maritime environmental protection obligations under UNCLOS by causing "severe harm to coral reef environment" with its land reclamation activities and harvesting of endangered species.

Among notable implications, the award undercut the international legal foundation of recent Chinese efforts to depict the Spratly Islands – in the words of the Chinese Foreign Ministry "as a whole" – using a claim to the islands as a unit to determine what China sees as very wide ranging Chinese territorial and maritime rights in the South China Sea.

### **China reacts**

Chinese leaders including President Xi Jinping and Prime Minister Le Keqiang said little about the arbitral tribunal decision other than to reaffirm China's commitment to ignore the decision and to defend its territorial rights. China's official reaction to the ruling was led by a rare government statement – only a few such authoritative statements have been issued since the end of the Cold War – reaffirming in measured terms China's territorial rights and maritime rights in the South China Sea and expressing China's desire to resolve disputes peacefully without making explicit reference to either the Philippines or the arbitration proceedings.

More indignation and vitriol showed in a formal statement by the Chinese Foreign Ministry; a lengthy State Council Information Office White Paper giving China's side of the story regarding the long history of Sino-Philippines disputes over the South China Sea; lengthy remarks by the two most senior government officials responsible for foreign affairs, State Councilor Yang Jiechi and Foreign Minister Wang Yi; a statement by the National People's Congress Foreign Affairs Committee; and extensive commentary by various lesser ranking foreign policy officials and authoritative media. Overall, China doubled down on efforts prior to the tribunal's decision to emphasize the righteousness of China's "four nons" policy, to discredit the tribunal and the Philippines case, to forestall involvement of ASEAN and related multilateral bodies in the South China Sea dispute, and to rebuke the United States, Japan and other powers taking positions on and seen involved in South China Sea disputes in ways contrary to Chinese interests.

China reinforced its propaganda onslaught with military exercises in the South China Sea off the southeast coast of Hainan Island in July and announced planned military exercises with Russia in the South China Sea in September. In July, Beijing conducted combat air patrols over the South China Sea including sorties of bombers over disputed Scarborough Shoal, and conducted civilian

aircraft landings on the new Chinese airfields in the South China Seas. A vice foreign minister warned on July 13 that China if threatened had the right to create an air defense identification zone in the South China Sea, a move strongly opposed by Secretary of State John Kerry and other senior US officials.

The Chinese foreign minister and his lieutenants along with official Chinese commentary took aim at the United States, Japan and Australia for statements supporting the tribunal decision deemed offensive to China. The Chinese diplomats were successful in applying pressure on ASEAN to prevent the ASEAN Foreign Ministers Meeting in Laos prior to the ASEAN Regional Forum in late July from including explicit mention of China's role in the South China Sea disputes or the arbitral tribunal ruling in the ASEAN statement discussing the meeting's results. Meanwhile, working behind the scenes, Prime Minister Li Keqiang, Foreign Minister Wang Yi, and other Chinese officials were successful in keeping mention of the arbitral tribunal decision out of the July 16 final statement marking the end of the ASEM Summit in Mongolia. China continued to keep count of countries that allegedly endorsed China's position on the South China Sea, with the number 71 reported by *China Daily* in late July to a chorus of critiques from foreign specialists citing poor research and dubious evidence.

One change in China's approach saw Beijing pull its punches in attacking the Philippines government and its newly installed President Rodrigo Duterte. The president and his foreign minister were seen in official Chinese media as vacillating on how to handle the arbitration ruling in hopes for negotiations with China to improve relations. Beijing was encouraging about improved relations but made clear that negotiations to do so could not go forward unless Manila dropped any reference to the arbitration decision. In August, former President Fidel Ramos was selected as a special envoy for the new government and he traveled to Hong Kong for talks with Chinese representatives that reportedly would avoid mention of the tribunal ruling and serve as "an icebreaker" to improve relations between the two countries. A signed communiqué reported in Philippine media on Aug. 11 showed that Ramos met in Hong Kong with National People's Congress spokesperson and former Ambassador to the Philippines Fu Ying and South China Sea expert Wu Shicun "in their personal capacities," with both sides looking forward to beginning formal talks to improve Sino-Philippines relations. There was no mention of the arbitral tribunal ruling or South China Sea disputes.

### **Foreign reactions**

The US and its allies Japan, Australia, and the Philippines issued low-keyed statements that welcomed the arbitral tribunal ruling. The US, Japanese, and Australian foreign ministers met on the sidelines of the ASEAN Regional Forum and related meetings in Laos in late July and issued a trilateral statement that called on China to abide by the tribunal's ruling. Several US allies and partners like South Korea and Singapore only went so far as to take note of the July 12 decision. More widespread in the region were calls to exercise restraint and for peaceful resolution of disputes. Though US and allied forces were present in the South China Sea and nearby territory, they avoided actions that could be seen as pressuring China after the ruling or responding to China's military power demonstrations after the ruling.

Convergence in Chinese and US positions showed in official Chinese media. Reporting on the meeting between Secretary Kerry and Foreign Minister Wang on the sidelines of the ASEAN-led sessions in Laos on July 25, Kerry, according to *Xinhua*, was depicted as in favor of Chinese efforts to “turn the page” over the controversy surrounding the tribunal decision and seek to “cool down” the South China Sea situation. The report said he was urged by Wang to support the resumption of China-Philippines talks and support efforts by China and ASEAN in maintaining regional peace, and it said that Kerry endorsed Chinese-ASEAN resolve for peace and supported resumption of China-Philippines bilateral talks.

### **Taiwan’s strong reaction**

The Republic of China government in Taipei, now under the leadership of President and Democratic Progressive Party Chair Tsai Ing-wen, was more in line with Beijing’s critical reaction and at odds with others’ moderation as it responded harshly to key aspects of the arbitral tribunal decisions. As seen in the China-Taiwan section of this issue of *Comparative Connections*, the government issued strongly worded criticism of the ruling and dispatched a warship to Taiwan-held Taiping Island in the Spratly Islands.

Media reports and private consultations in Taiwan in July showed that Taiwan officials had been working closely with US counterparts in preparing their reaction to the July 12 decision. On the one hand, Taiwan sought to stay on good terms with Washington, which sought to calm tensions once the decision was announced. On the other hand, Taiwan sought to avoid major retreat from its traditional expansive claims to the South China Sea which mirror Beijing’s. To do the latter was seen likely to cause problems by signaling that Taiwan was moving away from its support of territorial claims associated with one China. Unfortunately, key aspects of the ruling involving the name used to refer to the Taiwan government and the unexpected ruling that Taiping Island did not qualify as an island under UNCLOS came as negative surprises, prompting the harsh and assertive Taiwan government responses.

### **Indonesia-China frictions**

In the wake of repeated challenges by Chinese fishermen and Coast Guard ships to Indonesian control of resources in its EEZ along the northern border of the country and the South China Sea, Indonesian President Joko Widodo adopted the strongest public posture any Indonesia president has taken against China in over a decade. Intrusions into the Indonesian EEZ by Chinese have met with firm responses by the Indonesian Navy, now being given more responsibility for the protection of the country’s maritime resources. The latest episode came on June 17 when Indonesian Navy ships fired warning shots at Chinese fishing boats said to be in Indonesia’s waters. One boat was damaged and one person on board was injured and another fishing boat with seven crewmen was detained. The Chinese sent Coast Guard ships to help the injured and protect Chinese fishermen. The Chinese Foreign Ministry spokesperson said as he has in the recent past that Chinese fishermen are rightfully fishing in their “traditional fishing grounds” and that China and Indonesia have overlapping claims for maritime rights and interests. That President Widodo wanted to show his firmness against such Chinese intrusion showed when he traveled to the area and held a Cabinet meeting on border security on the Indonesian Navy ship

involved in the episode. His lieutenants told the media the president wanted to send a clear message of his government's serious intent to protect its sovereignty.

### **China-Myanmar relations**

In August 2016, Myanmar leader Aung San Suu Kyi visited Beijing, her first overseas diplomatic trip apart from ASEAN since the National League for Democracy was elected into government earlier this year in March. She met senior Chinese officials, including President Xi Jinping and Premier Li Keqiang. At the top of her agenda was to secure China's cooperation and assistance in ending more than seven decades of civil war in Myanmar. A joint statement was issued with China pledging to play a constructive role and promised a seat at the political dialogue as a mediator. It did persuade three ethnic rebel groups with close ties to Beijing – the Kokang, Arakan Army, and the Ta'ang National Liberation Army – to take part in the Panglong Conference that Aung San Suu Kyi convened at the end of August. The United Wa State Army, Myanmar's largest ethnic army, has also indicated that it will attend the peace talks.

Aung San Suu Kyi also met with Jin Lique, president of the Asian Infrastructure Investment Bank, and is seeking to attract more infrastructure investment and development in Myanmar. At the same time, her government was noncommittal about such controversial projects as the Chinese-backed Myitsone dam, indicating that it would be reviewed by a committee for an "appropriate resolution" in November.

### **Uncertain outlook**

A review of past practice of the government of Xi Jinping suggests that it may ease its expansive activities in neighboring waters in coming months to calm tensions prior to important international meetings where China plays a leading role. The Xi government has done so in efforts to create good atmosphere during annual fall East Asian leadership and APEC meetings during the Xi presidency. This year, Xi also is hosting the G20 Summit in September, an event said by Chinese foreign policy officials to be Beijing's most important conclave in 2016. However, none of the respites from South China Sea expansionism have lasted long. Though some authoritative specialists in China privately tell US counterparts that the current thaw is different and China has truly "turned a page" away from expansionism, grave doubts persist in the United States and among many of China's neighbors.

## **Chronology of China-Southeast Asia Relations May – August 2016**

**May 3, 2016:** Chinese President Xi Jinping meets Lao President Bounnhang Vorachit in Beijing. They discuss improving bilateral comprehensive strategic cooperation, including expanding people-to-people exchanges and enhancing collaboration on security affairs.

**May 9-10, 2016:** Chinese State Councilor Yang Jiechi visits Indonesia and Malaysia. In Indonesia, he attends the second meeting of China-Indonesia High-level Economic Dialogue. In Malaysia Yang meets Foreign Minister Anifah Aman.

**May 19-June 10, 2016:** Thailand and China conduct joint military exercises including *Blue Strike 2016* involving land and sea operations. Other exercises include training in humanitarian relief and maritime transport.

**May 25, 2016:** China's Defense Minister Chang Wanquan and Myanmar's Defense Minister Sein Win meet in Vientiane and agree to enhance military relations and cooperation in areas such as training and the defense industry.

**May 30, 2016:** Senior Chinese officials visit Cambodia and meet with Cambodian Prime Minister Hun Sen to discuss expanding business, trade, and investment ties, as well as tourism and agricultural exchanges.

**June 9, 2016:** ASEAN-China Joint Working Group on the Implementation of the Declaration on the Conduct of Parties in the South China Sea convenes in Vietnam. Co-chaired by China and Singapore, the meeting focuses on drafting guidelines for a regional hotline on urgent contingency events at sea, as well as a joint statement on the implementation of the Code for Unplanned Encounters at Sea.

**June 13-14, 2016:** Special ASEAN-China Foreign Ministers Meeting is held in Kunming, China. Following the meeting, the ASEAN [ministers issue a communiqué](#) expressing serious concerns over recent and ongoing developments that “have the potential to undermine peace, security and stability in the South China Sea.” Shortly after, the communiqué is retracted.

**June 17, 2016:** Indonesian Navy arrests and detains a Chinese fishing boat and seven crew members over illegal fishing near the Natuna Islands. Indonesia currently has about 800 military personnel in the Natuna region; the number will rise to 2,000 this year in an effort to stem illegal fishing in its territorial waters.

**June 23, 2016:** Indonesian President Joko Widodo holds a Cabinet meeting aboard a warship off the Natuna Islands asserting sovereignty over waters in the southern portion of the South China Sea after Beijing stated its “over-lapping claim” on nearby waters.

**June 27, 2016:** Chinese State Councilor Yang Jiechi visits Vietnam and meets General Secretary of the Communist Party of Vietnam Nguyen Phu Trong and President Tran Dai Quang to discuss development of bilateral ties.

**July 5-11, 2016:** China conducts military exercises near the Paracel Islands (China: Xisha) and announces that civilian vessels would be prohibited from entering the area for the duration.

**July 12, 2016:** Permanent Court of Arbitration issues the decision of the arbitral tribunal constituted under the UN Convention on the Law of the Sea (UNCLOS) that rules in favor of the Philippines' case against China's expansive territorial claims in the South China Sea. Beijing responds that the arbitration ruling is null and void and lacks international legitimacy.

**July 12, 2016:** Chinese commercial jets land for the first time on newly built runways at Subi Reef (China: Zhubi, Philippines: Zamora; Vietnam: Da Xu Bi) and Mischief Reef (China: Meiji, Philippines: Panganiban, Vietnam: Da Vanh Khan).

**July 13, 2016:** Chinese Vice Foreign Minister Liu Zhenmin announces the issuance of a white paper on the South China Sea and says the decision to establish an Air Defense Identification Zone (ADIZ) in the disputed waters will depend on its threat perception in the region.

**July 18, 2016:** Foreign Secretary Perfecto Yasay states that the Philippines rejected a Chinese offer to hold talks “outside of and in disregard” of an international tribunal’s ruling that rejects Beijing’s claim to ownership of virtually the entire South China Sea.

**July 25, 2016:** The 49<sup>th</sup> ASEAN Foreign Ministers Meeting convenes in Vientiane. The ministers issue a joint communiqué that expresses “serious concern about recent and ongoing developments” in the disputed waters, identifying the land reclamations and escalation of activities as developments that “have eroded trust and confidence, increased tensions and may undermine peace, security, and stability in the region.”

**July 30, 2016:** Officials from China and Laos agree that a high-speed rail project linking Kunming to Vientiane will proceed as planned despite delays. The project is part of China’s “One Belt, One Road” project that would develop regional infrastructure links across Asia.

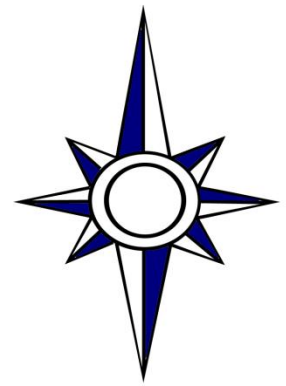
**Aug. 10, 2016:** Senior Chinese authorities meet Philippine Special Envoy and former President Fidel Ramos in Hong Kong to seek the resumption of official dialogue between Beijing and Manila following the South China Sea arbitration ruling in July.

**Aug. 16, 2016:** The 13<sup>th</sup> Senior Officials Meeting on the Implementation of the Declaration on the Conduct of Parties in the South China Sea takes place in Manzhouli, Inner Mongolia. The two sides reach an agreement to launch an emergency hotline and to adopt a set of guidelines on the Code for Unplanned Encounters at Sea (CUES). The two documents will be submitted to leaders at the ASEAN-China Summit in September for final endorsement.

**Aug. 17-21, 2016:** Myanmar State Counsellor and Foreign Minister Aung San Suu Kyi visits China. In a joint statement, the two countries agree to forge closer ties, strengthen bilateral trade, and cooperate on border issues.







**China-Taiwan Relations:  
Relations Better than Expected**

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

Democratic Progressive Party (DPP) Chairperson Tsai Ing-wen was inaugurated as president on May 20. In her inaugural address, she did not accept “one China” but did reach out further toward Beijing. Beijing gave her address an “incomplete” grade and has continued to press her to accept the 1992 Consensus. Despite this fundamental divide and deep mutual mistrust, the two sides have been able to handle some issues in a pragmatic manner. Although the formal communications channels have been suspended by Beijing, contacts at other levels continue under the network of cross-strait agreements. Many issues will continue to complicate the management of relations. However, Tsai remains committed to maintaining stable relations and Xi Jinping, preoccupied with other challenges, prefers to avoid a confrontation with Taiwan.

**President Tsai inaugural address and Beijing’s assessment**

As the inauguration approached, various actors sought to influence how Tsai Ing-wen would discuss cross-strait relations in her address. On April 29, outgoing President Ma Ying-jeou stated that the cross-strait status quo, which Tsai had repeatedly vowed to uphold, is not “empty talk” and that only the 1992 Consensus is the proper political foundation for peace and stability; similarly, a May 4 editorial in China’s *People’s Daily* said that Tsai’s pledges on the status quo were “empty talk” without the 1992 Consensus. On May 11, a Taiwan Affairs Office (TAO) spokesman said “if there is a crisis, the responsibility will be on the heads of those who change the status quo.” Daniel Kritenbrink, senior director for Asian affairs on the US National Security Council staff, told reporters on May 18 that the United States had emphasized to both sides of the Taiwan Strait that both sides should show flexibility in the name of peace and stability. In the week leading up to the inauguration, People’s Liberation Army units in Fujian province staged military exercises featuring amphibious assaults, helicopter attacks, and other tactics.

Finally, May 20 arrived. At 9:00 am President Tsai and Vice President Chen Chien-jen were sworn in, and later that morning Tsai delivered her [inaugural address](#). The focus of the speech, as throughout the campaign, was the economic and social challenges facing Taiwan. Toward the end of the speech she turned to regional stability and cross-strait relations, vowing to maintain peace and stability. She set the modest goal of “maintain[ing] the existing mechanisms for dialogue and communication across the Taiwan Strait,” and said the “governing parties” on each side of the Strait must engage in positive dialogue for the benefit of the people on both sides.

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President Tsai said that her government would conduct cross-strait relations “in accordance with the Republic of China Constitution, the Act Governing Relations Between the People of Taiwan Area and the Mainland Area, and other relevant legislation.” This was the first time, in the context of cross-strait relations that she had referred to the ROC [Constitution](#) itself, rather than the “constitutional order,” and the [Act Governing Relations](#); these two documents are seen as important sinews connecting Taiwan to “one China.”

Tsai repeated comments she made in January 2016 recognizing the historical fact that in 1992 representatives of the two sides “arrived at various joint acknowledgements and understandings,” but she did not use the term 1992 Consensus to describe this fact. Rather, as she has in the past, she defined the political foundation for cross-strait relations as consisting of four key elements: 1) the 1992 talks and “joint acknowledgement of setting aside differences to seek common ground,” 2) the existing ROC constitutional order, 3) the outcomes of over 20 years of negotiations and interactions across the Strait, and 4) the democratic principle and “prevalent will of the people of Taiwan.” Tsai’s spokesman said later in the day that the speech represented maximum flexibility and goodwill (Tsai herself has since repeated this), but that observers should not interpret her remarks as acceptance of the 1992 Consensus.

Beijing’s response was restrained. It did not indicate any flexibility, but also was not entirely negative. Several hours after Tsai’s address, a [statement](#) was issued in the name of the head of the Taiwan Work Office of the Central Committee of the Communist Party of China and head of the TAO. The statement noted Tsai’s comments on the 1992 talks but said “she was ambiguous about the fundamental issue,” that she “did not clearly acknowledge the 1992 consensus or its core connotation [“one-China”], and didn’t present a concrete means for peace and stability in cross-strait relations. This is an incomplete test.” The statement said that the communication mechanisms of the TAO and Association for Relations Across the Taiwan Straits (ARATS) with their respective with Taiwan counterparts could not operate without acceptance of the 1992 Consensus. A *People’s Daily* commentary on May 21 said that China “will not only listen to what Tsai says, but also see what she will do.” On May 23, ARATS Vice Chairman Zheng Lizhong went so far as to say that Tsai’s inaugural address was “pretty close” to what Beijing wanted to hear, and noted that her reference to the Constitution and Act Governing Relations marked a departure from previous DPP rhetoric. Still, Zheng said that without acceptance of the 1992 Consensus, cross-strait relations cannot be maintained. He repeated Xi Jinping’s March 2015 warning that “the earth will move and mountains will shake.” All mainland statements reiterated strong opposition to Taiwan independence, as always.

### **Continued Beijing pressure re “one China”**

Since the inauguration, Beijing has continued to focus on the importance of Tsai accepting “one China.” As noted, on May 20, the TAO said that the institutionalized communications could not function without accepting the 1992 Consensus. A few days later Vice Commerce Minister Wang Shouwen said that negotiations on the Merchandise Trade Agreement (MTA) could only proceed under the 1992 Consensus. In late June, the TAO spokesman announced that the institutionalized communications had been suspended after May 20 because the Taiwan side had not confirmed the 1992 Consensus and the “one-China” principle. On July 1, General Secretary

Xi Jinping stated that the maintenance of the 1992 Consensus and opposition to Taiwan independence were the foundations for the peaceful development of relations. A few days later Politburo Standing Committee member Yu Zhengsheng added his voice. In August, the TAO stated that without acceptance of the 1992 Consensus no consultations could be held on Taipei's desire for international space. In late August, Beijing took steps to exclude Taiwan officials from certain cross-strait exchanges to underline that official contacts are not possible with the Tsai administration.

As there are no coming events requiring President Tsai to make some further statement on cross-strait relations, Beijing has been searching for other pressure points. Tsai has been focused on domestic economic and reform priorities and has generally avoided further comments on these core issues of principle. However, in an interview with the *Washington Post* in July, she was asked whether Beijing had a deadline for her acceptance of the 1992 Consensus and replied that, "it is unlikely the government will accept a deadline for conditions that are against the will of the people." This frank statement did not knock Beijing off its message. The TAO promptly reiterated that the 1992 Consensus is essential.

### **Dealing with practical issues**

While this stalemate over core issues of principle has continued, the two sides have had to deal with a host of practical issues. Some issues have been dealt with pragmatically; others have been handled in ways that feed the concerns and mistrust of the other side. Some things that could have disrupted ties have fortunately not occurred.

The most important example of issues being handled pragmatically involved Taipei's participation in the World Health Assembly (WHA), which was held in Geneva the week after Tsai's inauguration. A year earlier there had been speculation that Beijing would block the DPP health minister's participation. Then, just days before the registration deadline, Taipei received an invitation from the WHO. Apparently, Beijing believed that, in the context of its campaign to get Tsai to accommodate their demands in her inaugural address, on balance extending the invitation was the wiser course. However, unlike previous years, this invitation stated that it was being extended under the "one China" principle. The Tsai transition team chose to accept the invitation while stating that, given the principle of universality, it was not relevant to set political conditions for Taipei's participation. As noted above, Tsai's inaugural address was viewed in Beijing as partially positive. The new DPP Health Minister Lin Tzou-lien attended the WHA and conducted himself in a way that avoided provoking Beijing.

It is somewhat misleading for Beijing to say that the institutionalized channels are suspended. Beijing is not using the high-level channels. However, the Mainland Affairs Council (MAC) and Straits Exchange Foundation (SEF) continue to send messages that are not rejected or returned by their counterparts. Rather Beijing is accepting the messages and dealing with the requests through other channels. For example, when SEF asked ARATS to facilitate visits by the families of suspects detained in China, ARATS then dealt directly with the families. The nominally private tourism and trade offices that have been exchanged continue to function and provide channels for handling issues. It also appears that many working level contacts are continuing quietly out of the public eye under the 23 SEF-ARATS agreements, all of which remain in force.

In July, a tragic tour bus fire in Taoyuan killed 24 mainland tourists. While accusing Taipei for its poor record on such safety issues, Beijing had to deal with the incident pragmatically. It sent a nominally unofficial task force headed by Liu Kezhi, the secretary general of its nominally-private Association for Tourism Across the Taiwan Strait (ATATS) to Taiwan. The task force included officials from the TAO, ARATS, the Public Security Bureau and Ministry of Civil Affairs, all in unofficial capacities. The local TAO office in Dalian, home of the deceased tourists, led a delegation of family members to Taiwan. Although the TAO and ARATS officials did not hold meetings in Taipei with their counterparts, the officials from both sides handling the incident all attended the funeral ceremony for the victims in Taoyuan.

Beijing has continued a wide variety of cultural and exchange programs. These do not require agreement on a political basis and are part of Beijing's united front efforts designed to win support from target groups in Taiwan. City-to-city exchanges however have proven to be politically sensitive. In early August, the DPP deputy magistrate from Penghu County was allowed to visit Shanghai to discuss tourism and investment issues. Later in August, arrangements were worked out to hold the annual Shanghai-Taipei Twin City Forum in Taipei. As had been the case a year earlier, Taipei's independent Mayor Ko Wen-je, the host, repeated his respect for Beijing's position concerning the need for a political foundation. In announcing the forum, the TAO noted the importance of the 1992 Consensus and said that such municipal exchanges can only occur under the "correct understandings." Pro-independence groups have criticized Ko for caving in to Beijing's pressure. As Shanghai Mayor Yang Xiong was traveling in the US, Sha Hailin, the head of the United Front Department of the Shanghai municipal Communist Party, a frequent visitor to Taiwan, led the Shanghai delegation. This exchange induced DPP Taoyuan Mayor Cheng Wen-tsan to express the hope that Taoyuan could revive its sister city ties, which have been suspended since his election in 2014. However, neither he nor other DPP mayors have been willing to accommodate Beijing's requirements.

That some sensitive things have not happened is also important. Beijing has not agreed to establish relations with any of the half dozen of Taipei's diplomatic allies who have indicated their desire to recognize Beijing. Scholars in Beijing have threatened that Beijing could do so at any time. For its part, Foreign Minister David Lee has indicated that the Tsai government will not pursue a campaign for observer status at the UN General Assembly this fall as had been done annually by Lee Teng-hui and Chen Shui-bian. Rather, the Tsai administration will focus on participating in specialized agencies and on making "meaningful contributions" to the international community. Taipei does wish to attend the International Civil Aviation Organization (ICAO) assembly in late September. Tsai took the unexpected step of stating publicly that it was willing to consult Beijing about its ICAO participation. The issue remains pending. Another sensitive issue was sidestepped when the DPP legislative caucus decided to table amendments to Taiwan's Referendum Act that would have seriously provoked Beijing.

### **Fears, concerns, mistrust**

Other aspects of cross-strait relations have fed mutual mistrust. Beijing's deepest concern relates to actions they characterize as "de-sinification." The day after her inauguration, Tsai's new Education Minister Pan Wen-chung fulfilled a promise by rescinding the Ma administration's

proposed changes to the high school curriculum. Similarly, Beijing is concerned that the changes envisaged in the Transitional Justice Bill under consideration in the Legislative Yuan (LY) will weaken Taiwan's historical connections with China. In addition, Beijing fears that the Act Governing the Handling of Ill-gotten Assets adopted by the LY in July is designed to destroy the Kuomintang (KMT) as a viable opposition party. The expectation that the KMT will return to office helps sustain Beijing's confidence about progress in the future on cross-strait relations. When Tsai attended the ceremony for the opening of the expanded Panama Canal, she signed the guest book as the "President of Taiwan (ROC)." Beijing commentators saw this as confirmation that Tsai is a "separatist."

For Taiwan, the most unfriendly development has been China's success in getting foreign governments to deport Taiwan suspects to China for prosecution. In June, Cambodia deported 25 Taiwanese fraud suspects to China. After the fact, Beijing informed Taipei of the suspects' detention as required under the cross-strait legal cooperation agreement, but it has not allowed Taiwan's Ministry of Justice (MOJ) officers to visit those incarcerated. In August, Kenya deported five more Taiwanese to China. This was particularly offensive because the Kenyan courts had found the five not guilty and instructed that they should be returned to Taiwan. Beijing got the Kenyan police to send them to China. Taiwan's MAC, MOJ, and the LY all protested and President Tsai expressed her deep regret at this and demanded their return to Taiwan, all without effect.

However, Taipei's most serious concern is that Beijing will complicate its efforts to revive the Taiwan economy and block its plans to diversify its trade relations under Tsai's "new Southward policy (NSP)." Mainland tourism to Taiwan, particularly group tours, has been on a downward trajectory since Tsai's election. In July, mainland tourists had declined 15 percent from a year earlier, and the tragic bus fire that killed 24 tourists appears to be accelerating the decline. In August, two travel companies specializing in mainland group tours went out of business. Beijing correctly views the NSP as designed to reduce Taiwan's dependence on the China market. Some China scholars argue that Beijing should frustrate the NSP and block Taipei's desire to join the Trans Pacific Partnership (TPP) in order to weaken the Taiwan economy and lay the groundwork for the DPP being voted out of office.

Despite the absence of institutionalized communications and deep mistrust, relations have been more stable and calm than predicted by many a year ago. Developments since Tsai's election indicate that both sides have an interest in maintaining stability. It is in Tsai's interest to show voters that the DPP can maintain cross-strait stability and it is in her interest to minimize Beijing's opposition to her economic policies. With so many more pressing domestic, economic and foreign policy challenges – and with President Tsai not forcing his hand – it is in Xi Jinping's interest to avoid a confrontation over Taiwan.

### **Continued KMT disarray**

Disarray in the KMT has continued, and the party remains unable to challenge Tsai effectively on cross-strait policy or other issues. Chairwoman Hung Hsiu-chu is doubling down on the focus on China and inflammatory rhetoric that made her so unpopular as the KMT's presidential candidate. Hung is seeking to include the pursuit of a peace agreement with China in the party

platform. On July 30, she said that the concept of unification with China should not “spark fear.” With President Tsai going out of her way to avoid appearing to promote political or de jure independence, Hung and her supporters frequently warn of “cultural Taiwan independence” or de-sinification, which, like some in the mainland, they perceive in the Ministry of Education’s repeal of certain textbook guidelines, and Tsai’s official apology on Aug. 1 to Taiwan’s indigenous peoples for 400 years of mistreatment.

Despite its crushing electoral defeat, the KMT has sought to portray itself as Taiwan’s main interlocutor with Beijing, much as it was during the Chen Shui-bian administration. On May 14, Chairwoman Hung said that if cross-strait relations deteriorate “because the incoming government ... holds a different view from the KMT’s,” the party would take the responsibility to mediate. On June 10 in Yunnan, KMT Vice Chair Hau Lung-bin called for continuation of economic, trade, and non-governmental exchanges, and said that the KMT will function as a Track 2 party to maintain cross-strait peace and development. That same week, in Xiamen, Central Standing Committee member Tseng Wen-pei said that the party’s mainland affairs office would be elevated in importance and would “replace SEF and MAC.” In late August, former Chairman Wu Po-hsiung met Zhang Zhijun in Shanghai to discuss cross-strait relations; Hong Kong’s *Wen Wei Po* reported that they also discussed arrangements for an 11<sup>th</sup> KMT-CCP forum; the forum has been held every year since 2006, but is not yet scheduled for 2016.

In a significant blow to the KMT on July 25, the DPP-dominated LY passed the Act Governing the Handling of Ill-gotten Properties by Political Parties and their Affiliate Organizations. The act, which clearly targets the KMT, declares most party assets acquired after August 15, 1945 to be illegal and property of the state, unless proven otherwise; parties have six months to declare assets for review by a Cabinet-level committee. Chairwoman Hung said the DPP used “majority violence” to pass the bill and that it is evil, illegal, unconstitutional, and anti-democratic. Some KMT legislators, however, especially those identified as “Taiwanese,” saw a silver lining in this dark cloud. Like many in the KMT, Wu Den-yih, vice president during the second Ma administration, objected to the name and the mechanism. But he said that returning any illegally obtained assets is “the right thing to do,” and, otherwise, the issue will continue to be a political goldmine for the DPP. Former LY Speaker Wang Jin-pyng said the bill is an “opportunity for re-birth” for the KMT.

## **South China Sea**

On July 12, a tribunal at the Permanent Court of Arbitration (PCA) in The Hague, Netherlands, issued an expansive and unanimous [ruling](#) on a case brought by the Philippines challenging China’s claims and behavior in the South China Sea. China’s formal claims to the South China Sea are based on maps published by the Republic of China in the 1940s. The mainland government routinely states that both sides of the Taiwan Strait share the responsibility of defending China’s sovereignty in the South China Sea. While both Beijing and Taipei retain some ambiguity about whether they each claim the entire maritime area in addition to all land features, many of which are also claimed by other nations, Taipei in recent years has implied that its claims are limited to land features and their surrounding territorial waters. Beijing would view too much movement by Taiwan away from the ROC’s traditional claims as a violation of its “one-China” principle (ARATS deputy Zheng Lizhong had noted approvingly in May that

President Tsai's inaugural statements on the South China Sea were similar to President Ma's). Beijing and Taipei each said consistently that they would not accept the tribunal's ruling – Beijing because it viewed the panel as illegitimate, and Taipei because it was not invited to participate.

Most significantly, the tribunal ruled that there is “no legal basis for China to claim historic rights to resources within the sea areas falling within the ‘nine-dash line,’” which derives from Republic of China claims published in 1947. Somewhat surprisingly, because it was not specifically cited in the case brought by the Philippines, the tribunal ruled that Taiwan-occupied Itu Aba or Taiping Island (as well as all other land features in the Sea) is not an island – meaning that it is entitled only to a 12nm territorial sea and not a 200nm exclusive economic zone. Beijing and Taipei each rejected the ruling and each claimed that it is not legally binding. Taiwan objected once again to not being invited to participate, though a nongovernmental legal society was permitted to submit a brief supporting that Taiping is an island, and also objected to the tribunal's use of “Taiwan Authority of China” to identify Taiwan; the Foreign Ministry said in a statement that that designation is “demeaning to the status of the ROC as a sovereign state.” Taiwan's interior minister visited Taiping Island on Aug. 16; in late August President Tsai said she had no plans to visit, but had not ruled the idea out.

In arguing the case, Taiwan's and China's positions were often conflated, or supposed to be aligned, by the Philippines and tribunal members. On July 12, China's Foreign Ministry and the TAO suggested that Taiwan join China in defending sovereignty over the South China Sea islands and their surrounding waters (a less expansive claim than the nine-dash line), which they said are “traditional assets of the Chinese people.” Taiwan, however, under both Presidents Tsai and Ma, seeks to distinguish ROC claims from Beijing's. MAC Chairwoman Katharine Chang told the LY the day after the ruling that each side is pursuing its rights based on its own interests and that there had been no communication; her deputy said that Taiwan will not cooperate with China on South China Sea sovereignty issues. While China has continued to express its historical rights to the maritime area, the Tsai administration reportedly made a decision not to talk about the ROC's “eleven-dash line” or “U-shaped” line or about “historical waters.” Former President Ma, who said before he left office that he planned to stay active on South China Sea issues, published an op-ed in the *Wall Street Journal* and a letter in Taiwan's *United Daily News*; both focused on Taiping and its island status, and did not touch on historical rights to maritime areas.

### **Looking ahead**

As long as Beijing and Taipei have not reached a new understanding on a political basis for dialogue, the institutional channels of communication will remain closed and cross-strait relations will remain unstable. Thus far, it is Beijing that has not been flexible. Without progress on these matters of principle, Beijing may decide to take counterproductive actions that would damage relations. The coming months will also occasion several foreseeable challenges which could raise tensions and further damage trust. Whether a way will be found to allow Taipei to attend the ICAO assembly in late September remains uncertain. When the LY resumes, it will address two politically sensitive issues – the transitional justice bill and the cross-strait agreements oversight bill.

President Tsai is caught between Beijing, which pressures her to move further toward accepting one China, and pro-independence supporters, who believe she has already gone too far in reaching out to Beijing. Many DPP LY members will want to use the transitional justice bill to remove KMT symbols that represent ties to the mainland. Beijing will see this as further de-sinification, feeding fears that Tsai is pursuing peaceful separation under the guise of the status quo. Hardliners could then demand tougher action against Tsai. There are many issues, some unanticipated, that will challenge both sides' ability to maintain stability.

## **Chronology of China-Taiwan Relations May – August 2016**

**May 1, 2016:** Taipei dispatches a Coast Guard frigate to Okinotori Island.

**May 5, 2016:** Group of former senior Ma administration officials visits Taiping Island.

**May 6, 2016:** Taiwan Affairs Office (TAO) statement says Taipei will participate in World Health Assembly (WHA) under the “one-China” principle.

**May 12, 2016:** Republic of China (ROC) Ministry of Justice delegation visits Zhuhai for consultations on fraud prosecutions.

**May 20, 2016:** President Tsai Ing-wen is inaugurated; gives inaugural address.

**May 20, 2016:** TAO issues statement giving Tsai an “incomplete test grade” for her inaugural speech.

**May 21, 2016:** ROC Education Minister Pan Wen-chung rescinds 2014 high school textbook revisions.

**May 23, 2016:** Health Minister Lin Tzou-lien attends the World Health Assembly (WHA).

**May 25, 2016:** TAO spokesman says cross-strait agreements reached under previous administrations remain in effect.

**May 29, 2016:** President Tsai visits Hualien Air Base pledging to restore pride in the military.

**May 30, 2016:** Executive Yuan (EY) spokesman says Taipei will abide by UN ruling on the status of Okinotori Island.

**June 2, 2016:** US Rep. Ed Royce's congressional delegation meets President Tsai.

**June 5, 2016:** US Sen. John McCain's congressional delegation meets President Tsai.



**June 10, 2016:** Kuomintang (KMT) Vice Chair Hau Lung-bin attends Taiwan-Yunnan forum.

**June 12, 2016:** Eighth Cross-Strait Forum is held in Xiamen.

**June 12, 2016:** Tsai administration denies Ma Ying-jeou's application to visit Hong Kong.

**June 15, 2016:** TAO spokesman says TAO-Mainland Affairs Council (MAC), Straits Exchange Foundation (SEF)-Association for Relations Across the Taiwan Strait (ARATS) channels can only continue on the basis of the 1992 Consensus.

**June 15, 2016:** Beijing rescinds invitation to the children's choir that performed at Tsai inauguration.

**June 20, 2016:** US-Taiwan Defense Review Talks held in Washington.

**June 24, 2016:** Cambodia sends 25 Taiwanese fraud suspects to China.

**June 25, 2016:** TAO spokesman says cross-strait communications mechanisms suspended.

**June 25, 2016:** President Tsai transits Miami; flight to Panama overflies Cuban airspace.

**June 26, 2016:** President Tsai attends Panama Canal ceremony; signs book as "President of Taiwan (ROC)."

**June 28, 2016:** President Tsai visits Paraguay.

**June 30, 2016:** President Tsai transits Los Angeles on her return to Taiwan.

**July 1, 2016:** Accidentally launched ROC Navy *Hsiung Feng III* missile hits a fishing boat near Penghu.

**July 1, 2016:** General Secretary Xi Jinping reiterates 1992 Consensus requirement for cross-strait relations and opposition to Taiwan independence.

**July 6, 2016:** US Senate adopts resolution reaffirming Taiwan Relations Act and six assurances.

**July 12, 2016:** Arbitral Tribunal at the Permanent Court of Arbitration (PCA) panel issues its award in the Philippine case against China in the South China Sea.

**July 15, 2016:** Taiwanese actor is fired from film production in China for failure to clarify his political beliefs.

**July 19, 2016:** Twenty-four Chinese tourists die in tour bus fire in Taoyuan.

**July 20, 2016:** Cross-Strait Tourism Association task force led by Secretary General Liu Kezhi flies to Taiwan in response to the tour bus fire.

**July 21, 2016:** Dalian TAO deputy leads accident family member delegation to Taiwan.

**July 25, 2016:** Legislative Yuan (LY) passes Ill-gotten Party Assets bill.

**Aug. 1, 2016:** President Tsai formally apologizes to indigenous people of Taiwan for past abuses and neglect.

**Aug. 2, 2016:** LY Speaker Su Jia-chyuan leads large multi-party LY delegation to Japan.

**Aug. 4, 2016:** MOFA says Taipei has filed application to attend ICAO assembly.

**Aug. 5, 2016:** Kenya deports five Taiwanese involved in a fraud scandal to China.

**Aug. 13, 2016:** Vice President Chen Chien-jen transits New York.

**Aug. 16, 2016:** Vice President Chen visits Dominican Republic.

**Aug. 16, 2016:** ROC Interior Minister Yeh Jiunn-rong leads delegation to Taiping Island.

**Aug. 17, 2016:** Vice President Chen transits New York.

**Aug. 18, 2016:** Foreign Minister David Lee says government will not pursue UN campaign.

**Aug. 22, 2016:** Genesis Travel, a Taiwan tour company catering to mainlanders closes.

**Aug. 23, 2016:** Taipei-Shanghai Twin City Forum opens in Taipei.

**Aug. 24, 2016:** Hong Kong denies entry visas to Taiwan politicians planning to attend cross-strait forum.

**Aug. 25, 2016:** Tour bus drivers in Taiwan demonstrate over declining mainland tourism.

**Aug. 31, 2016:** President Tsai appoints former Foreign Minister Tien Hung-mao as chairman of the Straits Exchange Foundation.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**South Korea-North Korea Relations:**

## **A Toxic Nuclear Tocsin**

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The middle four months of 2016 were among the bleakest for inter-Korean relations in the 15 years that this writer has been covering that often rebarbative relationship for *Comparative Connections*. Indeed, as of early fall one might well pose the question: What relationship? Formally, matters remain as they were in our last update, published in May: frozen.

Or perhaps that is the wrong metaphor. The past quarter brought numerous fiery threats from Pyongyang, extreme even by their own standards, to nuke or otherwise blitz South Korea's President Park Geun-hye as well as the Blue House (Cheongwadae); not to mention the US and points further afield, from Guam to Manhattan. An accelerated flurry of ballistic missile launches over the past six months, followed on Sept. 9 by North Korea's second nuclear test this year, raised fears that Kim Jong Un was speeding up development of his strike capacity, such that one day such wild braggadocio might be a real menace, and not just empty bluster.

Nonetheless, as German sociologist Georg Simmel noted a century ago, conflict is a form of sociation. As of now the Koreans are not talking to each other, only at each other – or shouting, in the North's case. Yet this too needs reporting, and parsing. In fact North Korea did make a few new [proposals](#) for dialogue during the past four months; though it can hardly have expected them to be taken seriously, when the tone and content of most of its other statements – not to mention its actions on the WMD front – contradicted them so violently.

In this and other respects Kim Jong Un remains harder to fathom, in terms of his tactical or strategic goals, than were his father Kim Jong Il and grandfather Kim Il Sung before him. For South Korea, as for all North Korea's interlocutors (actual or potential), the Kim Jong Un factor adds an extra layer of anxiety to the already complex and concerning challenges posed by the DPRK. Given the latest Kim's youth – now [confirmed](#) by his aunt as 32: even younger than Kim Il Sung was when the USSR installed him in Pyongyang in 1945 – he could in principle be around for decades, despite wishful thinking to the contrary (discussed below).

### **Pyongyang goes ballistic**

Being in the front line, South Korea was especially exercised by one notable trend this year: a marked acceleration in the pace of North Korea's ballistic missile (BM) tests. Japan is no less

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concerned, given its proximity and being the direction in which many recent BMs have been launched. Citing unspecified ROK government sources, the Aug. 19 *Nikkei Asian Review* [noted](#) that the DPRK carried out 16 BM tests during Kim Jong Il's 17-year reign (1994-2011), averaging approximately one per year. But his son has already more than doubled that total in less than five years in power, presiding – often in person – over 33 BM launches so far. With striking defiance, 17 of those have occurred in the six months since March 2, when UN Security Council Resolution 2270 imposed the UN's toughest sanctions yet on the DPRK, while reiterating the ban on Pyongyang conducting any BM-related activities already mandated by four previous UNSC resolutions: nos. 1718 (2006), 1874 (2009), 2087 and 2094 (both 2013). A useful summary of each of these, including UNSCR 2270, can be found [here](#).

By early September the *Nikkei's* total was out of date. August 24 saw what outside experts reckoned was North Korea's first successful submarine missile (SLBM) launch, after several duds (some claimed as successes). This flew 500 kilometers, landing unprecedentedly inside Japan's air defense identification zone (ADIZ) – to alarm and anger in Tokyo. With what might be considered equal-opportunities offensiveness, less than a fortnight later it was Beijing's turn to fume. On Sept. 5, Kim Jong Un thumbed his nose at the G20 Summit, then being hosted by China in Hangzhou, with a volley of three missiles. These traveled some 1,000km, again eastward and again breaching Japan's ADIZ. The *coup de grace*, just four days afterward, was the DPRK's fifth nuclear test, discussed at the end of this article.

On the missile front, a UNSC Presidential [Statement](#) – issued with rare swiftness just one day after the latest BM test on Sept. 6 – not only condemned the DPRK's "flagrant disregard" of repeated UN censures but gave a full tally showing just how intense this year's BM flurry has been. It cited launches – some being multiple – on April 15, 23, 27 and 28; May 31; June 21; July 9 and 18; August 2 and 23 (*sic*: either an error, or US time) and Sept. 5.

### **Might Seoul go nuclear?**

As South Koreans anxiously contemplated this unprecedented level of BM activity by the North, their reactions and the lessons they drew varied. Unsurprisingly, if worryingly to the ROK's allies and those keen to uphold nonproliferation principles, some concluded that the only way for Seoul to defend itself was to follow Pyongyang down the nuclear road. A few Southern politicians have long taken that view, notably [Chung Mong-joon](#); a billionaire Hyundai scion, long-serving lawmaker, sometime ruling party chairman, and former presidential candidate. Chung [reiterated](#) his stance after North Korea's January nuclear test, and he was [not alone](#): [polls](#) suggest that over half of South Koreans agree. Such calls can be expected to grow in the wake of September's second nuclear test this year. Even before 2016's events, a timely [study](#) by the International Institute for Strategic Studies (IISS)'s Mark Fitzpatrick of what he called *Asia's Latent Nuclear Powers: Japan, South Korea and Taiwan* found that "if a new nuclear-armed state were to emerge in Northeast Asia, it would most likely be the Republic of Korea."

Fortunately, there are also less knee-jerk reactions. The leading conservative Seoul daily *JoongAng Ilbo* is a case in point. Its influential chairman Hong Seok-hyun, who served as ROK ambassador to the US under the liberal Roh Moo-hyun, once wrote an [article](#) with the arresting title "How Would the Buddha Handle North Korea?" On Aug. 27, soon after North Korea's

SLBM test, the *JoongAng* published an [editorial](#) bluntly headlined “Sanctions haven’t worked.” Criticizing claims that the Northern regime is shaky as “naïve wishful thinking” – more on this below – the paper called for a two-track policy: not only sanctions, but also diplomatic efforts to “draw North Korea to the negotiating table.” Similarly Kim Young-hie, the *JoongAng*’s [veteran](#) editor-at-large, wrote a [column](#) on July 4 – was the date coincidence? – headlined “Say no to Thaad.” (The THAAD issue, so critical currently, belongs chiefly under US-Korea relations and will not be covered here.) However, the jolt of September’s second DPRK nuclear test produced a change of tune. A Sept. 10 *JoongAng* [editorial](#), headlined “Bring US nukes back,” urged that “Seoul should persuade Washington to redeploy tactical nuclear weapons on the Korean Peninsula until the North Korean nuclear threat is removed,” adding, ominously, that “The South Korean president as well as the US president need to have the power to authorize the use of such weapons.” These debates will intensify going forward.

### **Gutter politics**

Needless to say the DPRK’s bellicose rhetoric continued to scale fresh heights of wildness, while its personal insults of the ROK President Park plumbed new depths. Since *Comparative Connections* is in part a journal of record, in the past we have felt bound to report and indeed reproduce this garbage; it needs to be known. But of late the volume is so overwhelming that we must be selective. Thus searching *NKNews*’s invaluable [KCNA Watch yields](#) six recent statements where Pyongyang media called Park a prostitute, among many other rude names.

Suffice it to reproduce in full one such representative [diatribe](#), carried by four separate North Korean publications on Aug. 26 or 27. Comment would be superfluous, except to note that the name of the DPRK body issuing this vituperation is beyond parody:

### **Spokesman for National Reconciliation Council Calls for Eliminating Park Geun Hye**

Pyongyang, August 26 (KCNA) -- A spokesman for the National Reconciliation Council Friday made public a statement to denounce Park Geun Hye regime of south Korea for making desperate efforts like a rabid dog to hurt the fellow countrymen in the north after being taken aback by the news about the successful test-fire of strategic submarine-launched ballistic missile.

As soon as she heard the news on August 24 Park appeared at a frontline unit of the puppet army, being stunned by it, and cried out for a “resolute counteraction”, the statement said, and went on:

Intolerable is that traitor Park Geun Hye dared hurt the dignity of the supreme leadership of the DPRK, a hideous provocation, in the wake of her nonsensical talk about “economic difficulties in the north” and “its vacillation.”

This is treason that deserves punishment by Heaven as it is an intolerable insult to the service personnel and people of the DPRK.

The powerful revolutionary Paektusan army is waiting for the moment when the final order is issued to blow up Chongwadae, with the will to eliminate the mad woman of Chongwadae working hard to get the sun eclipsed by the palm.

It is the unanimous demand of all Koreans and the order of the nation's history to cut off the windpipe of Park Geun Hye at an early date as she wags her tongue nonstop, not content with her desperate efforts to create conflicts and antagonism within the nation wherever she goes and to inflict misfortune and disaster of a nuclear war on the nation.

Traitor Park Geun Hye should bear in mind that she can never escape the miserable fate under all Koreans' curse and denunciation though she goes frantic to get rid of destruction with impudent sophism and confrontation.

All Koreans aspiring after national reconciliation and unity should beat hard and bury Park, traitor for all ages, and preserve peace and security on the Korean peninsula and bring earlier the country's reunification.

### **Collapsism redux**

One sympathizes with Park Geun-hye as the victim of such filth, and in having to deal with a regime so infuriating and intractable. Nonetheless, hard questions must be asked about her handling of North Korea. How did things get quite this bad for a president who started out preaching what she called "Trustpolitik" with Pyongyang? Is current policy working? And is the current ROK government's assessment and treatment of the DPRK the only one possible?

Because this is our job, *Comparative Connections* has tracked the ups and downs of inter-Korean relations minutely ever since Park took office in 2013 – just as we did for all three of her predecessors since 2000: Kim Dae-jung (in office 1998-2003), Roh Moo-hyun (2003-08) and Lee Myung-bak (2008-13). Frankly, of all these, Park has been the hardest to read. As described in detail in past issues of this journal, it was difficult to see how the various elements in her approach to the North constituted a coherent whole. In particular, the outreach strand – Trustpolitik, or 2014's Dresden Declaration – jarred with her growing enthusiasm for unification, conceived as a happy event rather than an endeavor in partnership between the two existing Korean states. While making no excuse for the North's behavior or language, it seems likely that Pyongyang has found Park hard to read as well. What does she really want?

All that is history as 2016 has brought a new, harsh clarity. One may wonder, as we did in our last update, exactly why a leader who early in her term worked patiently and successfully to reopen the Kaesong Industrial Complex (KIC), after the North withdrew its workforce, would summarily shut down this last flickering candle of North-South cooperation. But the deed is done. Park has finally had it with Kim Jong Un, and the sentiment is mutual.

Yet this bleak immediate vista is in no sense the last word in, or for, inter-Korean relations. As noted, Kim may be around for a while yet – though Park begs to differ. After a recent high-level defection, on Aug. 22 she **told** her National Security Council that "as the North Korean regime has been repressing its people with its continued reign of terror while ignoring the livelihoods of its citizens, even the loyalty of elites has begun to crumble ... As signs of serious cracks emerge, the likelihood of unrest in the regime is increasing."

Well, maybe. The DPRK's demise has been confidently predicted by many – including this writer, in the past – for a quarter century since communist rule collapsed in the USSR and

Eastern Europe. Not a few saw German reunification as a model for Korea. One suspects that is Park's underlying view – and that the North suspects this is her view too.

Collapse can never be ruled out, and Kim's rule is indeed harsh. But there is a risk of wishful thinking here. The DPRK has been stable under harsh rule for decades, including far worse times than now (e.g. the “Arduous March” of the 1995-98 famine). While the defection of Thae Yong Ho from the DPRK Embassy in London is notable, it is premature to proclaim this as heralding a wider trend. Other senior defections are rumored, but none is confirmed (they may of course be being kept secret to protect the persons involved, but who knows?)

Similarly, regular ROK reports of DPRK purges cannot be taken as gospel. Most recently, the Unification Ministry (MOU) claimed on Aug. 31 that Kim Yong Jin, the North's vice-premier for education since 2012, had been executed, supposedly for showing disrespect by slumping in his seat at the Supreme People's Assembly (SPA, the rubber-stamp parliament) on June 29. Intriguingly for inter-Korean relations, MOU spokesman Jeong Joon-hee added that Kim Yong Chol, the hardline general now handling South Korea as head of the United Front Department of the ruling Workers' Party (WPK), was one of two Party officials recently forced to undergo “revolutionary measures” – a month on a farm; it could be worse – as punishment for his “overbearing demeanor.” (The US Director of National Intelligence can attest to that; James Clapper has [spoken](#) of ill-tempered finger-jabbing at an unlikely dinner he had in November 2014 with Kim, at that time head of the Reconnaissance General Bureau (RGB) of the Korean People's Army (KPA), and as such presumptively responsible for the then recent cyber-hack of Sony Pictures. Clapper had [flown](#) to Pyongyang to collect two US detainees, Kenneth Bae and Matthew Todd Miller.)

These rumors [may or may not be true](#). (Execution for bad posture sounds extreme, even for North Korea.) For obvious reasons, South Korean intelligence is better placed than most to probe the North's secrets. Yet they do get it wrong sometimes, a notorious recent case being former KPA Chief of the General Staff (CGS) Ri Yong Gil; in February, Seoul said Ri had been executed for corruption, but he [reappeared](#) in a new post at the WPK Congress in May. No less importantly, Seoul has an axe to grind. The ROK government is in no sense a [neutral](#) source. What it chooses to reveal – or allege – about the DPRK at any given time has to be seen in the context of its overall policy toward the North, and the state of their relationship.

### **Not so crazy**

There are also issues of judgment here. President Park reacted to September's nuclear test by accusing Kim Jong Un of “maniacal recklessness.” It is hard to argue with reckless – but is Kim really crazy? That is a frequent trope in Western media coverage of the DPRK, especially the more tabloid elements for whom “mad dictator” is an easy, lazy cliché, endlessly trotted out. Yet the opposite may equally be true. Far from insane, what Kim Jong Un is doing may be [rational and calculated](#) in terms of his regime's perception of its own interests.

Sad to say, if loyalty is crumbling anywhere in Korea, it is in Seoul rather than Pyongyang. Regardless of whether Park Geun-hye is calling the North right (and I fear she is not), her own days in power are numbered thanks to the South's relentless democratic calendar; five years,



then you're out. This renders all ROK presidents lame ducks in their final year. For Park this has come sooner, since in-fighting in her conservative Saenuri party saw it lose its majority in the National Assembly in parliamentary elections in April. Separate presidential elections are due in December 2017, and Park's successor will take over Feb. 25, 2018.

Whoever that successor is, he or she is likely to try to reengage North Korea. If it is one of several possible liberal contenders – such as Moon Jae-in, who ran a close race against Park in 2012 – then all are committed to such outreach in varying degrees. Or even if Saenuri retains power, it is worth noting that the **front-runner** in opinion polls, though formally **undeclared**, is none other than Ban Ki-moon. Now courted by the conservative camp, the UN secretary general served as foreign minister under the liberal Roh Moo-hyun during 2004-06. Right now he is perforce in condemnatory mode over the latest nuclear test, but when he dealt with the North in the Roh era and in his UN role (which ends this year) he has often expressed interest in being a peacemaker on his native peninsula, though he has never quite made it to Pyongyang.

The wider political fallout from North Korea's latest nuclear test will take time to emerge. For the new hawkish conventional wisdom that has taken root in Seoul and Washington this year, the only solution is to punish Pyongyang more – or try to. Yun Byung-se, President Park's long-serving foreign minister, **called** on Sept. 10 for further sanctions and pressure to apply “unbearable pain on the North to leave [it] no choice but to change.” That is easier said than done. A day earlier, the ROK Joint Chiefs of Staff warned that “if the North harms us with nuclear arms we will directly target, punish and retaliate against the North Korean leadership, including its war command,” adding that the South can hit targets as small as a window.

### **Ashes to ashes**

Escalating such rhetoric, on Sept. 11 South Korea uttered threats so specific and lurid as to make headline news even on the UK's *BBC Radio 2*, whose main fare is AOR not politics. In language the like of which this writer cannot recall from Seoul before, under the headline “S. Korea unveils plan to raze Pyongyang in case of signs of nuclear attack,” the quasi-official news agency *Yonhap*, quoting (as so often – too often) an anonymous source, claimed that the South “has already developed a plan to annihilate ... Pyongyang through intensive bombing in case the North shows any signs of a nuclear attack.” The military source spelled this out, “Every Pyongyang district, particularly where the North Korean leadership is possibly hidden, will be completely destroyed by ballistic missiles and high-explosive shells as soon as the North shows any signs of using a nuclear weapon. In other words, the North's capital city will be reduced to ashes and removed from the map.”

This was glossed as the content of a plan called Korea Massive Punishment & Retaliation (KMPR), disclosed to the National Assembly by the Ministry of National Defense (MND) after the North's nuclear test. For good measure, *Yonhap* cited another source as saying the ROK military has recently launched a special operational unit “dedicated to targeting the North Korean leadership and launching retaliatory attacks on them.”

Threats of indiscriminate preemptive strikes, reducing whole cities to ashes: these are the dreary tropes of North Korea's shrill and overblown rhetoric. It is truly depressing to find South Korea



– though sorely provoked – responding in kind, even verbally. One wonders who in Seoul thought this was a good idea, and how come. This can only crank up tension further.

With any luck the current tensions will pass, as other such moments have. If Park Geun-hye will not reconsider her approach – though who knows what opportunism she may be tempted to if the North made a halfway serious offer – her successor surely will. Tightening the screws is not succeeding, and there are few screws left. Dealing with the DPRK means finding the right mix of stick and carrot. Dropping the carrot entirely was never going to work, just as dropping the stick never could. Fresh diplomatic initiatives are all the more urgent after the North’s latest nuclear test. China has always called for such an approach, and debate is raging in policy circles in Washington. South Korea too needs to honestly re-evaluate whether its current policies are effective, and what might work better. The state that formally claims legitimate sway over the whole peninsula needs to be a leader, rather than playing catch-up.

## **Chronology of North Korea-South Korea Relations**

**May – August 2016**

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

**May 2, 2016:** The ROK Ministry of Unification (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 Ningbo (hereafter the Ningbo 13) in China in April.

**May 5, 2016:** With a detailed [graphic](#) comparing the two Koreas on 22 separate indicators, *The Economist* considers unification prospects. It costs this (conservatively) at \$1 trillion.

**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.

**May 7, 2016:** Headline in *Rodong Sinmun*, the WPK daily, [reads](#): “Park Geun Hye Group Had Better Stop Recklessly Grumbling about DPRK’s Nuclear Deterrence Any Longer: CPRK Spokesman.” CPRK is the North’s Committee for the Peaceful Reunification of Korea.

**May 8, 2016:** *Rodong Sinmun* [quotes](#) Kim Jong Un as saying: “Both the North and the South should respect each other and open a new page ... as partners in unification. [They] should alleviate the current military tensions and resolve all matters through communication and negotiation.” In the first instance, the two sides’ militaries should hold talks.

**May 8, 2016:** MOU [dismisses](#) Kim Jong Un’s call for North-South talks as “merely [a] propaganda drive with no sincerity” (the English is by *Yonhap*).

**May 9, 2016:** South Korean companies that had invested in the KIC, and some 50 of their business affiliates and partners, file suit with the ROK Constitutional Court, claiming that the zone's closure by Seoul was illegal. Yonhap [quotes](#) them as saying: "Our own government violated our property rights by shutting down the Kaesong complex with no legal basis."

**May 10, 2016:** Symantec [reports](#) that Microsoft has patched a vulnerability issue in Internet Explorer recently used in cyberattacks targeted on South Korea, where almost everyone uses that browser rather than others. (Note: The link is strictly for the technically minded.)

**May 12, 2016:** MOU's annual white paper on its work in 2015 [reveals](#), *inter alia*, that 1,276 DPRK defectors reached the ROK last year, the smallest figure since 2001. Southern aid to the North "soared" to 25.4 billion won (\$21.8 million), a six-year high. Cumulative output at the Kaesong zone in its eleven years of existence totaled \$3.23 billion.

**May 12, 2016:** Relatives of the Ningbo 13 demand their return on [CNN](#). One woman says: "Even now my sister is suffering in the accursed South Korea, starving and unconscious.... Those South Korean puppet criminals, I want to tear them to pieces!" Seoul has rebuffed Pyongyang's charges that some of the group are on hunger strike or in solitary confinement.

**May 9, 2016:** South Korean companies who had invested in the Kaesong Industrial Complex (KIC), together with some 50 of their business affiliates and partners, file suit with the ROK Constitutional Court, claiming that the zone's closure by Seoul was illegal. Yonhap [quotes](#) them as saying: "Our own government violated our property rights by shutting down the Kaesong complex [in February] with no legal basis."

**May 16, 2016:** South Korea's foreign ministry (MFA) [calls](#) a meeting of major tour firms and urges them to discourage travel to parts of China bordering North Korea, citing safety fears. A day later MFA says two ROK citizens are [missing](#) in the border area.

**May 17, 2016:** Seoul High Court [upholds](#) a three year jail sentence on a South Korean man named only as Park, convicted of planning to kill the senior North Korean defector Hwang Jang Yop. Hwang died of heart failure in 2010 before the plot could be carried out.

**May 23, 2016:** South Korea's Defense Ministry (MND) [rejects](#) the North's proposal of inter-Korean military talks as "a bogus peace offensive for bogus peace that lacks sincerity", since it does not mention the nuclear issue. MOU chimes in: "Now is not the time for dialogue."

**May 26, 2016:** Institute for Unification Education (IUE), an affiliate of MOU, [says](#) it has indefinitely postponed or diverted some 30 of its regular tours to parts of China which border North Korea, following an ROK government advisory warning of terrorism and kidnap risks.

**May 26, 2016:** South Korea's defense (MND) and technology (ICT) ministries [say](#) they are discussing the creation of a cybersecurity reserve force in case of a national network emergency.

**May 27, 2016:** Kim Jong Un's maternal aunt Ko Yong Suk, who looked after him during his Swiss schooldays, gives her first [interview](#) since she defected to the US with her husband in 1998. *Inter alia* she reveals that her nephew is 32 (born in 1984), not 33 as hitherto thought.

**June 2, 2016:** MOU [confirms](#) that three more ex-staffers at DPRK restaurants in China have recently defected and reached Seoul. Unlike for the Ningbo 13, no further details are given, but the two are thought to have been working in Xian.

**June 13, 2016:** South Korea's National Police Agency (NPA) [claims](#) that from July 2014 through Feb. 2016 North Korea hacked two major chaebol, SK and Hanjin. 42,608 documents were stolen and later deleted, including the wing design of the *US F-15* jet fighter (made by Hanjin's affiliate Korean Air). Altogether 140,000 computers at 160 Southern firms were [hacked](#), with malicious code planted in a long-term plan to launch a massive cyberattack. Nonetheless the NPA concludes that overall ROK security was not compromised.

**June 15, 2016:** Korea Trade-Investment Promotion Agency (KOTRA), affiliated to the ROK Ministry of Trade, Industry & Energy (MOTIE), [reports](#) that North Korea's trade fell by 18 percent in 2015, ending five straight years of growth. The main cause is falling prices for coal and other key exports to China, by far the DPRK's largest market. However these figures exclude inter-Korean trade, which despite comprising solely the KIC [bucked](#) the trend: rising 15.8 percent to \$2.71 billion in its final full year before Seoul shut down the zone this Feb.

**June 19, 2016:** Meeting fishermen on the ROK's northwestern border island of Yeonpyeong, Yoo Jeong-bok, mayor of Incheon, [pledges](#) to head off illicit Chinese fishing by pushing for a "system under which our fishermen receive fish from North Koreans in (waters between the two Koreas) and sell them (in the South or elsewhere)."

**June 21, 2016:** A closed-door hearing at Seoul Central District Court, in a *habeas corpus* case brought by the left-leaning Lawyers for a Democratic Society (Minbyun), is [suspended](#) when the Ningbo 13 all fail to appear, despite a [subpoena](#) to do so. Counsel for the NIS say they refused to attend because of fear for their families' safety in North Korea; adding that the former waitresses had applied for ROK citizenship, and were granted this on June 3.

**June 29, 2016:** Supreme People's Assembly (SPA), the DPRK rubber-stamp parliament, holds its [annual one-day session](#). The National Defense Commission (NDC) is replaced as the top executive body by a new State Affairs Commission (SAC). The Committee for the Peaceful Reunification of Korea (CPRK) is replaced by the Committee for the Peaceful Reunification of the Country (CPRC). It is unclear what this change in nomenclature portends.

**July 4, 2016:** *JoongAng Daily* reports that [malaria](#) rates in South Korea, near the border with the North, rose 80 percent from 2013 to 2015. A joint inter-Korean anti-malaria project had seen cases in Gyeonggi province fall from 1,007 in 2007 to 490 in 2008 and 382 in 2011, when Seoul ended support from this program. Since then the rate has gone up again. (NB: A graphic in this report in fact shows a less clear linear relationship than the article implies.)

**July 6, 2016:** DPRK [offers](#) a new, albeit tough, five-point plan for denuclearization (not only its own). This is widely [ignored](#), being overshadowed by the US levying its first ever sanctions (a) on Kim Jong Un personally and (b) on human rights rather than WMD grounds.

**July 19, 2016:** ROK government source [says](#) that, for the first time in 16 years, on July 15 Radio Pyongyang broadcast mysterious numerical codes. In the past these were thought to be instructions to agents, but this time some experts [reckon](#) the North is just sowing confusion. Similar signals have also emanated from Seoul, as recently as 2011; the NIS has no comment.

**July 22, 2016:** Bank of Korea (BOK) publishes its annual [estimates](#) on North Korea's economy. It reckons Northern GDP fell 1.1 percent in 2015 from 2014, with shrinkage in all sectors except construction. Total DPRK output was a mere 2.2 percent of the ROK's; per capita gap was 22:1. The South's total trade (the numbers here are known, but exclude inter-Korean commerce) was 154 times greater than the North's.

**July 27, 2016:** The ROK Joint Chiefs of Staff (JCS) [reveal](#) that on July 22 guard troops near Gimpo collected "scores of tightly air-filled vinyl bags carrying North Korean leaflets" from the Han River. The "[shoddily printed](#)" leaflets celebrated the North's "victory" in the Korean War, and threatened to attack the South with *Musudan* missiles. This is the first time the DPRK has sent water-borne propaganda, rather than by air.

**Aug. 9, 2016:** The world swoons at a smiling "[selfie](#)" of two young female Korean gymnasts competing at the Olympic Games in Rio de Janeiro: the South's Lee Eun-ju and the North's Hong Un Jong. (No prizes for guessing whose phone it was.)

**Aug. 16, 2016:** ROK [media](#) quote Brazil's former ambassador in Pyongyang as contradicting official DPRK [claims](#) that Choe Ryong Hae, one of Kim Jong Un's closest aides, who visited Brazil for the Rio Olympics during Aug. 4-10, met and talked with Brazil's acting President Michel Temer on Aug. 5. Brazilian sources deny that any such meeting ever took place.

**Aug. 17, 2016:** The *Hankyoreh* [reports](#) that the Ningbo 13 have been "released into South Korean society" from the NIS Defector Protection Center. Amid claims from Pyongyang that they were being held under duress, the left-leaning Seoul daily had repeatedly raised concerns about the NIS's refusal to let them meet the press or be interviewed by independent lawyers.

**Aug. 17, 2016:** MOU [reveals](#) that Thae Yong Ho, a long-serving DPRK diplomat in London, has defected to the ROK with his family. The story is widely [carried](#) by global media.

**Aug. 20, 2016:** North Korean media [denounce](#) Thae Yong Ho – not named, but [referred to](#) as a "human scum" and "the above-said *bete noire*," alleging that he was under investigation in Pyongyang for embezzlement, selling secrets and "rape of a minor."

**Aug. 22, 2016:** *Ulchi Freedom Guardian*, the annual summer joint US-ROK military exercise, [begins](#), continuing through Sept. 2. As always DPRK media complain, continuing even [after](#) the maneuvers end, that this is a disguised rehearsal for invasion.

**Aug. 23, 2016:** The NIS [claims](#) North Korea recently ordered the adult children of diplomats posted abroad to return home, but says this was not a factor in Thae Yong Ho's defection.

**Aug. 24, 2016:** South Korean vessel [rescues](#) a North Korean clutching a styrofoam float near Yeonpyeong island. Three more Northerners defected in a fishing boat earlier in August.

**Aug. 27, 2016:** In an [editorial](#) headlined "Sanctions haven't worked," the *JoongAng Ilbo* – widely regarded as South Korea's leading newspaper – criticizes claims that the Northern regime is shaky as "naïve wishful thinking." It calls for a two-track policy: not only sanctions, but also diplomatic efforts to "draw North Korea to the negotiating table."

**Aug. 30, 2016:** Visiting Kazakhstan, ROK Unification minister Hong Yong-pyo [claims](#) that sanctions are squeezing Kim Jong Un's ability to raise the funds he need to secure his rule.

**Aug. 31, 2016:** Citing "a Seoul official", *Yonhap* [claims](#) that Kim Yong Jin, North Korea's vice premier for education, was executed by firing squad in July for slouching at June's SPA meeting; and that Kim Yong Chol, Pyongyang's point man on South Korea, received a month of revolutionary re-education on a farm for his overbearing attitude and abuse of power. Some experts cast [doubt](#) on the genesis, motives and reliability of such announcements by the ROK.

**Sept. 1, 2016:** *Yonhap* [reports](#) "a source" – just that; no further identification – as claiming that a diplomat engaged in trade activities at the DPRK consulate general in Vladivostok defected to Seoul in August, bringing his family and "huge holdings of foreign currency."

**Sept. 9, 2016:** DPRK conducts its fifth [nuclear test](#) since 2006 and its second this year. Pyongyang media exult; Seoul, and the rest of the world, sharply condemn the action.

**Sept. 11, 2016:** A dozen South Korean security and nuclear experts [launch](#) a new think-tank to discuss how the ROK could be armed with nuclear weapons.

**Sept. 11, 2016:** *Yonhap* [quotes](#) "a military source" as claiming, in lurid tones more usually associated with the North, that South Korea "has already developed a plan to annihilate ... Pyongyang through intensive bombing in case the North shows any signs of a nuclear attack .... the North's capital city will be reduced to ashes and removed from the map."

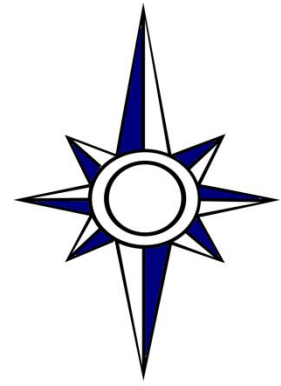
**Sept. 12, 2016:** At a fractious two-hour meeting with heads of the three main political parties – "Leaders snarl at each other at the Blue House" is the *JoongAng*'s [headline](#) – Park Geun-hye rejects new Minjoo Party chairwoman Choo Mi-ae's proposal that she send a special envoy to Pyongyang. Park Jie-won, acting head of the People's Party, says that unlike Park's government and the ruling party, the two liberal opposition parties believe "sanctions and dialogue must be implemented simultaneously." They also oppose deployment of THAAD.





# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## China-Korea Relations:

### Relations in “Kim Jong Un’s Era”

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Vice Chairman of the Workers’ Party of Korea (WPK) Central Committee Ri Su Yong visited Beijing at the end of May to deliver a message of friendship from Kim Jong Un and to report on the results of the May 6-9 WPK Congress, which reportedly marked the “official start to Kim Jong-un’s era.” Ri’s visit drew attention to Pyongyang’s nuclear policy as a continued source of friction in relations with Beijing. China-ROK tensions rose with the announcement of a US-ROK agreement to deploy the THAAD missile defense system in South Korea and South Korean protests against illegal Chinese fishing. Exclusive Economic Zones (EEZs) remain another point of China-ROK tension. Although China and South Korea seek to advance trade within various frameworks, such efforts only highlight a widening gap between the economic and political aspects of their relationship. Current security priorities require effective approaches to both immediate differences over THAAD and EEZs and longer-term preferences over how to effectively promote lasting stability on the Korean Peninsula.

#### Dealing with Kim Jong Un’s nuclear strategy

North Korea has increased the frequency and variety of its missile tests in violation of UN Security Council resolutions with the test-firing of intermediate-range ballistic missiles (IRBMs) and submarine-launched ballistic missiles (SLBMs) on May 31, June 22, and Aug. 29. The tests reinforced Pyongyang’s aspirations as a nuclear weapon state following its Workers’ Party of Korea (WPK) Congress in early May, which consolidated Kim Jong Un’s leadership and reaffirmed his national strategy of nuclear and economic development. Talks in Beijing between Xi Jinping and Vice Chairman of the WPK Central Committee Ri Su Yong on June 1 coincided with a trilateral meeting in Tokyo of US, ROK, and Japanese nuclear envoys, who demanded a tougher response from Beijing. Although China’s Foreign Ministry reiterated its hopes for denuclearization ahead of the WPK Congress, pledged support for the implementation of UN sanctions, and called for resuming multilateral dialogue following the IAEA’s June report on North Korea’s Yongbyon nuclear facility, South Korean counterparts remain skeptical that such goals would be realized. A June 2 *Global Times* editorial indicated that China “cannot make a breakthrough” on the North Korean nuclear issue but instead “serves as a balancing actor in the game.” Chinese and DPRK state media reports of Ri Su Yong’s visit appeared to downplay the nuclear issue, referring to the visit as an indicator of continued friendship.

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At the Track 1.5 Northeast Asia Cooperation Dialogue meeting involving representatives from all of the countries in the Six-Party Talks held in Beijing on June 22-23, Choe Son Hui, deputy director of North American affairs at the DPRK Foreign Ministry and North Korea's deputy chief nuclear envoy, described the Six-Party Talks as obsolete, indicating no change in Pyongyang's nuclear policy under Kim Jong Un. The annual security forum was held shortly after North Korea's test-launch of two IRBMs.

South Korea's Foreign Ministry on May 9 dismissed a *JoongAng Daily* report on China's proposal for peace treaty talks between Washington and Pyongyang in exchange for North Korea freezing its nuclear weapons program and returning to the Nuclear Non-Proliferation Treaty. Later that month, China's Foreign Ministry also denied a US media report on a China-DPRK agreement on Chinese food aid in return for Pyongyang's restraint from conducting a fifth nuclear test to mark the WPK Congress.

North Korea's WPK Congress raised expectations among some South Korean scholars over a North Korean charm offensive toward Washington in which North Korea would call for peace treaty talks in exchange for a suspension of nuclear activities. Kim Jong Un's calls at the WPK Congress for inter-Korean dialogue led to North Korean proposals on May 21 and 24 for working-level military talks, both of which South Korea summarily dismissed. US Republican presidential candidate Donald Trump's indications of openness to talks with Kim Jong Un, however, drew support from the Chinese Foreign Ministry on May 18, which said that "direct dialogue and communication between the U.S. and North Korea" is a "very conducive" means toward promoting Korean Peninsula denuclearization.

### **Beijing's opposition to THAAD; Seoul's opposition to EEZ violations**

North Korea's sprint to advance its nuclear and missile capabilities catalyzed a US-ROK agreement on July 8 to deploy the Terminal High Altitude Area Defense (THAAD) missile defense system on the Korean Peninsula. The Chinese Foreign Ministry responded that it is "strongly dissatisfied with and firmly opposes" the decision. Foreign Minister Wang Yi on July 9 argued that THAAD deployment would go beyond the defense needs of the Korean Peninsula, while China's Defense Ministry spokesperson claimed that it will consider "measures to safeguard the nation's strategic security and the strategic balance in the region." Since a US-ROK Feb. 7 announcement on launching official talks to consider the deployment of THAAD, Beijing has expressed its opposition with both the US and ROK through various regional diplomatic channels and at the highest levels. Vice Foreign Minister Li Baodong raised such concerns in May to US Undersecretary of State for Arms Control and International Security Rose Gottemoeller and President Xi Jinping reportedly raised the issue with both President Obama and President Park in bilateral meetings on the sidelines of the Nuclear Security Summit.

Friction over THAAD surfaced during the Shangri-La Dialogue in Singapore on June 3-5, where ROK Defense Minister Han Min-koo signaled to regional leaders South Korea's "undoubtedly clear will to deploy THAAD." In his plenary speech on June 5, Adm. Sun Jianguo, deputy chief of China's Central Military Commission Joint Staff, argued that THAAD deployment would "erode the security of the region." Ahead of the Shangri-La Dialogue, the ROK Defense Ministry had sought to avoid the issue amid heated domestic debates on THAAD within South



Korea as well as criticism from China and Russia. The THAAD controversy coincided with South Korean efforts to clarify its maritime security policies in advance of a long-anticipated July 12 ruling of the International Tribunal on the Law of the Sea (ITLOS) on China's South China Sea claims, another focal point of the Singapore meeting. The Shangri-La Dialogue also served as a platform for mobilizing international support on the North Korean nuclear issue. In his address to participants on June 4, Defense Minister Han Min-koo sought "collective strength" against Pyongyang's military provocations, arguing that Seoul will not support the "meaningless dialogue" proposed by Pyongyang without any commitments on denuclearization.

The formal announcement on July 9 on the decision to deploy THAAD unleashed weeks of Chinese editorial debate over South Korea's perceived betrayal of Chinese security interests and the negative impact on the regional security balance. The emotional Chinese debate included discussion of a wide range of threats of economic retaliation by China against South Korea and coincided with a heated domestic political debate within South Korea over the THAAD deployment and the decision to locate the battery in Seongju, Gyeongsang Province. South Korean media made much of the fact that Foreign Minister Wang Yi shared an airplane to the ASEAN Regional Forum meeting in Laos with North Korean Foreign Minister Ri Yong Ho, speculating that China would recalibrate its relations with North Korea in retaliation for the decision to deploy THAAD.

Chinese threats of economic retaliation fed South Korea's sharpening domestic debate over the deployment decision, which received support from slightly over 50 percent of the Korean public but met with a strong NIMBY backlash and protests from Seongju citizens, joined by opposition National Assembly members. South Korean media scrutinized Chinese handling of K-pop concerts, tourism, and sales of Korean cosmetics in China for evidence of retaliation against Seoul. The PRC tightened the process of visa issuance to South Korean visitors, but did not take significant economic measures against South Korea in advance of the September G20 Summit. On the occasion of a trilateral China-Japan-ROK Foreign Ministers Meeting in Japan on Aug. 24, China separated its handling of North Korea from the THAAD decision by joining with South Korea and Japan in opposing North Korea's nuclear development and pledging to implement UN Security Council resolutions while Foreign Minister Wang Yi expressed China's opposition to THAAD in a bilateral meeting with Foreign Minister Yun Byung-se.

Illegal Chinese fishing is another area of recent political confrontation between Seoul and Beijing. Following the capture of Chinese fishing boats in neutral waters near the inter-Korean border in early June, Seoul issued a formal complaint to Beijing demanding practical action. Deputy Foreign Minister Kim Hyung-zhin further raised South Korean opposition by summoning PRC Ambassador to the ROK Qiu Guohong on two occasions that month, demanding active measures from Beijing. Such developments undermined the renewal of consultation channels established last December in response to limited achievements of regular talks among foreign affairs, maritime law enforcement, and fishery authorities. South Korea's military police on June 10 initiated its first joint operations with the US-led UN Command, authorized to use force against Chinese fishing boats in the event of noncompliance with verbal warnings. In South Korea's latest move against illegal fishing, the Ministry of Public Safety and Security on June 22 announced the stationing of the Coast Guard's biggest patrol vessel off Jeju Island, named after Coast Guard officer Lee Cheong-ho who was killed during clashes with

Chinese fishermen in 2011. The patrol operations extend to the Ieodo Ocean Research Station on Ieodo, a submerged rock that is the subject of competing claims from China and South Korea.

### **Chinese assessments of relations with the two Koreas**

WPK Vice Chairman Ri Su-yong's visit to China on May 31-June 2 for talks with President Xi Jinping and Communist Party of China (CPC) counterpart Song Tao represented the highest-level bilateral exchange since North Korea's January 2016 nuclear test. The level of Ri's reception signaled Beijing's willingness to renew friendship and strengthen party-to-party coordination, while Pyongyang simultaneously sought working-level military talks with Seoul. The official purpose of Ri's visit was to brief Chinese counterparts on the WPK Congress, where Ri was promoted into the WPK Political Bureau from his previous position as foreign minister. The CPC sent a congratulatory message on the opening of the WPK Congress on May 6, and President Xi extended a personal message to Kim Jong Un on his election as WPK chairman. But while Beijing sent a vice premier to North Korea's most recent prior party congress in 1980, the absence of a similar representation at the May congress highlighted political strains in the China-DPRK relationship over Pyongyang's nuclear development. North Korea's ceremonial head of state Kim Yong Nam arrived in Beijing on May 17 on his way to Equatorial Guinea but had no reported meetings with Chinese leaders.

The WPK Congress was a catalyst for Chinese debate on relations with Korea after the "official start to Kim Jong Un's era." Although Kim's *byeongjin* policy of nuclear and economic development signifies change from Kim Jong Il's military-first *songun* policy, Chinese observers recognize the practical constraints to the Kim regime's current strategy. A *Global Times* editorial on May 6 claimed that nuclear development "has brought Pyongyang far more negative effects on its security than it may have predicted," but expressed hopes for a "pragmatic" assessment on resolving the "contradictions" in Kim's dual strategy of national development. Referring to Kim's nuclear goals as "poison for his country's economy," a *China Daily* commentator on May 11 more explicitly argued that "it is simply beyond Pyongyang's competence to pursue the twin goals at once," citing not just limited national resources but also limited support from the international community. As a May 9 *Global Times* editorial indicated, "International society is firmly against Pyongyang's nuclear program ... major countries will not change their stance to recognize North Korea as a nuclear state." According to Jin Qiangyi, director of Yanbian University's Institute of International Politics, North Korea's proposal of inter-Korean military talks in May was "insincere" in the absence of steps toward denuclearization, aimed instead to ease the pressures of tightened sanctions since March. Deng Yuwen, former deputy editor of a CPC paper, even suggested that the downfall of the Kim regime is only "a matter of time" unless Pyongyang changes its policy orientation, projecting such a scenario within 10 to 15 years. Despite such warnings on Pyongyang's international isolation, however, South Korean observers remain skeptical about Beijing's support for tougher measures given the implications for China's own stability in the northeast.

Chinese assessments of relations with the South reflect an even sharper downturn in reaction to Seoul's THAAD agreement with Washington, identified as a "barrier to closer relations with China" and part of US efforts to create an "Asian version" of NATO. As a *Xinhua* editorial on Aug. 2 indicated, Seoul's decision "damages the mutual trust and cooperation developed with

China by threatening China's strategic security interests." Specifically, the THAAD decision "breaks the regional strategic balance by tying South Korea to the US chariot of Asia-Pacific rebalancing." Other commentators threatened retaliation against South Korea's broader strategic interests. According to an Aug. 1 *Xinhua* editorial, the THAAD agreement is "an invitation for economic punishments which Seoul cannot afford," and will "force Beijing and Moscow to take strategic countermeasures." Chinese reporting of the agreement has particularly played into South Korean domestic protests against Seoul's decision, described by the PRC state media as a "move to serve US hegemony" and an outcome of "humiliated diplomacy."

### **China's economic ties with North Korea and implementation of sanctions**

China's Ministry of Commerce and General Administration of Customs announced an embargo on import of coal and iron products from North Korea on April 5. China-DPRK trade in April declined by 10.5 percent on-year to \$429 million according to Chinese Customs data, including a 22.3 percent drop in DPRK imports to China. North Korean coal exports to China, which accounted for 40 percent of the North's total exports to China, fell by 38 percent to \$72.27 million in April. However, the drop in value of bilateral trade may have as much to do with depressed coal prices as China's implementation of sanctions.

US and Japanese sources suggested in late May that the impact of sanctions has been minimal based on limited changes in the price of basic commodities. On the other hand, according to *Radio Free Asia*, China's public security agents appear to be cracking down harder on illicit trade, including arrests of Dalian-based smugglers in early March engaged in arms trafficking with North Korea. China's Commerce Ministry on June 14 announced its decision to ban exports to North Korea of "dual-use" items as part of efforts to implement UN Security Council Resolution (UNSCR) 2270, which was supported by pledges from the Foreign Ministry a day later to fully implement UN sanctions against North Korea.

Such measures, however, followed Foreign Ministry statements on June 2 opposing "any country's unilateral sanctions" in response to the US Treasury Department's designation of North Korea as a "primary money laundering concern" aimed to restrict the North's access to the international financial system. Despite joint pledges of cooperation on sanctions after the US-China Strategic and Economic Dialogue in Beijing on June 7, ROK officials continue to demand more action from Beijing. In a meeting with PRC Ambassador Qiu Guohong on June 7, interim leader of main opposition Minjoo Party of Korea, Kim Chong-in, sought "more efforts" on denuclearization through sanctions, pointing to economic ties with Pyongyang that limit the effectiveness of economic pressure. Outside the UN framework, the US Department of Commerce ordered an investigation into Huawei's exports to North Korea, Cuba, Iran, and Syria, according to *The New York Times* in early June.

Dandong city's China Council for the Promotion of International Trade on June 10 announced its annual China-DPRK Economic, Trade, Culture and Tourism Expo on Oct. 15-18, which has served as a platform for promoting bilateral economic and cultural exchanges since 2012. The announcement came a week after Dandong postponed an inaugural trade fair between Chinese and South Korean small and medium-sized enterprises (SMEs) scheduled for June 9-13, reportedly directed by the central government, citing technical difficulties and "safety" concerns.

The delay in such initiatives reinforced speculation about a deteriorating security environment in China's northeast, given apparent increases in North Korean defections and the reported killing of an ethnic Korean pastor and supporter of DPRK defectors in Yanbian in late April. ROK Unification Ministry data in June indicated a 16 percent annual increase in the number of DPRK defectors coming to the South to 590 from January-May, the biggest increase recorded under Kim Jong Un's leadership. The latest officially-reported defection involved three North Korean restaurant workers who arrived in Seoul from China's Shanxi Province, confirmed by the ROK Ministry of Unification on June 1. According to *Radio Free Asia*, North Korea's State Security Ministry has issued a ban on individual travel to China since March. South Korean sources in May claimed that Kim Jong Un has even ordered a ban on the use of Chinese cell phones to prevent defections and internal information leaks especially in border regions, where DPRK state security agents have reportedly stepped up monitoring of mobile communications. Seoul has taken its own measures against security concerns on the China-DPRK border, including the cancelation of official training tours scheduled for late May by the Unification Ministry-affiliated Institute for Unification Education, and travel advisories from the National Unification Advisory Council and Foreign Ministry.

### **China-ROK FTA confronts declining trade**

South Korea's exports to China, which account for a quarter of its total exports, posted a 18.4 percent annual decline in May according to the Korea International Trade Association (KITA), comparable to previous declines in 2009 and 1998 during the global and Asian financial crises. Unfavorable trade trends loomed over the 14<sup>th</sup> China-ROK Economic Ministers Meeting in Seoul on May 27, led by PRC Finance Minister Xu Shaoshi and ROK counterpart Yoo Il-ho, their second meeting that month since the 16<sup>th</sup> China-ROK-Japan Finance Ministers and Central Bank Governors Meeting on the sidelines of the Asian Development Bank annual meeting in Frankfurt on May 3. Minister Yoo also attended the AIIB's first General Assembly in Beijing on June 24 as well as the launching ceremony for the establishment of the RMB-Won direct market. Trade and economic cooperation since the establishment of the China-ROK FTA and AIIB's founding last summer was a focus of talks between Foreign Ministers Wang Yi and Yun Byung-se on July 25 on the sidelines of the ASEAN Foreign Ministers Meeting in Laos, as well as at the eighth Trilateral Foreign Ministers Meeting with Japanese counterpart Kishida Fumio in Tokyo on Aug. 24. Talks between Finance Ministers Xu Shaoshi and Yoo Il-ho in Seoul on May 27 produced an agreement to cooperate on infrastructure development in Northeast China.

The ROK Ministry of Trade, Industry and Energy initiated a series of "Korean Wave"-themed product fairs in Shenyang, Xian, and Chongqing in May, in what it has called the biggest event of its kind involving more than 300 Korean firms and more than 1,000 Chinese counterparts. ROK Trade Minister Joo Hyung-hwan attended the trade fair in Xian on May 13-17, where he also participated in an international "Silk Road" trade fair organized by China's National Development and Reform Commission (NDRC) and Commerce Ministry. Xi Jinping's Silk Road plan since 2013 remains a common theme of new initiatives like the China-ROK "Digital Silk Road," for which Weihai and Incheon Mayors Zhang Hui and Yoo Jeong-bok on May 16 designated their cities as centers of cooperation.

South Korean concerns, however, remain focused on the impact of China's slowing growth, seen as a financial threat among 73 percent of respondents in a Bank of Korea survey in May. Still, corporate organizations continue to promote South Korean expansion into the Chinese market in potential growth sources like the service sector, as emphasized in a Korea Chamber of Commerce and Industry (KCCI) report in May. On the other hand, China's economic advancement into high-tech sectors has implied friction with traditional South Korean competitors for the global market. ROK Minister of Science, ICT and Future Planning Choi Yang-hee on May 26 criticized Huawei for framing its patent suit against Samsung Electronics as "a legal battle between global companies," as part of a strategy of enhancing Huawei's global image. China-based South Korean managers have further reported "cultural differences" between Korean companies and their Chinese employees as well as local Chinese governments.

### **Emerging areas of China-ROK cooperation**

Nontraditional security and local-level exchanges between China and South Korea suggest increasing cooperation despite current political and economic difficulties. The 13<sup>th</sup> China-ROK Nuclear Power Joint Committee met in Beijing on May 26-27, led by Xu Dazhe, director of the China Atomic Energy Authority, and Hong Nam-ki, ROK vice minister of science, ICT and future planning. Director General of the NDRC Climate Change Department Su Wei and ROK Ambassador for Climate Change Choi Jai-chul led the first meeting of the joint climate change committee in Busan on June 23. Also on June 23, a Chinese naval squadron arrived in Busan for exchanges with the ROK Navy following its anti-piracy missions in the Gulf of Aden.

At the local level, ROK Trade Minister Joo Hyung-hwan and Jiangsu Governor Shi Taifeng agreed to establish a high-level dialogue mechanism on trade cooperation in talks in Seoul on May 9, making Jiangsu the fifth Chinese province to have such a channel with South Korea. China's second biggest province in terms of GDP after Guangdong, Jiangsu was also South Korea's second biggest provincial partner in 2015 with a total trade volume of \$59.8 billion, and represented 21.7 percent (\$11.3 billion) of South Korean investment in China. While China's northeast provinces remain behind their coastal counterparts in the amount of trade with South Korea, Heilongjiang and North Chungcheong Governors Lu Hao and Lee Si-jong also reached an agreement in Harbin on June 15 to strengthen provincial trade and economic cooperation. As South Korea's Ministry of Oceans and Fisheries indicated on May 30, a Chinese state-run company from Liaoning proposed a \$177.2 million investment plan in a marina project in Dangjin, South Chungcheong Province.

### **Conclusion: reversion to the old normal China-ROK relations?**

China-South Korean differences over responding to Pyongyang's nuclear ambitions, Seoul's THAAD agreement with Washington, and EEZ-related maritime security are major challenges to Presidents Xi and Park's "trust-building" commitments since taking office in 2013. As *Xinhua* commentators indicated on Aug. 2, the THAAD decision "undermines the foundation of their strategic cooperative partnership at a time when it actually should be deepening."

But as PRC Ambassador Qiu indicated in June talks with Minjoo Party interim leader Kim Chong-in, Seoul and Beijing remain aligned on common goals of peace, stability, and

denuclearization. Current frictions reflect longstanding differences over the means to achieve such objectives, reflected in debates over sanctions versus dialogue, and debates over US-DPRK peace talks versus multilateral denuclearization talks. Similarly, coinciding with a Philippines-led ruling on South China Sea arbitration, the US-ROK THAAD decision and China's reaction has re-surfaced a longstanding gap in China's broader regional economic and security relations.

The symbolism of President Park Geun-hye on the rostrum in Beijing with President Xi and Russian President Vladimir Putin at China's commemoration of the 70<sup>th</sup> anniversary of World War II last year has been completely wiped away by Xi's failure to coordinate effectively with Park to condemn North Korea's fourth nuclear test and by a widening chasm caused by China's exaggeration of the strategic significance of planned THAAD deployments to South Korea.

The contrast in China's handling of the THAAD issue with the United States and South Korea are worth noting. In talks with National Security Advisor Susan Rice in late July, the PRC appeared to compartmentalize objections to THAAD by assuring the US that such issues would not impede China's implementation of UNSCR 2270 sanctions against North Korea. But Chinese threats to put at risk the economic relationship with South Korea and Foreign Minister Wang Yi's assertion to counterpart Yun Byung-se that South Korea's acceptance of THAAD had damaged trust between the two countries suggests a double-game borne of a desire to ensure that ROK security cooperation with the US stays in the peninsular box rather than risking a long-term possibility that missile defense on the Korean Peninsula could become interoperable with US-Japan missile defense systems aimed at China. It remains to be seen how North Korea's fifth nuclear test on Sept. 9 might sharpen or reframe China's debates over how to deal with South Korea and the United States over North Korea's deepening threats to regional stability.

### **Chronology of China-Korea Relations May – August 2015**

**May 3, 2016:** The 16<sup>th</sup> China-ROK-Japan Finance Ministers and Central Bank Governors Meeting is held on the sidelines of the Asian Development Bank annual meeting in Frankfurt.

**May 3, 2016:** PRC Foreign Ministry denies information on an ethnic Korean pastor and supporter of DPRK defectors found dead in Changbai County, Yanbian, on April 30.

**May 6, 2016:** PRC Foreign Ministry expresses hopes on North Korea's denuclearization.

**May 7, 2016:** The Communist Party of China (CPC) sends a congratulatory message to the Workers' Party of Korea (WPK) on its party congress.

**May 9, 2016:** Jiangsu Gov. Shi Taifeng and ROK Trade Minister Joo Hyung-hwan meet in Seoul and agree to establish a high-level dialogue mechanism on economic cooperation.

**May 9, 2016:** South Korea's Foreign Ministry denies media reports on US-China talks on peace treaty talks.

**May 10, 2016:** President Xi Jinping sends a congratulatory message to Kim Jong Un on his election as WPK chairman.

**May 12-14, 2016:** Shenyang-Korea Brand and Entertainment Expo 2016 is held in Shenyang, the first of a series of “Korean Wave” product fairs.

**May 13, 2016:** North and South Korean representatives attend an international trade fair in Xian organized by China’s National Development and Reform Commission and Commerce Ministry.

**May 13-17, 2016:** Second South Korean product fair is held in Xian, attended by ROK Trade Minister Joo Hyung-hwan.

**May 16, 2016:** Mayors of Weihai and Incheon Zhang Hui and Yoo Jeong-bok meet in Incheon and announce the designation of Incheon and Weihai as priority cities for cooperation on the China-ROK “Digital Silk Road.”

**May 17, 2016:** Head of North Korea’s Parliament Kim Yong Nam arrives in Beijing on his way to Equatorial Guinea.

**May 18, 2016:** PRC Foreign Ministry expresses support for US-DPRK direct talks.

**May 20-23, 2016:** Head of the CPC Propaganda Department Liu Qibao visits South Korea and meets Foreign Minister Yun Byung-se and Parliamentary Speaker Chung Ui-hwa.

**May 26-27, 2016:** Xu Dazhe, director of the China Atomic Energy Authority, and Hong Nam-ki, ROK vice minister of science, ICT and future planning, lead the 13<sup>th</sup> China-ROK Nuclear Power Joint Committee meeting in Beijing.

**May 26, 2016:** South Korea’s Institute for Unification Education announces the cancelation of training visits to the China-DPRK border region schedule for the end of May.

**May 27, 2016:** ROK Finance Minister Yoo Il-ho and PRC counterpart Xu Shaoshi meet in Seoul and agree to cooperate on infrastructure development in Northeast China.

**May 27, 2016:** The 14<sup>th</sup> China-ROK Economic Ministers Meeting is held in Seoul.

**May 31, 2016:** PRC Foreign Ministry calls for restraint after North Korea’s apparent failure to launch an intermediate-range ballistic missile.

**May 31–Jun. 2, 2016:** Vice Chairman of the Worker’s Party of Korea Central Committee Ri Su Yong visits China and meets President Xi Jinping and Minister of the CPC International Department Song Tao.

**June 1, 2016:** ROK Unification Ministry confirms the arrival of three North Korean restaurant workers defecting from Shanxi Province.

**June 2, 2016:** DPRK official of the Red Cross Society Central Committee accuses Seoul for abducting North Korean restaurant workers from China.

**June 2, 2016:** China's Foreign Ministry expresses its opposition to "unilateral sanctions" against North Korea.

**June 3, 2016:** PRC officials announce the cancelation of a trade fair between Chinese and South Korean SMEs in Dandong scheduled for June 9-13.

**June 4, 2016:** PRC Deputy Chief of the Joint Staff Adm. Sun Jianguo and ROK Defense Minister Han Min-koo meet on the sidelines of the Shangri-La Dialogue in Singapore.

**June 5, 2016:** South Korean fisherman capture two Chinese fishing boats illegally fishing near the inter-Korean sea border.

**June 7, 2016:** *Rodong Sinmun* threatens that North Korea will expand its nuclear development.

**June 7, 2016:** Chinese fishing boats captured for illegally fishing in South Korea's EEZ.

**June 7, 2016:** Interim leader of South Korea's main opposition Minjoo Party of Korea, Kim Chong-in, meets PRC Ambassador to South Korea Qiu Guohong in Seoul.

**June 7, 2016:** PRC Assistant Foreign Minister Kong Xuanyou and Russian counterpart Igor Morgulov express shared concerns over THAAD.

**June 8, 2016:** PRC Foreign Ministry calls for resuming dialogue after the IAEA reports on North Korea's restarting of its nuclear fuel plant in Yongbyon.

**June 8, 2016:** PRC and ROK nuclear envoys Wu Dawei and Kim Hong-kyun meet in Beijing.

**June 8, 2016:** ROK officials announce that Seoul has issued a formal protest with Beijing on illegal Chinese fishing in South Korean waters.

**June 9, 2016:** 1,000 Chinese tourists participate in the "Seoul Dano" tour program jointly developed by the Seoul government and China Travel Service.

**June 10, 2016:** South Korea military police and the UN Command begin joint military operations against illegal Chinese fishing.

**June 14, 2016:** South Korea's military police capture two Chinese fishing boats operating illegally in neutral waters between the two Koreas.

**June 14, 2016:** PRC Commerce Ministry announces a ban on dual use exports to North Korea.

**June 15, 2016:** ROK Coast Guard announces it will request warrants to formally arrest the captains and crew members of two Chinese fishing boats seized on June 14.



**June 15, 2016:** ROK Deputy Foreign Minister Kim Hyoung-zhin calls in PRC Ambassador to South Korea Qiu Guohong to seek cooperation on illegal Chinese fishing.

**June 15, 2016:** China's Foreign Ministry pledges full implementation of UN sanctions against North Korea.

**June 15, 2016:** Heilongjiang and North Chungcheong provincial governors, Lu Hao and Lee Si-jong, meet in Harbin and agree to strengthen cooperation in economy and trade.

**June 16, 2016:** ROK Foreign Ministry announces that China and South Korea have agreed in principle on visa exemption for students on school field trips.

**June 19, 2016:** China, South Korea, and Japan on the sidelines of the Shenzhen International UAV Expo reach a three-way cooperation agreement on drones.

**June 20, 2016:** *Korean Central News Agency* criticizes South Korea and the UN Command's joint operations against illegal Chinese fishing in neutral waters between the two Koreas.

**June 20-27, 2016:** Delegation of 177 young Chinese public officials led by Wang Yunzhe, vice chief of the China-ROK Friendship Association, visits South Korea for exchanges with municipal governments.

**June 21, 2016:** South Korean scholars at a conference hosted by the Northeast Asian History Foundation in Seoul challenge Chinese views of ancient history.

**June 22, 2016:** China's Foreign Ministry calls for restraint after North Korea test-fires two medium-range ballistic missiles.

**June 22, 2016:** Newly-appointed ROK National Assembly Speaker Chung Sye-kyun and PRC Ambassador Qiu hold talks in Seoul.

**June 22, 2016:** ROK Ministry of Public Safety and Security announces that ROK Coast Guard has stationed its biggest patrol vessel off Jeju Island to address illegal fishing.

**June 22-23, 2016:** Annual Track 1.5 Northeast Asia Cooperation Dialogue is held in Beijing.

**June 23, 2016:** China's Foreign Ministry urges North Korea to comply with UNSC resolutions.

**June 23, 2016:** Director General of China's National Development and Reform Commission's Climate Change Department Su Wei and ROK Ambassador for Climate Change Choi Jai-chul lead the first meeting of their joint climate change committee in Pusan.

**June 24, 2016:** ROK Finance Minister Yoo Il-ho attends the first AIIB General Assembly in Beijing and opening ceremony of the RMB-Won direct market.

**June 23, 2016:** Chinese naval squadron arrives in Busan from the Gulf of Aden for exchanges with the ROK Navy.

**June 26-30, 2016:** ROK Prime Minister Hwang Kyo-ahn visits China, where he meets President Xi Jinping and Premier Li Keqiang, participates in the 10<sup>th</sup> Summer Davos Forum in Tianjin, and travels to Liaoning.

**July 1, 2016:** Kim Jong Un sends a congratulatory message to PRC President Xi Jinping on the 95<sup>th</sup> anniversary of the CPC's founding.

**July 9, 2016:** PRC Defense and Foreign Ministries express opposition to the US-ROK agreement on THAAD deployment.

**July 22, 2016:** North Korea's Air Koryo aircraft makes emergency landing at Taoxian International Airport in Shenyang due to smoke in the aircraft.

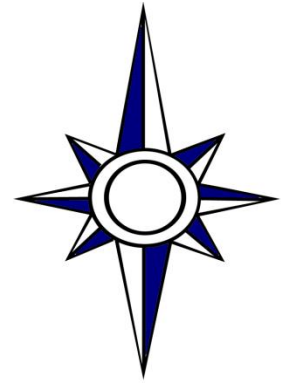
**July 25, 2016:** PRC and ROK Foreign Ministers Wang Yi and Yun Byung-se meet on the sidelines of the ASEAN Foreign Ministers Meeting in Laos.

**Aug. 24, 2016:** Foreign Ministers Wang Yi, Yun Byung-se, and Kishida Fumio hold the 8<sup>th</sup> China-ROK-Japan Foreign Ministers Meeting in Tokyo.

**Aug. 29, 2016:** China's Foreign Ministry calls for restraint over North Korea Aug. 24 ballistic missile launch.

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## Japan-China Relations: No Lack of Dialogue, Results – TBD

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There was no lack of high-level bilateral dialogue over the summer months. Foreign Minister Kishida and Foreign Minister Wang met three times between late April and the end of August. Wang also met LDP Secretary General Nikai in Beijing while National Security Advisor Yachi met Premier Li and State Councilor Yang. Liberal Democratic Party (LDP) Vice President Komura and Komeito Party leader Kitagawa led a parliamentary delegation to Beijing in May and met Tang Xiaxuan, president of the China-Japan Friendship Association, and Vice President Liu Yuanchao. Prime Minister Abe met Premier Li in July at the Asia-Europe Meeting in Ulaanbaatar. Despite the dialogue, strong policy differences continued to mark the relationship, in particular on issues related to the South China Sea and the East China Sea. Tensions heightened in June when a PLA Navy ship entered Japan's territorial waters off Kagoshima and in August when Chinese fishing boats and Coast Guard ships swarmed into the Senkakus, entering Japan's contiguous zone and territorial waters despite repeated high-level protests.

### Diplomacy

Foreign Minister Kishida Fumio arrived in Beijing on April 29, marking the first visit of a Japanese foreign minister to the city in over four years. On April 30, Kishida met Chinese counterpart Wang Yi at the Diaoyutai Guest House to review the state of the relationship. At the end of the 4 hour and 20 minute meeting, the ministers agreed that the relationship was improving, that both sides needed to do more to keep it on its present course, and to cooperate in implementing the UN Security Council's sanctions resolution on North Korea.

Beyond that consensus, what followed was a frank exchange of views. Kishida reportedly raised issues related to the South China Sea, China's continuing efforts to develop military bases in the region, and China's repeated incursions into Japan's sovereign waters near the Senkaku Islands. Kishida described the exchange on the South China Sea as "candid." According to Japanese media reports of the exchange, Wang retreated to official talking points on the issues, but quoted Kishida as responding "Even a bureaucrat can speak only of official stances. You are the foreign minister, so you should state the differences in our official position and then propose what to do about them."

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Following the meeting, the Chinese Foreign Ministry released its report of the meeting, which made no mention of the exchange on the South China Sea. The report did, however, say that Wang had welcomed Kishida's visit, observing that over the past three years the relationship "has suffered various setbacks ... falling to a low ebb. The Japanese side knows clear the reason behind that. We have seen the Japanese side repeatedly expressing its hope of improving the relationship.... If you come with sincerity, we welcome you. As the Chinese saying goes, we should make a judgment based on not only what people say but also what they do. I am ready to listen to your opinion about how to improve China-Japan relations, and I am also going to see whether the Japanese side will match words with deeds."

Wang went on to set out a four point agenda for improving the bilateral relationship (a 101-year reply to the 21 Demands of 1915?) The four points called on Japan to:

- "Stick fast to the four political documents [that form the basis of the relationship], including the China-Japan Joint Statement, face up to and reflect upon history, and follow the one-China policy to the letter. No ambiguity or vacillation is allowed..."
- "Translate into concrete actions its consensus with China, that is the two countries are each other's cooperative partners rather than threats ... and stop spreading or echoing all kinds of 'China threat' or 'China economic recession' theories."
- In terms of economic exchange, "establish the concept of win-win cooperation."
- "In terms of regional and international affairs, the two sides should respect each other's legitimate interests ... The Japanese side should cast aside the confrontation mentality and work with China to maintain peace, stability and prosperity of the region."

On April 30, Foreign Minister Kishida met Premier Li Keqiang and State Councilor Yang Jiechi. Li told Kishida that he hoped "both sides reinforce a sense of responsibility, maintain the current momentum of improvement and undertake tasks of bringing bilateral ties to a normal track."

Commenting on the visit, China's Foreign Ministry spokesperson observed "There are sign of improvement in China-Japan relations at the moment, yet bilateral relations are still vulnerable and complex, we hope the Japanese side would meet China half way ... and make tangible efforts to improve and develop bilateral relations."

In his farewell press conference on May 9, Ambassador Kitera Masato expressed his confidence that "as relations between Japan and China are broadened and deepened, they will not be easily destroyed. Reflecting on his arrival in Beijing, which he characterized as the "worst days of the relationship normalization," the ambassador argued that the task ahead was "not to return to the past days of friendship but to build a new relationship with a larger China."

Japan's newly appointed ambassador, Yokoi Yutaka, a member of the Foreign Ministry's "China school," arrived in Beijing on May 16. Addressing the South China Sea issue, the ambassador told the press that he would "advocate what needed to be advocated." As for the overall bilateral relationship, he emphasized that differences should be addressed from a broad perspective so as not to negatively affect the relationship. He noted that the leadership in both China and Japan had placed importance on making progress in the relationship and that the September G20 Summit would provide an opportunity for the leaders to meet.

Foreign Minister Wang traveled to Tokyo on Aug. 24 for the Trilateral China-Japan-South Korea Foreign Ministers Meeting, his first trip to Japan in three years. The Chinese Foreign Ministry made clear that Wang's visit was not an "official" visit to Japan but to participate in the trilateral meeting. Nevertheless, Wang met separately with Kishida, where Kishida again raised the issue of Chinese government ships entering Japan's territorial waters in the Senkakus, calling for the "complete relaxation of tensions and prevention of the recurrence of similar incidents." (*Nihon Keizai Shimbun* reported that on the day of the meeting Chinese government ships had cleared Japan's territorial waters and entered the contiguous zone.) On the South China Sea, both retreated to familiar talking points. Kishida said that "if the situation in the East China Sea were to improve, Japan, from a broad perspective, wanted to improve relations, including an Abe-Xi meeting during the G20. Wang acknowledged the importance of "controlling the situation through discussions." The two ministers agreed to work toward an Abe-Xi summit during the coming G20 in Hangzhou and for the early implementation of a communication mechanism to avoid unexpected incidents in the maritime and aerial domains. (On Sept. 2, *Yomiuri Shimbun* reported that the two governments had reached agreement on the mechanism and that formal agreement could come during the G20 Summit.) Wang also met with LDP Secretary General Nikai Toshihiro during the visit.

At the same time, in Beijing, National Security Advisor Yachi Shotaro was meeting Premier Li and State Councilor Yang to advance an Abe-Xi summit. Japanese press reported that Li told Yachi that "it is necessary to put relations back on a normal track as soon as possible" and that Yachi and Yang had agreed to work toward an Abe-Xi meeting.

### **High-level political contact**

Paralleling the Kishida visit in late April, LDP General Council Chairman Nikai Toshiro met State Councilor Yang Jiechi in the Great Hall of the People on April 28. In an attempt to advance an Abe-Xi summit, Nikai told Yang that "it is important for both leaders to meet often. Yang replied that there are "signs of improvement in bilateral relations" but "there are still sensitive areas. Mutual efforts are needed." Another group of Japanese, a delegation of 10 Diet members led by former LDP Vice President Yamasaki Taku, visited China from April 29-May 1. Yamasaki met Liu Yunshan, fifth-ranking member of the Standing Committee of the CCP's Politburo on April 29.

LDP Vice President Komura Masahiko and Komeito deputy leader Kitagawa Kazuo brought a supra-party delegation of the Parliamentary Union for Japan-China Friendship to Beijing in early May. The delegation met Tang Jiaxuan, former State Councilor and now president of the China-Japan Friendship Association, who welcomed the delegation by noting the parliamentary

association had long been a “gathering of friends.” Komura observed that bilateral ties are “in the process of improving, but this is still insufficient,” while Tang defended military construction in the South China Sea as a “legitimate activity.” Komura replied that the matter is “of concern not only for Japan, but also for the whole world.” On May 5, the delegation met Vice President Li Yuanchao. In his remarks, Komura emphasized the importance of “establishing trust between the two leaders” and called for regular summit meetings, observing that while relations had improved following the Abe-Xi summit at the APEC meeting in 2015, the speed of improvement was “not at all sufficient.” Addressing the South China Sea issue, Li called for peaceful resolution through dialogue. Last year the Komura–Kitagawa delegation met Zhang Dejiang, chairman of the Standing Committee of the National People’s Congress and third-ranking Communist Party official. Vice President Li is a member of the Politburo but not a member of the Politburo’s Standing Committee. A diplomatic source attributed the downgrade as an indication of China’s displeasure with the discussion of South China Sea issue at the April 30 Kishida-Wang meeting.

### **Maritime order at the G7**

The G7 Summit was held in Ise, Japan on May 26-27. Maritime security was among the issues addressed in the leaders’ statement. In that section, the document reads:

We reiterate our commitment to maintaining a rules-based maritime order in accordance with the principles of international law as reflected in UNCLOS, to a peaceful dispute settlement supported by confidence building measures and including legal means as well as to sustainable uses of the seas and oceans, and to respecting freedom of navigation and overflight. We reaffirm the importance of states’ making and clarifying their claims based on international law, refraining from unilateral actions which could increase tensions and using force or coercion in trying to drive their claims, and seeking to settle disputes by peaceful means including through judicial procedures including arbitration.... We are concerned about the situations in the East and South China Seas and emphasize the fundamental importance of peaceful management and settlement of disputes.

Asked to comment on the G7 statement, China’s Foreign Ministry spokesperson asserted that,

China’s actions in the South China Sea are justifiable and beyond reproach, fall entirely within China’s sovereignty. China has long been an upholder of freedom of navigation and overflight in the South China Sea. However, freedom of navigation does not give others a license to do whatever they want. China is firmly against other countries slinging mud at China under the pretext of upholding freedom of navigation.... As host of the G7 Summit, Japan’s hyping up of the South China Sea issue and regional tensions does no good to stability in the area and is incompatible with the role played by the G-7 as an economic governance platform for developed countries. China is strongly dissatisfied with what Japan and the G-7 have done. It is hoped that Japan and the G-7 countries would take an unbiased and just position, honor their commitment of not taking sides on territorial disputes, stop making irresponsible remarks and do more things that contribute to regional peace and stability.

During a May 31 press conference, Foreign Minister Kishida revealed that China lodged a diplomatic protest over the G7 statement. He went on to explain that “after pointing out problems with Chinese side’s view, we explained the declaration and made a rebuttal.” The

South China Sea, he noted, is a shared international concern. In response to an inquiry from the *South China Morning Post* on June 1 regarding a declaration of an ADIZ in the South China Sea, China's Ministry of National Defense replied that China, as a sovereign state, had the right to designate an ADIZ: "regarding when to declare such a zone, it will depend on whether China is facing security threats from the air and what level the air safety threat is."

### **South China Sea at Shangri-La Dialogue**

Discussion of the South China Sea carried over into the Shangri-La Dialogue in early June. In his address to the meeting, Japan's Minister of Defense Nakatani Gen, without naming China, called attention to unilateral conduct and the construction and militarization of artificial islands in the South China Sea as raising tensions in the region. Nakatani called for the strict observance of freedom of navigation in the maritime and air domains based on international law. The following day, the *Global Times* carried an article reporting on a conversation between China's Adm. Sun Jiang and a Japanese Ministry of Defense official in which Sun made clear that China "would not remain silent" if the United States and Japan were to engage in joint patrols in the South China Sea; such activity would not only raise uncertainties in the presently improving China-Japan relationship but also do great harm.

Earlier, China's Ambassador to Japan Cheng Yonghua addressed the South China Sea issue in a *Tokyo Shimbun* interview. He told the interviewer that "Japan is not a party to this issue in the first place. This does not constitute a bilateral issue between China and Japan. China discovered and named the Nansha Islands and put them under its administration as early as the Tang Dynasty. Japan also indicated in a government certified map after World War II that the islands were Chinese territory."

### **South China Sea and the Permanent Court of Arbitration**

On July 12, an UNCLOS Tribunal at the Permanent Court of Arbitration issued its award on the case brought by the Philippines challenging China's Nine-Dash Line claim and activity in the South China Sea. The affirmative judgement in support of the Philippines case was immediately rejected by China, as "null, void, and without binding force."

In Tokyo, Foreign Minister Kishida issued a statement expressing Japan's support for the tribunal's judgment and the "rule of law and the use of peaceful means, not the use of force or coercion, in seeking settlement of maritime disputes." The statement cast the award as "final and legally binding," requiring the parties "to comply with the award" and the expectation that "compliance with this award will eventually lead to the peaceful resolution of disputes in the South China Sea." Chief Cabinet Secretary Suga Yoshihide echoed Kishida's statement.

In Beijing, the Foreign Ministry spokesperson told reporters that China had "noted the statement by Japan," arguing that, "[b]y unilaterally initiating and forging ahead with the arbitration case ... the Philippines intended to negate China's territorial sovereignty and maritime rights in the South China Sea and cover up its illegal occupation of Chinese territory." He went on to say that "as we all know, members of the Arbitral Tribunal were picked by the Japanese judge Shunji Yanai, former president of the International Tribunal for the Law of the Sea, who also serves as

Chairman of the Advisory Panel ... on Reconstruction of the Legal Basis for Security helping Shinzo Abe lift the ban on collective self-defense and challenge the post-war international order. We can tell that the Arbitral Tribunal has been politicized at the outset of its establishment. The Arbitral Tribunal is unlawful, and the so-called award it rendered by exceeding its jurisdiction is illegal, null and void.” The Chinese Foreign Ministry also called in the minister at the Japanese embassy to protest the Kishida statement.

Prime Minister Abe met Premier Li on July 15 for approximately 30 minutes on the sidelines of the Asia-Europe Meeting (ASEM) in Ulaanbaatar. While they agreed on the need to work positively to address common issues and make efforts to stabilize the relationship, the South China Sea remained an issue between the two countries. Abe reiterated Japan’s position on “the peaceful resolution of disputes under the rule of law, noting that “the situation of the South China Sea is a common concern of the international community” and that the “tribunal award of July 12 is final and legally binding.” According to *Xinhua*, Li, told Abe that “Japan is not a state directly involved in the South China Sea issue and should use caution in its words and deeds, and stop hyping up and interfering.” At the same time, China’s words and action in the South China Sea were “wholly in accord with international law.”

The statement issued at the conclusion of the ASEM referenced the importance of strict observance of the principles of international law, security of the seas, and freedom of navigation in the maritime and air domain. There was no reference to the South China Sea or the decision of the Arbitral Tribunal.

On July 25, Foreign Ministers Kishida and Wang met during the ASEAN Foreign Ministers Meeting in Vientiane, Laos. They took up issues related to the East China Sea, South China Sea, an Abe-Xi Summit, and North Korea. Kishida, noting the importance of commerce through the South China Sea to Japan, called on China to comply with the findings of the Arbitral Tribunal as “final and legally binding on the parties to the dispute and to refrain from raising tensions in the South China Sea.” Wang responded by pointing out that Japan “is not a party in question concerning the South China Sea” and cautioned Japan “to be careful about what it does and not repeat a similar mistake.” On the East China Sea, Kishida expressed Japan’s concern with China’s activities in the Senkaku Islands, called for the reopening of negotiations on joint development of resources, and for the early implementation of a maritime warning mechanism to avoid accidental incidents. Wang replied that China wanted to continue to exchange views on the related issues and to see the realization of the maritime mechanism. Kishida also proposed that preparations be made for an Abe-Xi summit during the September G20 meeting in China. Wang welcomed Kishida’s statement and an Abe visit to China. Both ministers agreed to cooperate on North Korea. At the end of the meeting, Kishida told Wang “Only true friends are able to discuss not only positive topics, but also difficult issues.” Wang replied that he saw the discussion in “a positive lights.” Afterward, Kishida told reporters “we had a meaningful exchange of views.”

## **East China Sea**

On June 2, Japan’s Foreign Ministry posted on its home page pictures of renewed Chinese gas exploration activities in the East China Sea. Chief Cabinet Secretary Suga found China’s



“unilateral activities,” in a still un-demarcated sea boundary area, “extremely regrettable.” Foreign Minister Kishida used the same talking points and told the press that Japan had lodged a diplomatic protest. During his July 25 meeting with Foreign Minister Wang, Kishida called for an early resumption of negotiations on joint development of resources. Wang replied that China wanted to continue to exchange views on the matter.

In early August, Japanese government sources revealed that China had installed radar and an observation camera on one of its 16 drilling platforms in the East China Sea near the mid-line boundary and that the government had protested, requesting withdrawal of the devices. Japanese sources expressed concern that the devices could be used for military purposes.

### **Senkaku Islands**

The Japanese Coast Guard reported the following incursions into Japanese administered areas near the Senkaku/Diaoyu Islands over the summer months:

April 21-May 3: *Haijian 2308* and *31241* operated in Japan’s contiguous zone.

May 5-13: *Haijian 2102*, *2308*, and *31241* operated in Japan’s contiguous zone, entering territorial waters on May 9.

May 16-31: *Haijian 2115*, *2307*, *2401*, and *31239* operated in Japan’s contiguous zone, entering territorial waters on May 30. At the same time *Haijian 2151*, *2337*, and *31241* assumed patrol activities and continued on station through June 5.

June 8: *Haijian 2151*, *2337*, and *31241* successively entered Japan’s territorial waters.

June 12: *Haijian 312241*, *2151*, and *2337* operated in Japan’s contiguous zone, the 27<sup>th</sup> consecutive day of operations in the area.

June 15-16: *Haijian 2401* and *31239* operated in Japan’s contiguous zone.

June 21: PLAN intelligence gathering ship operated in the Senkaku region.

June 14-July 7: *Haijian 2146*, *2401*, and *31239* followed by *Haijian 2151*, *2307*, *31241* operated in Japan’s contiguous zone.

June 25-29: Chinese research ship #407 operated in Japan’s EEZ.

July 15-25: *Haijian 2306*, *2337*, and *31239* operated in Japan’s contiguous zone; on July 18 the ships entered territorial waters, marking the 19<sup>th</sup> incursion of 2016. Chinese maritime research ships #20 and #407 operated in Japan’s EEZ in waters near Okinawa Prefecture.

Aug. 2-18: *Haijian 2102*, *2166*, *2307*, *33115* and *44103* operated in Japan’s contiguous zone. On Aug. 17, *Haijian 2101*, *2102*, *2306*, and *31239* in succession entered Japan’s territorial zone, leading Director General Kanasugi to protest to Minister Guo Yan at the Chinese Embassy that

such violations of Japan's sovereignty "under no circumstances could be recognized." Kanasugi went on to point out that despite repeated protests, unilateral actions were only increasing tensions and were "completely unacceptable."

Aug. 21: *Haijian 2101, 2102, 2306, and 31239* entered Japanese waters north of Kubajina in the Senkakus, triggering another protest from Director General Kanasugi to Minister Guo.

### **Enter the PLA Navy**

In mid-June, China upped the ante in the Senkakus/Dioayus by sending PLAN ships into Japan's contiguous zone on June 9 and into territorial waters off Kagoshima Prefecture on June 15.

On June 9, a *Jiangkai I*-class frigate ignored repeated warnings from the Japan Maritime Self-Defense Force (JMSDF) destroyer *Setogiri* and entered Japan's contiguous zone. At 2:00 am, Vice Foreign Minister Saiki Akitaka called in the China's ambassador to protest the action. Foreign Minister Kishida, following a Cabinet meeting on June 10, told a press conference that from the perspective of international law and history, the Senkaku Islands are part of Japan's territory. China's assertions are "completely unacceptable." Chief Cabinet Secretary Suga told reporters that "Beijing's action of sending a military ship for the first time would further escalate tensions unilaterally and we are gravely concerned about it." Suga noted that President Obama had affirmed that the alliance extends to the Senkaku islands. Defense Minister Nakatani called for the early establishment of the long-sought maritime communications mechanism to deal with such situations. China's Ministry of National Defense deflected Tokyo's protests, explaining that Chinese ships had the right to operate in waters under Chinese jurisdiction.

On June 15, a *Dongdiao*-class PLAN intelligence-gathering ship, trailing Indian warships engaged in the India-Japan-US trilateral *Malabar* naval exercise, entered Japan's territorial waters. The incursion was the first by a PLAN ship in 12 years. Foreign Minister Kishida observed that China's recent actions had "heightened tensions." On June 16, the LDP's National Defense Committee adopted a resolution calling on the government to sternly protest Chinese actions in Japan's territorial waters and contiguous zone, finding such unilateral actions as heightening tensions and completely unacceptable.

China's Ministry of National Defense defended the PLAN incursion as based on the "principle of Freedom of Navigation that is stipulated under the United Nations Convention on the Law of the Sea." The Foreign Ministry spokesperson argued that the Tokara Strait which the PLAN ship had transited is used for international navigation through which, under UNCLOS, all ships can pass without notifying bordering countries.

Defense Minister Nakatani said that "we have never held the kind of views raised by China." He told a June 17 press conference that "generally, prior communication and notification should be provided when a warship enters territorial waters." However, since Japan's domestic law allows innocent passage for warships through territorial waters without advanced notification and, given considerations of innocent passage under international law, Japan did not respond with a diplomatic protest as it did with regard to the June 9 incident, but simply expressed "concern" to the Chinese Embassy. Nevertheless a Japanese diplomat observed that "China is

trying to give the impression that it is following international law, while aiming for further maritime expansion.” Another official added that “the Tokara Strait has never been considered a strait for international navigation.”

### **Senkaku swarm**

An estimated 230-300 Chinese fishing boats swarmed into the East China Sea and Japan’s contiguous zone in the Senkaku islands from Aug. 5-8. Fifteen Chinese Coast Guard ships accompanied the fishing armada into the contiguous zone, drawing repeated Japanese protests. Vice Foreign Minister Sugiyama Shinsuke called in China’s Ambassador Cheng Yonghua on Aug. 5. The Japanese Foreign Ministry reported that Sugiyama had made clear that “intrusions into the territorial waters are an invasion of our sovereignty” and “completely unacceptable.”

On Aug. 6, Japan’s Ambassador to China Yokoi protested the presence of the Chinese Coast Guard ships in Japan’s contiguous zone; the following day Minister Ito Kenichi called for their withdrawal from the area. Yokoi followed up with a protest to Assistant Foreign Minister Kong Xuanyou on the evening of Aug. 7. In Tokyo, Sugiyama again protested to China’s ambassador that that the series of China’s unilateral actions had conspicuously raised tensions and escalated the situation and “could never be accepted.”

On Aug. 8, Chief Cabinet Secretary Suga told a press conference that despite repeated protests, Chinese fishing boats and Coast Guard ships continued to swarm the area around and in the Senkakus contiguous zone; he announced that Japan would continue to urge China “not to escalate the situation.” At the same time, Japan would respond “firmly but calmly.” Meanwhile Asian and Oceanian Affairs Director General Kanasugi Kenji telephoned the Chinese Embassy and issued a similarly worded demarche. In Beijing, Minister Ito again lodged a protest at the Chinese Foreign Ministry.

The Japanese Coast Guard reported on Aug. 8 that the Chinese Coast Guard presence in the contiguous zone was the largest ever. On Aug. 9, Japan’s Foreign Ministry posted on its website the activities of the Chinese ships in the vicinity of the Senkakus and the Coast Guard reported that a total of 27 Chinese Coast Guard ships and 68 fishing boats had entered Japanese territorial waters from Aug. 5-9.

As the series of protests proved unsuccessful, the Abe government upped the protest level. On Aug. 9, Foreign Minister Kishida called in Ambassador Cheng and received him with an undiplomatic silent treatment, allowing the ambassador to wait for 8 minutes in view of the press corps before meeting him. Without apologizing for the delay and without making eye contact, Kishida showed him to a chair and went on to state the utmost limits of Japan’s dissatisfaction with China’s continuing violation of Japan’s clear sovereignty and that because of Chinese actions, “the situation surrounding Japanese-Chinese relations has markedly deteriorated.” Afterward, Kishida told reporters that he had summoned Cheng so that he could “firmly transmit Japan’s thinking to China.” Addressing the media, Cheng explained that the Diaoyu Islands were part of China’s sovereign territory and that activities of Chinese fishing boats in the area were “a matter of course.”

On Aug. 10, newly appointed LDP Secretary General Nikai Toshihiro, a political figure with strong ties to China, met Ambassador Cheng to transmit Japanese concerns over the repeated incursions by Chinese Coast Guard ships into Japan's territorial waters. Nikai noted that differences among countries are only natural and that it was up to political sides of the relationship to exhibit the magnanimity and discernment to surmount such problems. Both agreed on the importance of peaceful dialogue to safeguard friendly relations. Afterward, Nikai told reporters that Cheng, taking a Willie Sutton-like defense, had explained that the fishing boats were in the Senkakus because that's where the fish are.

## Security

At the end of June, Japan's Ministry of Defense released figures for Japan Air Self-Defense Force (JASDF) scrambles against Chinese aircraft during April-June period, a total of 200 scrambles, an increase of 86 over the same period in 2015.

On July 4, China's Ministry of National Defense charged that two JASDF *F-15* fighters had used fire-control radars to "light up" two Chinese *SU-30* aircraft over the East China Sea on June 17, as the Chinese aircraft were passing through China's ADIZ. The statement charged the JASDF aircraft with "endangering the safety of personnel on both sides and destroying peace and stability in the region." Japan's Deputy Chief Cabinet Secretary Hagiuda Koichi denied that the JASDF aircraft had taken provocative actions toward the Chinese fighters, explaining that while the JASDF fighters had tuned on their radars, fire-control mechanisms were not "locked on."

On Aug. 2, Defense Minister Nakatani released the Cabinet approved *Defense of Japan 2016 White Paper*. The annual report expressed "strong concern" over China's increasing maritime activities in waters around Japan, including the Senkakus, in which China's "high-handed stance, including reckless and dangerous acts which could develop into an unexpected contingency with "unintended consequences." In contrast, the 2015 report only expressed "concern." Concerns were also expressed over China's land reclamation projects in the South China Sea – unilateral efforts to change the status quo by force and establish a fait accompli.

China's Ministry of National Defense charged that the report was "full of lousy clichés, makes irresponsible remarks on China's normal and legal national defense and military development, and hypes up the East and South China Sea issues." The Chinese statement went on to cast the report as "full of malice toward the Chinese military and deception to the international community as well as an intention to sow discord among China and its neighboring countries."

Beijing also had little good to say about Japan's newly appointed Defense Minister Inada Tomomi. At an inaugural press conference Inada refused to cast Japan's wartime action as an "invasion," observing it "depends on one's point of view. She thought it "inappropriate" to comment further. China's Ministry of National Defense expressed "indignation" over her performance and her "open denial of the ... facts is simply an attempt to cover up Japan's history of aggression and challenge the international order by reviving militarism.... If history is denied, China-Japan relations have no future." The ministry asserted that "the ultimate objective of Japan is to cook up excuses for adjusting by leaps and bounds its military and security policies and accelerating its arms expansion, even re-writing the pacifist constitution."

In mid-August, *Kyodo News* reported that the Abe government had decided to develop land-to-sea missiles with a range of 186nm to protect Japan's distant islands, including the Senkakus. Development costs are to be included in the Ministry of Defense budget request for FY 2017, which was released on Aug. 31. The ¥5.17 trillion request reflected a 2.3 percent increase over fiscal 2016. Approximately ¥75 billion is dedicated to the deployment of Ground Self-Defense Force units to Miyako and Anami islands in Japan's southwest island chain. The *Yomiuri Shimbun* reported that the government had also decided to station upgraded surface-to-air missiles to the southwest islands to enhance air defense capabilities, earmarking ¥17.7 billion to project with deployment targeted for 2021.

## **Business and economics**

Japan's Foreign Ministry reported in early June that 3.78 million visas had been granted to Chinese nationals in 2015, an increase of 85 percent over 2014. The visas issued to Chinese nationals represented 80 percent of all visas issued in 2015.

On June 1, in Beijing, Mitsubishi Materials Corp. announced that it had reached agreement to provide both a direct apology and compensation to Chinese victims of forced labor brought to Japan during the World War II. Under the agreement, Mitsubishi will pay 100,000 yuan (\$15,000) to each of more than 3,000 Chinese victims and their families.

At the end of July, CSIS and Nikkei Virtual Think Tank released the results of a survey on the operations of Japanese business companies in China. Nearly 3,000 employees of Japanese companies, manager rank or higher, participated in the survey. Concerned with the political risks of operations in China, 40 percent recommended that Japanese companies "cut back on China operations in the future." Just under 50 percent of respondents were cautious about the future of the Chinese economy, foreseeing growth of 2-3 percent in 10 years' time. Overall, 55 percent called for "withdrawal or "cutting back"; 37 percent believed operations should "remain unchanged;" only 8 percent supported "expanding or developing." China's Ministry of Commerce reported a 25.2 percent drop in Japanese investment in 2015.

On Aug. 1-3, a Keizai Doyukai delegation, led by LDP Vice President Komura, traveled to Beijing to meet China's young business leaders. The delegation met Tang Jiaxuan at the Diaoyutai Guest House, who, commenting on Prime Minister Abe, observed that while Abe speaks of friendship, his actions do not necessarily correspond. At a time of "cold" politics, Tang found "hot" economics to be impossible; thus it was important that Abe government be moved to build a politically friendly environment. The Japanese delegation was reported to be surprised by the unexpected tone of Tang's remarks.

## **August 15 anniversary**

On the 71st anniversary of the end of the war, Emperor Akihito in remarks at a memorial service in Tokyo's Nippon Budokan Hall expressed "deep remorse" over Japan's conduct. Prime Minister Abe focused his remarks on the future, pledging that Japan "shall never again repeat the horrors of war ... that "since the end of the war, our country has abhorred wars and walked along

a path as a nation that values peace ... going forward we will firmly keep this pledge, humbly face history and contribute to world peace and prosperity.” Abe did not pay homage at Yasukuni Shrine but did send an aide to bring a cash offering in the name of the LDP’s president. A supra-party delegation of parliamentarians did pay homage at Yasukuni as did Deputy Chief Cabinet Secretary Hagiuda, Minister for Internal Affairs and Communication Takaichi Sanae, and Minister in Charge of the Tokyo Olympics Marukawa Tamayo, and former Defense Minister Nakatani. Earlier Minister of Agriculture Yamamoto Yuji visited the shrine on Aug. 6 as did Minister of for Reconstruction Imamura Masahiro on Aug. 11. Addressing the activities, China’s Foreign Ministry spokesperson remarked that the visits again reflected Japan’s “wrong attitude towards the history issue.” China is “firmly opposed to this.”

## **Taiwan**

The Japanese Coast Guard detained a Taiwanese fishing boat operating in Japan’s declared EEZ near Okinotori Island on April 24. While the boat and crew were released after paying a \$56,000 fine, President Ma Ying-jeou responded by sending two Coast Guard ships armed with water cannons and 20mm guns into the area to protect Taiwanese fishing boats. Tokyo responded by increasing Japanese Coast Guard presence in the area. Foreign Minister Kishida found the deployment of Taiwanese Coast Guard ships to be “extremely regrettable” and called for their immediate recall.

Frank Hsieh, former Executive Yuan president and newly appointed head of the Taipei Economic and Cultural Office in Japan, told the *Yomiuri Shimbun* that the Taiwan government had a responsibility to protect Taiwanese fishermen and that the matter “is also a security issue” that “should be resolved through discussion. Taiwan considers Okinotori a “rock” not an island, and, as such, not generating an EEZ. Asked to comment on the dispute, China’s Foreign Ministry spokesperson reiterated China’s long-standing position: “Okinotori is a rock ... far away from Japanese soil. To claim an Exclusive Economic Zone ... makes no sense and violates the UN Convention on the Law of the Sea.” On May 24, a spokesperson for Taiwan’s newly inaugurated President Tsai ing-wen announced that Taiwan would “not take a specific legal stance” on the status of Okinotori, paving the way for a resolution of the dispute with Japan.

Beijing, however, maintained its position. The Foreign Ministry spokesperson noted that “the above-water area of Okinotori is less than 10 square meters at high tide, or no bigger than two beds as some people put it. Japan’s illegal and greedy claim of jurisdiction over 700,000 square kilometers merely based on two beds constitutes a grave encroachment on the high seas and ... also puts international interests in great danger. Japan repeatedly declares itself as a champion of international law, and we hope that it would live up to its own words and abide by the law.”

## **Prospects**

In a June 1 *Jiji Press* Public Opinion Poll respondents were asked to name three countries that they “liked.” Among major countries, China came in dead last at 1.3 percent. Asked which counties they “disliked,” China came in second place at 69.4 percent, only behind North Korea’s 83.5 percent – all this before the events of June and August in the Senkaku Islands.

## Chronology of Japan – China Relations May – August 2016

**May 4-5, 2016:** LDP-Komeito delegation of Parliamentary Union for Japan-China Friendship visits Beijing.

**May 9, 2016:** Ambassador Kitera Masato holds farewell press conference; expresses hope for future oriented Japan-China relationship.

**May 16, 2016:** Ambassador Yokoi Yutaka arrives in Beijing.

**May 26-27, 2016:** G7 leaders meet in Ise, Japan and issue statement on maritime security.

**May 31, 2016:** Institute for Japanese Studies at the Chinese Academy of Social Sciences issues 2016 Blue Book Report on Japan; cites Abe government's security legislation as posing a grave threat to areas surrounding China.

**June 1, 2016:** Mitsubishi Material Corp. announces apology and compensation for Chinese victims of forced labor in Japan during World War II.

**June 2, 2016:** Japan's Foreign Ministry posts pictures of renewed Chinese oil and gas exploration in the East China Sea on its home page.

**June 4, 2016:** Defense Minister Nakatani Gen at Shangri-La Dialogue, without naming China, calls attention to island construction in the South China Sea.

**June 9, 2016:** People's Liberation Army Navy (PLAN) ships enter Japan's contiguous zone; Vice Minister Saiki Akitaka calls in China's Ambassador Cheng Yonghua to protest.

**June 15, 2016:** PLA Navy ship enters Japan's territorial waters.

**June 16, 2016:** LDP's National Defense Committee adopts resolution calling on the government to protest Chinese actions.

**July 4, 2016:** China's Ministry of National Defense issues statement charging Japan Air Self-Defense Force (JASDF) with using fire-control radar to lock onto Chinese aircraft.

**July 7, 2016:** Sixty-ninth anniversary of the Marco Polo Bridge incident; President Xi does not attend ceremonies.

**July 12, 2016:** Permanent Court of Arbitration issues ruling in favor of the Philippines in South China Sea case.

**July 15, 2016:** *China Daily* (electronic edition) reports former Prime Minister Hatoyama Yukio is appointed to serve on international advisory board of Asian Infrastructure Investment Bank.

**July 15, 2016:** Prime Minister Abe Shinzo meets Premier Li Keqiang during Asia-Europe Meeting (ASEM) in Ulaanbaatar.

**July 16, 2016:** Foreign Minister Kishida denies July 12 UNCLOS Arbitral Tribunal ruling affects status of Okinotori Island.

**July 18-20, 2016:** Newly appointed Vice Minister for Foreign Affairs Sugiyama Shinsuke visits China, meets Vice Minister of Foreign Affairs Zhang Yesui.

**July 25, 2016:** Foreign Ministers Kishida and Wang meet during ASEAN Foreign Ministers Meeting in Vientiane.

**July 30-Aug. 3, 2016:** Former Taiwan President Lee Teng-hui visits Japan.

**Aug. 1-3, 2016:** Keizai Doyukai delegation visits Beijing; meets with Tang Jiaxuan, former president of China-Japan Friendship Association.

**Aug. 2, 2016:** Abe government approves *Defense of Japan 2016 White Paper*. China's Ministry of National Defense brands paper as "full of lousy clichés."

**Aug. 5-8, 2016:** 200-300 Chinese fishing boats accompanied by Coast Guard ships enter Japan's contiguous zone near the Senkakus; incursions into Japanese territorial waters ensue.

**Aug. 5, 2016:** Vice Foreign Minister Sugiyama calls in China's Ambassador Cheng to protest.

**Aug. 6-7, 2016:** Ambassador Yokoi protests Chinese presence in Senkaku Islands.

**Aug. 9, 2016:** Foreign Minister Kishida calls in Ambassador Cheng to protest; charges that Chinese actions have led to a marked deterioration in relations.

**Aug. 10, 2016:** LDP Secretary General Nikai meets Ambassador Cheng to transmit Japanese concerns with China's repeated incursions into Japanese territorial waters.

**Aug. 15, 2016:** Seventy-first anniversary of the end of World War II.

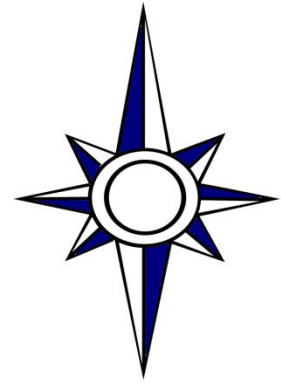
**Aug. 24, 2016:** Foreign Minister Wang meets Foreign Minister Kishida in Tokyo.

**Aug. 24, 2016:** Foreign Minister Wang meets LDP Secretary General Nikai.

**Aug. 24, 2016:** National Security Advisor Yachi Shotaro meets Premier Li and State Councilor Yang in Beijing.

**Aug. 31, 2016:** Japan's Ministry of Defense requests 2.3 percent increase in defense spending in FY 2017.





**Japan-Korea Relations:  
When No News Is Good News**

**David Kang, University of Southern California  
Jiun Bang, University of Southern California**

The summer months were less tumultuous than usual for Seoul and Tokyo. Aside from the main political issue surrounding the implementation of the “comfort women” deal that was struck back in December 2015, there were many visible instances of cooperation across a range of sectors. To some extent, Seoul was preoccupied with the fallout from its decision to host the Terminal High Altitude Area Defense (THAAD) system while Japan was focused on its House of Councillors election in July (particularly as it was the first election after lowering the voting age from 20 to 18). It was business as usual with North Korea for Japan, with efforts to denounce Pyongyang’s ballistic missile tests and continued stalemate over the investigation into the abduction of Japanese citizens since the North’s decision to suspend the probe in February 2016.

**Multiple cooperative nodes**

There were numerous initiatives – both one-off and recurring – that brought officials and the public from Japan and South Korea together. At the inter-governmental level, Japan’s Minister of Defense Nakatani Gen and South Korean counterpart Han Min-koo met in Singapore ahead of the Shangri-La Dialogue in early June. There were also three notable meetings in July: a vice-ministerial meeting in Honolulu ahead of the US-Japan-South Korea trilateral meeting, talks between South Korea’s new Ambassador to Japan Lee Joon-gyu and Japanese Foreign Minister Kishida Fumio, and a discussion involving Kishida and South Korean counterpart Yun Byung-se in Laos. On the legislative side, South Korean National Assembly Speaker Chung Ui-hwa visited Tokyo to reinforce inter-parliamentary diplomacy. Additionally, there was a joint coast guard conference on maritime security in Incheon, marking the first such conference since 2012, which was held in Tokyo.

There was also a wide range of other organizational interactions between the two countries. In the cultural sphere, the 37<sup>th</sup> Japan-South Korea Buddhist Cultural Exchange Conference was held in Tokyo, the National Museum of Korea and Tokyo National Museum held a joint special exhibition on “Pensive Bodhisattvas: National Treasures of Korea and Japan” (the first time these Japanese treasures were shipped overseas), and South Korea’s National Research Institute of Maritime Cultural Heritage announced its plans to construct the ships (in life-size) used by the Joseon Tongsinsa – diplomatic delegations during the Joseon Dynasty to Japan. The project is scheduled to be completed in 2018. In the field of education, the UNESCO Japan-South Korea

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Teachers' Dialogue was held in mid-July. The dialogue is organized by the Korean National Commission for UNESCO (KNCU), the Asia-Pacific Cultural Centre for UNESCO, and the United Nations University (UNU), and aims to invite a delegation of Japanese teachers to Korea for exchanges with their Korean counterparts. Commercially, Jeju Airlines announced its new Incheon-Sapporo route, giving the airline the most destinations in Japan (nine total) within the Low Cost Carrier (LCC) category. Unfortunately, bilateral talks toward the end of June on fisheries collapsed after the two sides failed to come to an agreement regarding fishing quotas and the acceptable number of fishing vessels in each other's Exclusive Economic Zone (EEZ).

Surprisingly, roughly two weeks before the appointment of the new head of the Korea-Japan Parliamentarians' Union, *Yonhap News* reported that the organization had been receiving funds from the National Assembly Secretariat (NAS) under an inadequate legal basis. Citing the figures released by the NAS, the Korea-Japan Parliamentarians' Union had received roughly 11 billion won from 1997 to 2015. In order to comply with existing regulations, the entity must gain permission from the NAS for legal status and receive an evaluation of its activities after three years. The news did not make many headlines though and was quickly buried under all the coverage over the implementation of the "comfort women" deal, which may have been a blessing (by preventing any negative repercussions to general inter-parliamentary diplomacy).

### **Easier said than done**

Now that a few months have passed since the December deal between Tokyo and Seoul on the issue of "comfort women," it is time to make a preliminary assessment. First, there are surveys about general public sentiment. On July 20, the East Asia Institute (EAI) and Genron NPO released the results of their joint opinion poll on overall Japan-Korea bilateral relations (in [Japanese](#) & in [Korean](#)). A key takeaway was that there was discernable momentum toward change, with more positive responses than in previous iterations of the survey.

It is true that there have been more visible instances of cooperation. Still, the predictable asymmetry in perceptions was clear. On one particular question that asked for challenges that the bilateral relationship would need to tackle to move forward, Japanese respondents answered "perception of history and education" (46.5 percent), followed by "Dokdo/Takeshima" (39 percent), with the "comfort women issue" (29.6 percent) coming in at fourth. In contrast, Korean respondents thought "Dokdo/Takeshima" (81.1 percent) was the most important, then "comfort women" (75.7 percent), followed by "perception of history and education" (74.9 percent). Specifically regarding the December deal on the "comfort women," more Japanese viewed it to be mostly positive (48 percent) than not (21 percent), while more Koreans still saw the agreement as mostly negative (38 percent) than otherwise (28 percent). In the Korean version, there was an additional question to gauge what the public thought about the deal's impact on resolving the "comfort women" issue – a majority 74 percent said the issue is yet to be resolved, with 58 percent stating that the deal would most likely not be helpful for bilateral relations.

So far, the bilateral agreement seems to highlight how getting to a decision is almost always followed by an even heftier task of implementation (claiming mission accomplished is not the same as actual victory). The sentiment of this uphill battle was captured in the grueling eight hours of discussion in Seoul on Aug. 9 between Japan's Director General of the Asian and

Oceanian Affairs Bureau Kanasugi Kenji and South Korea's Director General of the Northeast Asian Affairs Bureau Chung Byung-won. It would be incomplete however, to think that the main fault line here lies across state borders. In this case, there is an undeniably important domestic component – a divide in South Korea about whether it needs uncompromising direction and leadership or judicious consultation/consensus and *internal* reconciliation. On July 28, the Foundation for Reconciliation and Healing, which Japan vowed to support with ¥1 billion (roughly \$9.6 million), held its inauguration ceremony and first meeting of the board of directors at its secretariat in Seoul amidst protests, including a physical attack using hot pepper spray on several members including the foundation's director, Kim Tae-hyeon.

Even as Foreign Minister Yun Byung-se tried to convince the public that cuts in the Korean government budget for the multilateral effort toward inscription of records about “comfort women” on the UNESCO Memory of the World Register (see detailed nomination form [here](#)) was unrelated to its deal with Japan (the government's formal [position](#) has been that this project is being pursued by the private sector), there was more interest in the headlines ([Korean; English](#)) that noted plans of a 31 percent decrease in next year's budget allocated to the issue of “comfort women.” On July 14, members of the Minjoo Party of Korea and the Korean Council for the Women Drafted for Military Sexual Slavery by Japan held an exhibition titled “Truth and Justice Cannot Fail.” As a clear slap in the face to the Park administration, the exhibition was not only held in the lobby of the National Assembly Members' Office Building in the compound of the National Assembly, but also motivated by the desire to nullify the existing accord on the “comfort women.”

Japan was also experiencing comparatively mild yet visible signs of internal discord over the deal. Since reaching the agreement in December, Tokyo has continued to demand the removal of the bronze statue of the girl erected in front of the Japanese Embassy in Seoul, while the Korean government has argued that its removal is separate from the agreement. In late July, *the Mainichi reported* that the Japanese government was inclined to transfer its funds to the Foundation for Reconciliation and Healing regardless of what happened with the statue in light of North Korea's nuclear test in January and continued provocations in ballistic missile tests. By Aug. 12, there were [reports](#) that the “diplomats had won out over the politicians” in Japan, as the Japanese government had agreed to transfer the funds despite inaction by Seoul to remove the statue. This move places the ball squarely in Seoul's court and also puts much of the onus of any potential stalemate on further implementation of the accord on the Korean government.

Speaking of statues, there was a demonstration/performance on Aug. 13 under the theme of the “living comfort women” in Berlin, Germany, where women representing each of the 15 nations that had been victims of sexual enslavement by Japan during World War II sat like a statue in protest of the Japan-Korea agreement (photos [here](#)). The implication seemed to be that the issue of the “comfort women” must be internationalized in order to have genuine meaning; to some extent, this has already been accomplished, particularly in the geographic space of the US. For instance, in August, the US Court of Appeals for the Ninth Circuit upheld the decision to dismiss a lawsuit against the city of Glendale, California for its installation of a “comfort women” memorial statue in its central park in 2013 (case #14-56440). The main contention was whether the installation “concerns an area of traditional state responsibility and does not intrude on the federal government's foreign affairs power.” Basically, the court came to the conclusion that

Glendale's monument to advocate against the "violations of human rights" is well within the traditional responsibilities of state and local governments (and the basic function of "communicating its views and values to its citizenry") and that such "expressive displays or events" (c.f. remedies or regulations) do not suggest that Glendale is necessarily inserting itself into foreign affairs. Like it or not, there is also domestic disjuncture here though, as at the federal level, the State Department has been quite clear about its preference to see its allies just get along rather than digging deeper into a hole that is historical memory or "justice" (see [here](#) and [here](#)).

So one person's "[humiliating diplomacy](#)" (Korean Council for the Women Drafted for Military Sexual Slavery in Japan) has become another's "[courageous statecraft](#)" (US State Department). Perhaps it is inevitable to have domestic discord – particularly within the institutional setting of a functioning democracy –and consensus is an unobtainable illusion. Even at the June 20, 2016 signing ceremony and settlement between Mitsubishi Materials Corp. and the Chinese victims of the company's use of forced labor during World War II, there was mixed reaction by the victims of the accord (see video clip [here](#)). Nevertheless, the governments seem desperate to get this deal working, having accepted the risks of the political consequences of the deal completely unraveling to any benefits in attempts at signification revision or even its nullification.

Along that sentiment, South Korean President Park Geun-hye's speech on Aug. 15, 2016 was indeed, restrained. The *Asahi Shimbun* noted immediately after the speech in its [article](#) that "Park made no mention of the 'comfort women' issue in the speech, the first such omission in the four speeches she has given at the National Liberation Day ceremony." Overall, it was true that Park's speech contained more aspirations of a forward-looking bilateral relationship than there was wrestling with past indemnities or grudges, but it was not the first time that there was such an omission. In fact, the only time there was any direct mention of "comfort women" in the context of Japan was in 2015, when she called on the Japanese government to "rightly and quickly resolve the issue regarding the victims of sexual enslavement by the Japanese Imperial Army." In 2014, the South Korean president referred to her urging the leadership in Japan to correct its view of history, especially her demands for "a forward-looking policy that would be acceptable to those remaining 'comfort women' victims." In 2013, Park emphasized the need for the Japanese elites to show leadership that would heal the wounds of history, particularly for "responsible and sincere measures that would heal the wounds of those survivors whose pain are rooted in history." To be specific then, there was no explicit connection between Japan and "comfort women"; just some generalities wrapped up in the larger context of history.

### **The Japan piece to THAAD**

There was, however, a significant portion of Park's 2016 speech that was directed at North Korea. There was a special reference to THAAD, and how the decision to host the system was a necessary step in self-defense to protect the livelihoods of South Korean citizens from the North's provocations. From Japan's perspective, Seoul's decision regarding THAAD has been an interesting development, though not without its complications.

For one, the official position of the Japanese government is that while it is mulling over the possibility of introducing THAAD on its own soil, there are no concrete plans to do so at this time; Defense Minister Nakatani Gen has said something to that effect at several press briefings

earlier this year ([here](#) and [here](#)). According to Nakatani, the government has been “conducting studies since FY2014, and have continued to carry out various reviews diligently.” At the same time, there are [voices](#) within Japan that views the THAAD option to be too expensive, suggesting that it may be better off investing in cruise missiles. Plus, Tokyo is well aware of the geopolitical repercussions (i.e., backlash from China) of the decision to host THAAD – something that it clearly pointed out in its 2016 defense white paper [section on South Korea](#).

But more directly to the point of the Japan-South Korea bilateral relationship, Seoul’s decision to host THAAD has caused some confusion over the implications for intelligence sharing. During a [daily press briefing](#) on Aug. 4 by the South Korean Ministry of National Defense (MND) spokesperson, the press was told that in the event that Japan was to request intelligence from THAAD sensors, “this would be deemed possible within the context of the US-Japan-South Korea trilateral intelligence-sharing agreement (of 2014).” The statement seemed to contradict remarks made by Defense Minister Han Min-goo, who had denied the possibilities of bilateral intelligence sharing under the THAAD framework – something that the *Sankei Shimbun* was quick to pick up. The paper [reported](#) that there was confusion about the MND spokesperson’s remarks, especially in light of what US officials were saying – that THAAD is purely for Korea’s self-defense and not part of the larger missile defense system, thus, denying the point about intelligence sharing between South Korea and Japan.

Actually, the sense of general confusion has always existed, even before Seoul’s decision to host THAAD. During the same Korean MND press briefing on Aug. 4, reporters questioned the quality of intelligence in general by noting that the South Korean government only realized much later that Pyongyang had test-fired two ballistic missiles (not one) just the day before. They also highlighted the discrepancy of the missile launch site, which the US cited as being near Hwangju (in North Hwanghae Province) and South Korea as being near Eunyul (in South Hwanghae Province). The two locations are roughly 100km apart, so this discrepancy may not be a huge deal. On the other hand, if dealing with North Korea’s provocations are truly that high on the agenda for countries such as Japan, South Korea, and the US, it is problematic that there are such uncertainties about the things that they care about most. Then again, when it comes to North Korea, not many really know what is going on and those that say they do are often proven wrong. This was not lost on Japan, which was also dealing with a restless regime in Pyongyang during the summer months.

### **Keep calm and test on**

(Un)fortunately for North Korea, the media has been busy with its coverage of a different, yet just as colorful character in politics – the Republican US presidential nominee, Donald Trump (prompting *the Guardian* to post an [article](#) titled “Who Said it: Donald Trump or North Korea?” which challenges readers to distinguish official statements by the DPRK from remarks made by Donald Trump.) Pyongyang did not disappoint, making headlines through multiple ballistic missile tests: one on May 31, two on June 22, three on July 19, two on Aug. 3, and one on Aug. 24. Its efforts earned a specific paragraph in the [communiqué](#) of the NATO Summit in Warsaw on July 8-9, which called on Pyongyang to “immediately cease and abandon all its existing nuclear and ballistic missile activities in a complete, verifiable, and irreversible manner and re-engage in international talks.” *The Mainichi* ran a [story](#) quoting Japanese government officials as



claiming that Pyongyang's provocations "entered a new phase" with the warhead from one of the missile launches on Aug. 3 landing in Japan's EEZ for the first time.

There was similar sentiment expressed in Japan's annual Defense [White Paper](#), which was released on Aug. 2. At the [press conference](#) by (now former) Defense Minister Nakatani on the day of the rollout, he had noted the increase in content on North Korea in the white paper from 14 to 18 pages, and stated that "In particular, the white paper for the first time characterizes the progress in North Korea's nuclear and ballistic missile development as a grave and imminent threat to the security not only of Japan but also of the region surrounding the country and the international community." On Aug. 3, Prime Minister Abe Shinzo appointed [Inada Tomomi](#) as Japan's new defense minister, news that received a bitter reception in South Korea as the lawmaker had often been referenced for her participation in controversial Yasukuni Shrine visits. In a direct (yet strange) choice of words and juxtaposition, *the Korea Herald* claimed that "Inada, a mother of two children, has a history of irritating Asian neighbours such as China and South Korea," citing the 2011 incident when she along with two other Japanese lawmakers were denied entry into South Korea after their attempt to visit Ulleung Island, which Seoul considers as part of its sovereign territory.

Determined to keep pressure on the North, the Japanese government enmeshed its efforts at the multilateral level. There were 13 participants from Japan at the Northeast Asia Cooperation Dialogue (NEACD) in Beijing, including Kanasugi Kenji, the director general of the Northeast Asian Affairs Bureau at the Japanese Ministry of Foreign Affairs (for complete list of participants, see [here](#)). The forum is organized annually by the Institute on Global Conflict and Cooperation (IGCC) of the University of California, San Diego; unlike the event in 2014 and 2015, North Korea was represented at this year's meeting by Choe Son Hui, deputy director for North American affairs at North Korea's Foreign Ministry. The US, Japan, and South Korea also conducted joint ballistic missile defense exercises (*Pacific Dragon*) in Hawaii in late June, while the 25<sup>th</sup> *Rim of the Pacific (RIMPAC)* exercise kicked off on June 30, involving 26 nations including Japan and South Korea. On Aug. 4, the nuclear envoys of Japan and South Korea, Kanasugi Kenji and Kim Hong-kyun, held talks via phone regarding bilateral collaboration in the wake of North Korea's missile tests the day before. There was also [news](#) in late July of Japan's plans to upgrade its *Patriot PAC-3* missile defense system given the need to better respond to North Korea's ballistic missiles, especially as Tokyo prepares to host the 2020 Olympic Games.

Finally, there was little progress on Pyongyang's investigation into the abduction of Japanese citizens, since the North announced that it would halt its inquiry earlier this year. There was, however, [news](#) that a Japanese man found to have been kidnapped by North Korea (and missing at age 32) had been found in Japan in early June (though it was unclear what the man had been up to for 20 or so years).

## **Fall 2016**

Autumn 2016 appears set to proceed smoothly, although that is never a sure thing in Northeast Asia. There are no meetings or events of particular note that are scheduled, and Korea and Japan relations might remain steady. There is always the possibility of a North Korean provocation that could stir things up, or that a new historical or maritime dispute will flare up between Japan and Korea – but neither is guaranteed to happen. Rather, all eyes will be on the US presidential

election, the possible changes to US policies that might affect the region, and preparations for a leadership transition in the US.

## **Chronology of Japan-Korea Relations** **May – August 2016**

**May 14-17, 2016:** South Korea's Parliamentary Speaker Chung Ui-hwa visits Japan for inter-parliamentary dialogue.

**May 16, 2016:** *The Guardian* posts an [article](#) quizzing readers about which statement belongs to which leader: Donald Trump or Kim Jong Un.

**May 24, 2016:** A joint exhibition titled "Pensive Bodhisattvas: National Treasures of Korea and Japan" kicks off in Seoul. The exhibition is co-hosted by the National Museum of Korea and Tokyo National Museum.

**May 31, 2016:** North Korea launches a missile off the eastern city of Wonsan, but is deemed to be unsuccessful.

**June 1, 2016:** Japan's Mitsubishi Materials Corp. concludes a settlement agreement with former Chinese laborers that were forced to work for the company during World War II.

**June 4, 2016:** Japan's Defense Minister Nakatani Gen and South Korean counterpart Han Min-koo meet in Singapore ahead of the Shangri-La Dialogue (Asia Security Summit).

**June 6, 2016:** The *New York Times* publishes an [article](#) tracing the plight of elderly Japanese women living in a nursing home called "Nazarewon" in South Korea. Many of the women stayed with their Korean husbands during Japanese colonial rule.

**June 15-18, 2016:** The 37<sup>th</sup> Japan-South Korea Buddhist Cultural Exchange Conference is held in Tokyo. The event is attended by roughly 250 participants.

**June 16, 2016:** A missing Japanese man that authorities had deemed to be abducted by North Korea is found in Japan in Fukui Prefecture.

**June 18, 2016:** The US, Japan, and South Korea conduct joint ballistic missile defense exercises (*Pacific Dragon*) off the coast of the Pacific Missile Range Facility (PMRF) in Kauai, Hawaii.

**June 21-23, 2016:** Northeast Asia Cooperation Dialogue (NEACD) is held in Beijing.

**June 27-28, 2016:** China, Japan, and South Korea hold their tenth round of talks on the trilateral free trade deal in Seoul.

**June 29, 2016:** Bilateral fishing negotiations in Tokyo between Japan and South Korea collapse after a failure to agree on fishing quotas.

**July 1, 2016:** South Korea's President, Park Geun-hye, appoints Lee Joon-gyu, as Seoul's new ambassador to Tokyo.

**July 8-9, 2016:** The 2016 Warsaw Summit of the North Atlantic Treaty Organization (NATO) is held in Poland. The communiqué contains a section urging Pyongyang to stop its provocations surrounding its existing nuclear and ballistic missile activities.

**July 12, 2016:** *Yonhap News* reports that the Korea-Japan Parliamentarians' Union has been receiving funds from the National Assembly Secretariat (NAS) under inadequate legal basis.

**July 12-18, 2016:** The UNESCO Japan-South Korea Teachers' Dialogue is held. The dialogue is organized by the Korean National Commission for UNESCO (KNCU), the Asia-Pacific Cultural Centre for UNESCO, and the United Nations University (UNU).

**July 13, 2016:** Japanese Vice Foreign Minister Sugiyama Shinsuke meets South Korean First Vice Foreign Minister Lim Sung-nam, in Honolulu ahead of trilateral meeting with the US.

**July 14, 2016:** Members of the Minjoo Party of Korea and the Korean Council for the Women Drafted for Military Sexual Slavery by Japan hold an exhibition titled "Truth and Justice Cannot Fail" in the lobby of the National Assembly Members' Office Building in Seoul.

**July 14, 2016:** South Korea's new Ambassador to Japan Lee Joon-gyu and Foreign Minister Kishida Fumio meet at Japan's Foreign Ministry.

**July 19, 2016:** North Korea fires three ballistic missiles off its eastern coast.

**July 20, 2016:** Genron NPO in Japan and East Asia Institute (EAI) in South Korea, release the results of their joint survey on Japan-Korea relations.

**July 21, 2016:** Japanese and South Korean joint coast guard conference on maritime security is held in Incheon, marking the first such conference since one held in 2012 in Tokyo.

**July 25, 2016:** Foreign Minister Kishida meets South Korean counterpart Yun Byung-se in Laos.

**July 25, 2016:** Former Chairman of the Minjoo Party of Korea Moon Jae-in visits Dokdo.

**July 27, 2016:** South Korea's National Research Institute of Maritime Cultural Heritage announces plans to construct the ships (in life-size) that the Joseon Tongsinsa used during the Joseon Dynasty for its goodwill missions to Japan.

**July 27, 2016:** Korea-Japan Parliamentarians' Union appoints its new head of the organization – Seo Chung-won, a member of the ruling Saenuri Party.

**July 28, 2016:** Foundation for Reconciliation and Healing holds its inauguration ceremony and first meeting of the board of directors at its secretariat in Seoul amidst protests.



**Aug. 2, 2016:** Japan's annual Defense White Paper is published and identifies North Korea as a key threat to Japan's national security.

**Aug. 3, 2016:** North Korea test-fires two ballistic missiles into the waters near Japan, sparking protest from Tokyo.

**Aug. 3, 2016:** Japanese Prime Minister Abe Shinzo appoints Inada Tomomi as defense minister.

**Aug. 4, 2016:** Kim Hong-kyun, South Korea's special representative for Korean Peninsula peace and security affairs, and Japan's Director General of the Asian and Oceanian Affairs Bureau Kanasugi Kenji hold talks over the phone to discuss North Korea's recent provocations.

**Aug. 4, 2016:** During a daily press briefing by the South Korean Ministry of National Defense (MND), spokesperson Moon Sang-kyun hints at the possibilities of South Korea sharing radar intelligence with Japan as provided by the scheduled deployment of the Terminal High Altitude Area Defense (THAAD) system in South Korea.

**Aug. 9, 2016:** Director General of the Asian and Oceanian Affairs Bureau Kanasugi meets South Korea counterpart Chung Byung-won in Seoul to discuss "comfort women" accord of Dec. 2015.

**Aug. 12, 2016:** Foreign Minister Yun Byung-se holds a telephone conversation with Foreign Minister Kishida to exchange views on the implementation of the "comfort women" agreement.

**Aug. 13, 2016:** Demonstration/performance to protest the December agreement between Seoul and Tokyo on "comfort women" is held in Berlin, Germany.

**Aug. 15, 2016:** Prime Minister Abe sends a ritual donation to Yasukuni Shrine in lieu of a visit. Japan's newly-appointed Defense Minister Inada Tomomi travels to Djibouti on her first overseas trip in her post amidst earlier speculations that she would visit the shrine.

**Aug. 15 2016:** Group of South Korean lawmakers led by Saenuri Party Representative Na Kyung-won visits Dokdo.

**Aug. 24, 2016:** North Korea test fires a submarine-based ballistic missile from its eastern coast.

**Aug. 24, 2016:** Eighth trilateral China-Japan-South Korea Foreign Ministers Meeting is held in Tokyo. The three countries agree to cooperate in urging North Korea to refrain from further provocations, especially in response to its latest ballistic missile test.

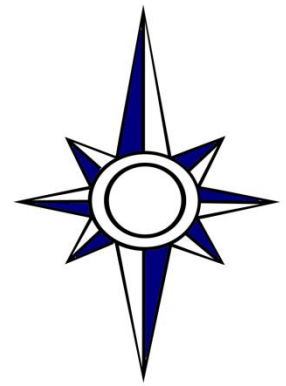
**Aug. 24, 2016:** Japanese Prime Minister Abe's Cabinet approves the disbursement of ¥1 billion (\$9.6 million) to the Foundation for Reconciliation and Healing.

**Aug. 27, 2016:** Seventh trilateral China-Japan-South Korea Finance Ministers Meeting is held in Seoul.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



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## China-Russia Relations: Politics of “Reluctant Allies”

The China-Russia relationship was both extraordinary and ordinary. On one hand, both sides were visibly, albeit reluctantly, moving toward more security-strategic coordination to offset growing pressure from the US and its allies. On the other hand, they continued to interact with a mix of cooperation, competition, and compromise for interests and influence in a range of areas including trade, investment, and regional development. None of these trends was definitive, given the complex dynamics between the two, as well as their respective relations with others, which are beyond the full control of either Moscow or Beijing. The asymmetry between “high” and “low” politics in their bilateral ties may be normal, if not necessarily desirable. Nevertheless, the scope, speed, and sustainability of the emerging Sino-Russian strategic alignment, deserves careful scrutiny.

### Growing ties?

Both sides used the term “unprecedentedly high level of trust” and “best ever” to describe the bilateral relationship. Nevertheless, neither side would define the steadily warming ties as an alliance. In an interview with Chinese media on June 17, President Putin offered his own interpretation of Russia’s relationship with China: “As we had never reached this level of relations before, our experts have had trouble defining today’s general state of our common affairs. It turns out that to say we have strategic cooperation is not enough anymore. This is why we have started talking about a comprehensive partnership and strategic collaboration.” “‘Comprehensive’ means that we work virtually on all major avenues; ‘strategic’ means that we attach enormous inter-governmental importance to this work.”

Regardless of the wording of their growing ties, the substance of the China-Russia relationship appeared to deepen and broaden over the summer. From May 26-28 the two militaries held their first ever joint command/headquarters missile defense exercise, named *Aerospace Security 2016*, in Moscow at the Aerospace Defense Forces Central Scientific Research Institute. The goal was to practice interoperability for joint operations between Russian and Chinese air defense and missile defense groups for territorial defense against accidental and provocative ballistic and cruise missile strikes. Ten days later (June 9), Russian and Chinese warships entered the waters “in a contiguous zone” near the Diaoyu/Senkaku Islands, to the surprise of the Japanese. During the second four months of 2016, Russia consistently sided with China over the South China Sea (SCS) issue, and opposed outside interference in the SCS disputes. The two sides were also

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actively preparing for a joint naval exercise in the South China Sea planned for September, the first of this kind between the two navies.

### **Putin: “speedboat to China”**

Just one day after the Shanghai Cooperation Organization Summit in Tashkent (June 22-23), the Russian and Chinese presidents met again, this time in Beijing. However, President Vladimir Putin spent less than **24 hours in China** for his 15<sup>th</sup> visit to China as Russian president. Russian media described it as a “**speedboat to China**,” while Chinese media described it as a “**hurricane visit**.” Putin spent more than five hours with President Xi. He also met separately with Premier Li Keqiang and Chairman of China’s Legislature Zhang Dejiang, as well as three vice premiers and two vice chairmen of the Chinese legislative body.

Despite its format and duration, Putin’s visit marked a significant movement toward some kind of de facto alliance, or “strategic alignment,” the favored term by Chinese and Russian pundits seeking to avoid more sensitive term “alliance.” The visit was viewed through a more political-strategic lens than an economic focus, particularly for Beijing. In the Great Hall of the People, the two presidents held “very intensive and productive talks” (**Putin’s words**) and “exchanged in-depth views on international and regional hotspot issues of common concern.” They agreed to the spirit of strategic coordination and everlasting friendship, increased mutual support, enhanced mutual political and strategic trust, and unswerving commitment to deepening their comprehensive strategic partnership of coordination. After the talks, the two presidents signed three joint statements: a China-Russia governmental statement, on strengthening global strategic stability, and on promoting the development of information and cyber space.

The joint governmental statement was perhaps the longest document (over 8,000 Chinese characters) ever issued by the two governments. It summarized the outcomes of the bilateral relationship since the signing of the China-Russia Good-Neighborly Treaty of Friendship and Cooperation (Friendship Treaty), 15 years earlier. The statement claimed that the spirit and framework of the Friendship Treaty allowed the two sides to resolve the border disputes, which paved the way for turning the China-Russia border into of a line of peace, cooperation, and exchanges. The treaty therefore served the fundamental interests of the two countries and will guide future trajectory of the bilateral interactions. During his brief stay in Beijing, Putin also joined Xi for a ceremony for the 15<sup>th</sup> anniversary of the signing of the Friendship Treaty.

The joint statement on global strategic stability was the first of the kind **issued by the two governments** and voiced concern over increasing “negative factors” affecting global strategic stability. Without naming any specific countries, the statement said that “Some countries and military-political alliances seek decisive advantage in military and relevant technology, so as to serve their own interests through the use or threat of use of force in international affairs. Such policy resulted in an out-of-control growth of military power and shook the global strategic stability system.” Particularly, the statement expressed concern over the unilateral deployment of anti-missile systems all over the world – the Aegis Ashore ballistic missile defense system in Europe and the possible deployment of the Terminal High Altitude Area Defense (THAAD) in Northeast Asia), which severely infringe upon the strategic security interests of countries in the region. Aside from missile defense, the statement expressed concern about the looming arms

race regarding long distance precision attack weapons, such as the global system for instant attack, as well as the rising danger of chemical and biological weapons falling into the hands of nonstate entities for the conducting of terrorist and violent extremist activities.

Until recently, the concept of “strategic stability” has been used largely for issues of nuclear arms control between the US and Russia/Soviet Union. The China-Russia joint statement addresses the concept from a wider angle, covering both military-technical and political-strategic areas. The latter means that all countries and groups of countries should abide by the principle on use of force and coercive measures stipulated by the UN Charter and international law, respect the legitimate rights and interests of all countries and peoples while handling international and regional issues, and oppose interference in other countries’ political affairs.

The statement on promoting the development of information and cyberspace spelled out the “increasing security challenges” in this area, including the abuse of information technology. Countries should conduct dialogues and cooperate on how to guarantee the security of cyberspace and promote the development of information networks. The two sides therefore called for respect for countries’ Internet sovereignty and voiced opposition to actions that infringe on that sovereignty. They also agreed to strengthen network governance and crack down on terrorism and other crimes conducted through the Internet. Regular meetings on cyberspace cooperation will be held between Russia and China, according to the document.

Aside from these three general documents, the two foreign ministers also signed a Joint Declaration on Promotion and Principles of International Law, which was designed to target the South China Sea dispute. Again, the joint statement was unprecedented, reflecting both the growing challenge China faces over the South China Sea issue and the more active mutual support between Russia and China of the other’s vital interests.

President Putin’s hurricane-style visit to Beijing was also for promoting business. Putin brought with him more than 200 people, including almost all of the top officials from large state-run energy firms. The two sides signed more than 30 major contracts covering a wide range of items such as trade, energy, aerospace (*RD-180* rocket engines), nuclear energy, high-speed trains, cross-border E-commerce, joint development of wide-body passenger airplanes, heavy helicopters, etc. The two sides also signed a memorandum on the possibility of concluding an agreement between the Eurasian Economic Union and China. In the cultural arena, the two sides signed a document detailing planned Russian assistance for training Chinese hockey players and creating hockey clubs and training centers for teens.

### **SCO’s Tashkent Summit**

Like China-Russia bilateral relations, the Shanghai Cooperation Organization (SCO) also underwent some significant changes and developments over the summer. The Tashkent summit was held at the time of the 15<sup>th</sup> anniversary of the security group and it represented a major step forward for at least two areas: beginning the expansion process (India and Pakistan accession to full membership of the SCO presumably will occur in 2017), and starting talks on linking China’s Road and Belt Initiative and the Russia-led Eurasian Economic Union (EEU) for the creation of a Eurasian economic network. The summit also addressed the joint fight against

terrorism, separatism and extremism, drug and weapon smuggling, dissemination of weapons of mass destruction, the development of economic and cultural-humanitarian cooperation among member states, and the situation in Afghanistan.

As in the past, the summit opened with an “exclusive meeting” of the heads of state of the six SCO members before inviting other non-core members (observers, dialogue partners, representatives of other international organizations, etc.) for an expanded session. At the SCO’s 15<sup>th</sup> anniversary, leaders believed that the Shanghai Spirit – mutual trust, mutual benefit, equality, consultation, respect for diverse civilizations and pursuit of common development – served the needs and interests of the SCO member states and therefore should be upheld and continued. These sessions were described as reaching broad consensus on issues regarding SCO’s development, and those of regional and global importance. SCO leaders then signed the Tashkent declaration on the 15<sup>th</sup> anniversary of the establishment of the SCO, several resolutions to approve an action plan for the SCO’s development in the next five years (2016-2020), and the working reports of the SCO secretary general and the organization’s anti-terrorism institution. They also witnessed the signing of the memorandums of obligations for India and Pakistan to join the SCO, which is a key step for the two countries to obtain formal membership in the organization in 2017.

As a regional security group created by China and with the post-Soviet nations including Russia, the SCO had come a long way in its coordination against various separatist, extremist, and criminal activities. In its first few years of existence, The SCO’s Regional Anti-terrorist Structure (RATS) was unable to come up with even a common definition of terrorism given the diverse social and cultural background of the member states. Its performance improved after 2007 with a three-year program of cooperation in the fight against terrorism, separatism and extremism approved by the SCO Council of Heads of State. In the second three-year phase, RATS became more efficient and facilitated SCO law enforcement authorities halt preparations for more than 500 terrorist and religious extremism crimes, liquidate over 440 terrorist training bases, end the criminal activity of more than 1,050 members of international terrorist organizations, and seize 654 improvised explosive devices, over 5,000 firearms, 46 tons of explosives, and over 500,000 rounds of ammunition.

Presidents Xi and Putin met briefly in Tashkent ahead of the formal SCO sessions. One of the main issues discussed was the link-up of China’s Belt and Road [the Silk Road Economic Belt and the 21st Century Maritime Silk Road] Initiative and the Russia-led Eurasian Economic Union (EAEU). The two also touched on cooperation in the economic and security areas within the SCO framework. Xi urged drawing up the Convention on Combating Extremism at the earliest possible time. Putin agreed on synergizing the EAEU and the Belt and Road Initiative within the SCO framework.

The SCO Summit also witnessed the third tripartite meeting of Chinese President Xi Jinping, Russian President Putin and Mongolian President Tsakhia Elbegdorj, which took place on the sidelines of the summit. The three leaders inked a development plan to build an economic corridor linking the three neighbors, pledging to boost transportation connectivity and economic cooperation in border regions. Much of this was an extension from the “road map” (consisting of 32 investment projects) for tripartite cooperation signed on the sideline of the SCO’s Ufa summit

in 2015. Largely initiated by Moscow, the project aims to benefit from China's Belt and Road Initiative through Mongolia, which has been in the Russian/Soviet shadow since the early 20<sup>th</sup> century. After the meeting, the three heads of state also witnessed the signing of a trilateral agreement on the mutual recognition of the customs supervision results on certain commodities. Xi presided over the meeting and was quoted as saying that China was satisfied with the momentum of the tripartite cooperation, which linked up the China's Silk Road Economic Belt, Russia's Trans-Eurasian Corridor, and Mongolia's Steppe Road.

## **South China Sea**

For China, the SCO Summit provided a timely opportunity to gain support for its contestation over the South China Sea. Prior to the arbitration initiated by the Philippines, China had searched for diplomatic support for its stance calling for bilateral negotiations on the South China Sea disputes without outside interferences. The Tashkent Declaration issued immediately after the SCO summit states:

Member States reaffirm their commitment to maintaining law and order at sea on the basis of the principles of international law, in particular, those set out in the United Nations Convention on the Law of the Sea. All relevant disputes should be resolved peacefully through friendly negotiations and agreements between the parties concerned without their internationalization and external interference. In this context, Member States have called for the full respect of the provisions of the aforementioned Convention, as well as the Declaration on the Conduct of Parties in the South China Sea (DOC) and the Guiding principles for its implementation.

All of the SCO member states except Russia are inland states with little direct interests in the issue of the law of sea in general and in the freedom of navigation in particular. The support from those Central Asian states in the form of the SCO's collective decision was both timely and significant for Beijing in its disputes with both South China Sea regional players (the Philippines, Vietnam, and Malaysia,) and their external supporters (the US, Japan and Australia).

Prior to the SCO Summit, China also obtained support for its South China Sea position from Russia. The SCO Foreign Ministers Meeting in Tashkent on May 24 issued a joint statement supporting China's position. Shortly after this, the Russian Foreign Ministry reiterated its support for China's stance, saying disputes should be resolved through negotiations. "All relevant disputes should be resolved peacefully through friendly negotiations and agreements between the parties concerned, without internationalization or external interference," the ministry said in an online press note. On June 10, Russian Foreign Ministry official Maria Zakharova said in a briefing that Russia does not side with any of the parties to these disputes on principle, continuing, "We are firmly convinced that third parties' involvement in these disputes will only increase tensions in this region." The day of the SCO Summit, Russian Ambassador to China Andrei Denisov attributed the tense situation in the South China Sea region to the interference from outside countries. In response, the Chinese Foreign Ministry spokesperson applauded the remark, calling it a just voice from the international community.

For much of July and August, China and Russia were actively planning a joint naval exercise in the South China Sea area. The two navies have exercised together before, but never in the South China Sea. The drills will "consolidate and develop" their comprehensive strategic partnership as

well as “enhance the capabilities of the two navies to jointly deal with maritime security threats,” said a Chinese spokesman in late July. On June 9, one Chinese and three Russian warships entered the waters “in a contiguous zone” near the Diaoyu/Senkaku Islands. Russia said that it was a normal operation in keeping with international vessel navigation and that Russia was surprised by Japan’s reaction. Chinese media in Hong Kong described it as “joint operation of Chinese and Russian naval forces.”

### **SCO growing pains?**

Uzbekistan President Islam Karimov, the chair of the Tashkent summit, expressed concern that the first step toward SCO expansion with the acceptance of India and Pakistan as full members, no matter how significant for the future of the regional security group, may well be a source of its possible stagnation, unmanageability and even decline, given the “difficult and complicated” process. In their speeches at the summit, the Russian and Chinese presidents had considerable overlap regarding the current operation and future orientations of the SCO, particularly in the security areas. There was, however, a growing difference in Moscow and Beijing’s views regarding SCO expansion. While Moscow sees SCO expansion as leading to more influence and legitimacy for the regional group, Beijing perceives a more complex and perhaps less efficient decision-making mechanism with added members to an organization already plagued by internal and external contradictions and constraints.

With its growing influence, the SCO has received several membership applications. The regional group, however, has not been eager to expand its ranks from its inception. Part of the reason has been the belief, particularly by China, that the SCO still needs to improve its institution building and solidify the basis for cooperation, making hasty expansion is ill-advised. Expansion risks are internal conflicts, increasing decision-making costs and dampening the unity of the organization, argued Sun Zhuangzhi, secretary general of the SCO Research Center, Chinese Academy of Social Sciences in Beijing. Although the formal decision was made to accept India and Pakistan as full members of the SCO at the 2015 Ufa summit, China is still concerned about the mutual hostility between the two South Asian nations over Kashmir, Afghanistan, and other regional affairs. The intense rivalry between the two is unlikely to be dispelled any time soon. Together with their complicated relations with China and Russia, many Chinese analysts believe their admission may have negative effects on the SCO, bringing more internal conflicts and lowering the level of mutual political trust and the efficiency of multilateral cooperation.

President Putin attaches more importance to the expansion of the SCO in order to “strengthen its role in international and regional affairs.” Noting that its current “triple-6” construct (the six founding members, six observer states, and six dialogue partners) accounts for more than 16 percent of gross global product; their share in the world’s population, however, stands at 45 percent, remarked Putin in the expanded session of SCO’s Council of Heads of State in Bishkek. Reminding the audience that the decision to begin the India and Pakistan’s accession procedure was made last year in Ufa, Putin urged that “We hope that our partners will complete these steps as soon as possible.” Meanwhile, Putin called for “directly integrating India and Pakistan into the SCO’s regular cooperation mechanisms such as the Council of Heads of State and the regular meetings of member states’ foreign ministers.”



Iran was Putin's next focus for SCO expansion. Pointing to the fact that Iran had been a longstanding and active observer state in the SCO since 2005, he believed that there should be no obstacles in the way of a positive assessment of Tehran's membership application after the Iranian nuclear issue had been settled and the UN sanctions lifted. For Russia, Iran's SCO membership should have been granted in the "first wave" of the SCO expansion, along with those of India and Pakistan. "There is a position of Russia, with which the partners agree. We all understand that there will be India and Pakistan, and it would be logical to also include in this list Iran, which filed a request back in 2008 and has worked as an observer since 2005," said Russian presidential envoy on SCO affairs Bakhtiyer Khakimov in Tashkent.

President Xi Jinping of China made five points in his speech and SCO expansion came at the last point. He did mention India and Pakistan, but not Iran, for the SCO's current expansion. The goal for an open and encompassing SCO, according to Xi, was to perfect its organizational construct, broadening and deepening its areas of cooperation. The goal should also be its healthy operation, and its organizational expansion constitutes one of the means for that goal. For that purpose, Xi put the "Shanghai Spirit" on the top of his talking points: mutual trust, mutual benefit, equality, consultation, respect for diverse civilizations and pursuit of common development. In keeping with and promoting the Shanghai Spirit, Xi prioritized security (including Afghanistan) as the foundation for the SCO's development; trade, investment and infrastructure construction including China's Belt and Road Initiative as a means for "practical cooperation"; and people-to-people exchanges in health, environmental protection, youth exchange, etc. as "bridges" for future development. SCO expansion came as the last item in Xi's priority list.

China's reluctance to move ahead with Iran's SCO membership may well be technical, particularly the timing of Iran's accession. For Beijing, granting the two South Asian countries SCO membership is already a huge complicating factor, despite the added visibility of the SCO in world geopolitics as a result of the two new members. Another possible factor behind China's lack of interest in Iran's accession to full membership was perhaps Tehran's continuing rocky relationship with the West. Despite the fact that Western economic sanctions had been lifted following the nuclear deal in July 2015, the Islamic state continues to be viewed by the West as a problem as Tehran is involved in military activities in Syria, Iraq, and Lebanon. China may not want to turn the SCO into a regional group with more visibly anti-Western orientation with the inclusion of Iran as its "core" member states.

Russia, however, did not seem to be bothered by the perceived negative impact of Iran's accession to the SCO full membership. For several months, Russian diplomats had pushed the envelope for Iran's SCO acceptance. Foreign Minister Sergei Lavrov publicly raised the issue during the SCO Foreign Ministers Meeting in late May. "The Russian position is clear in its support of initiating the SCO admission process (for Iran) without delays, if possible," presidential envoy Khakimov told reporters. He did not name the objecting parties, but acknowledged that Russia's initiative for Iranian membership failed as the joint statement by the SCO heads of state did not mention Iran's accession to full membership status. Russia, however, would continue to press for Iran's inclusion, according to Khakimov.

Beyond the Iranian case, the idea of revising the SCO structure and procedure has also been tossed around, including the concept of a narrower format of permanent members of the SCO, exclusively reserved for its six founding members. This UN Security Council type of format, however, runs counter to the “Shanghai spirit” of equality and mutual respect. SCO’s customary decision-making model is by consensus but not by vote. There is debate as to what extent future members may be allowed to obtain this status. Alternatively, the SCO may have to slow down its accession process, allowing more time to digest the upcoming accession of India and Pakistan.

China’s experience in the SCO development is a mix of both fruitful outcomes and frustration over many issues within a multilateral environment. The diverse interests and policies of each member state, plus the consensus building decision-making style, made cooperation more difficult and less efficient, noted Yan Jin, an associate research fellow of the Institute of Russian, Eastern European, Central Asian Studies at the Chinese Academy of Social Sciences. China had proposed a SCO development bank in 2010. Russia, however, suggests building the SCO development bank on the basis of Eurasian Development Bank (EDB) or by expanding the functions of the SCO Interbank Consortium. Uzbekistan, which is not an EDB member, opposes Russia’s proposals. Kazakhstan favors China’s idea of the SCO free trade zone, which is also supported by Kyrgyzstan and Tajikistan. However, it is opposed by Russia and Uzbekistan. For Russia, energy cooperation, particularly within the framework of Russia’s traditional domination of the Central Asia’s pipelines, should be one of the key goals of the SCO. Instead, most energy projects between the SCO members have been bilateral, such as the China-Central Asia gas and oil pipelines. And all of those mega financial institutions China has been creating in the past few years are outside the SCO framework.

These divergences are caused by diversifying diplomatic strategies and interests. Beyond these intra-SCO diversities and constraints, the global financial crisis, the sluggish prices of commodities and Russia’s economic deterioration have exerted negative effects as well. Outside powers have also deeply intervened in regional affairs, upsetting SCO members’ joint interests. The future growth of the SCO would only complicate, not simplify, the existing situation.

China’s more cautious approach to Iran’s accession to full SCO status apparently prevailed in both the foreign ministers meeting in late May and in the summit in late June. In the Tashkent Declaration of the 15th Anniversary of the SCO and the Joint Statement of the SCO Heads of State, as well as the Joint Statement issued at the end of the SCO Foreign Ministers Meeting, Iran’s accession was not discussed, to the disappointment of Moscow. India and Pakistan, however, have one foot inside the SCO. The coming of the “elephant” (India) into the SCO community is seen as favoring Moscow more at the expense of China’s influence within the SCO, given Russia’s more pivotal posture within the Russia-India-China triangle.

### **Tales of two Eurasian integrations: “Belt and Road” and EAEU**

If there is anything that defines China’s foreign policy under President Xi, it is the Belt and Road Initiative. The Silk Road Economic Belt and the 21st-Century Maritime Silk Road run through Asia, Europe and Africa, connecting the vibrant Asian economic circle at one end and developed Europe and the vast African continent at the other. Indeed, the SCO Summit appeared to be a major step forward for China’s Eurasian integration effort through the old Silk Road.

In September 2013, Xi kicked off his "Silk Road Economic Belt" concept during his visit to Kazakhstan. In October, Xi proposed a "21st Century Maritime Silk Road" design for the China-ASEAN relationship. Combined, they form the "Belt and Road" project to broaden and deepen China's economic interaction with the entire Eurasian continent. Call it the Xi Jinping Doctrine, which has both foreign and domestic implications. In geopolitical terms, it would help China avoid frontal confrontation with the US rebalancing to Asia-Pacific. It will also provide new outlets for China's excessive industrial capacities. Ultimately, a more integrated Eurasian continent would create a stable and sustainable environment for China's future development.

Russia's immediate reaction to China's Belt and Road initiative was quite negative, if not hostile (See Yu Bin, "Putin's Glory and Xi's Dream"). Xi's strategy was seen as competing with Moscow's traditional sphere of interests (Central Asia) and Russia's own integration efforts such as the Commonwealth of Independent States (CIS), Collective Security Treaty Organization (CSTO), and the then Eurasian Economic Space.

Despite Moscow's reservations, China continued to pursue its Belt and Road Initiative. In November 2014, China announced that it would contribute \$40 billion to set up a Silk Road Fund to finance projects. Meanwhile, China was also creating several other large-scale financial institutions, such as the Asian Infrastructure Investment Bank (AIIB) with \$100 billion initial capital, the \$100 billion BRICS Contingency Fund, and the BRICS Development Bank (or the New Development Bank) of \$100 billion. In early 2015, China released an action plan on the principles, a framework, and cooperation priorities and mechanisms of the initiative.

Finally in May 2015, when Xi visited Moscow for the 70<sup>th</sup> anniversary of Russia's V-D parade, the two leaders reached a "broad consensus on jointly building the 'Silk Road' Economic Belt and cooperating on Eurasian economic integration." The two sides then signed the Joint Declaration of the Ministry of Commerce of the People's Republic of China and the Eurasian Economic Commission Regarding Launching an Economic Partnership Agreement between China and the Eurasian Economic Union, which represented a major departure from Russia's guarded posture regarding China's Silk Road policy. Nothing really happened in the following year after many brainstorming sessions at the expert and academic levels. The two sides were simply unable to find any mechanism to link the Chinese and Russian visions for Eurasian integration. In March 2016, the Valdai Discussion Club published a report titled "Toward the Great Ocean 4: Turn to the East," which articulated a "Greater Eurasian Partnership" as a linkage between China's Belt and Road initiative and Russia's the EAEU.

Some Chinese experts do not see how Russia's Greater Eurasian Partnership tallies with China's interests for at least two reasons. One is that Russia certainly does not want to see China unilaterally engage with Central Asian countries to advance its Belt and Road Initiative. Second, Russia's new Greater Eurasian Partnership design means that the discussion about integration of the Silk Road Economic Belt and the EEU would be held at a multilateral platform.

In early 2016, China and Russia started preparation work for the trade agreement between the EAEU and China. Meanwhile, President Putin started to entertain the idea of creating a broader economic partnership between the EAEU, the SCO, and ASEAN, according to Foreign Minister

Lavrov. The idea of a trilateral economic union was officially articulated on May 17 by Russian Deputy Foreign Minister Igor Morgulov. “The idea of combining the integration process, a kind of integration of integrations, is completely logical.... An interesting initiative has been put forth by Russia – an initiative to form a broad economic partnership of the EEU, the SCO and ASEAN,” Morgulov told a press briefing in Sochi. In his speech at the Saint Petersburg Economic Forum on June 18, Putin’s vision for an extensive Eurasian partnership continued to evolve to include CIS countries, South Asian countries, and even the EU. In almost all of these blueprints for future Eurasian integration, China’s Belt and Road Initiative would be embedded in this grand design of the Russians for almost the entire Eurasian continent.

While Putin was stretching his imagination for creating a huge economic space with Russia at the center of a web of commercial deals, his Chinese counterpart was busy reaching out to countries along the old Silk Road. In January 2016, President Xi traveled to Saudi Arabia, Egypt and Iran. All agreed to expand cooperation in the Belt and Road Initiative. Prior to the SCO Summit in June 2016, Xi paid official visits to Serbia, Poland, and Uzbekistan to enhance Belt and Road cooperation. In all of these places, dozens of large trade and investment deals were inked. By the time of the summit, more than 70 countries and international organizations were participating in the construction of Belt and Road projects. Chinese enterprises have invested a total of \$14 billion in countries along the route and created about 60,000 local jobs.

Given the huge difference between China’s more tangible Belt and Road projects and Russia’s grand and still-emerging design, it is not a surprise to see that both the Tashkent declaration and the Joint Statement of the SCO Heads of State this time explicitly embraced China’s Belt and Road Initiative. None of them, however, mentioned Moscow’s Greater Eurasian Partnership.

### **China-Russian alliance: to be or not to be?**

Many in the West believe that Russia and China are trying to create a new world order to replace the US as a global leader. Chinese and Russian pundits, however, seem to care far less about the format of bilateral relations than the complex chemistry between the two. In a broad sense, they tend to see that Russia and China are trying to adjust themselves to the new emerging geopolitical configuration, namely, NATO expansion into the post-Soviet space and the US pivot to the Asia-Pacific. From China’s perspective, which is increasingly shared by the Russia, the US-led Trans-Pacific Partnership (TPP) is aimed at deterring and undermining growing Chinese power and influence in the region. “The only way to break through this geopolitical encirclement for China is to move closer to Russia and the EEU. The successful advancement of the ‘Belt and Road’ may reduce the dependence on routes through the South China Sea and the Strait of Malacca. So it may ease tensions between China and the US. The realization of the project will give independence and geopolitical and geo-economic leverage to Russia and China,” observed [Oleg Ivanov](#), vice rector of research at the Moscow-based Diplomatic Academy, in late June.

Shi Yinhong, professor at the School of International Studies at China’s Renmin University, echoed this sentiment, arguing that the US has negatively affected global stability and “severely infringed upon the strategic security interests” of countries like China and Russia with its “unilateral deployment of anti-missile systems all over the world.” As both countries were “ostracized” by the US, it was “not difficult” to understand their current move toward closer ties.

In August, Moscow and Beijing apparently stepped up their coordination in dealing with the perceived threat from the THAAD deployment in South Korea, as [talks of joint counter-measures](#) to offset it were proliferating in both the public and official space in the two countries. On Aug. 11, Russian Ambassador Denisov was [quoted](#) as saying that the two countries were coordinating efforts to prevent further escalation of tension in Korea.

The current strategic partnership relationship between Moscow and Beijing is “still not” an alliance, and “these are Beijing and Moscow’s real thoughts,” said an editorial of Beijing’s *Global Times* after President Putin’s China trip in late June. The factors behind their “reluctance” in moving toward an alliance are that:

- A China-Russia alliance would impact the world situation in a game-changing way, and neither country hopes for that. Instead, they want each of them to develop comprehensive diplomacy and maintain relations with the West.
- However, the United States’ strategic squeezing of the China and Russia has intensified, and this has increasingly shaped the necessity for China and Russia to support each other on core issues. The China-Russia joint statements mentioned the word “support” 18 times, and it has to be said that the US factor “contributed” to this...
- There is still a lot of strategic space for China and Russia to support each other further, and the more pressure the United States puts on them, then the more intensified such mutual support will be.

The editorial was the brainchild of Hu Xijin (胡锡进), editor in chief of *Global Times*. The opinion of this Russian-speaking journalist veteran may not represent the entire spectrum of the China’s Russian studies and decision making community. His view, however, draws heavily from the elite and popular opinions about Russia and China-Russia relations. It should be noted that like Russia, there has been a growing public space in China about Russia and Russian-China relations, thanks for the proliferation of social media of various kinds. Hu Xijin’s editorials and op-ed pieces (with the pen name of Shan Renping, 单仁平) would at best compete with multiple opinions in the Chinese society. This emergent public space in China also features more and more foreign inputs from various sources, including some from Russia.

Regarding the frequent disagreements and even contractions between the Eurasian giants, the editorial argued that the West cannot understand the open nature of China-Russia relations and Westerners tend to miss the point about the nature of China-Russia relations in that temporary inability to conclude talks on specific cooperation or difficulty in implementing something will not shake the overall bilateral relationship. For those who think bilateral relations are like they are today because of Putin, this is at best a fallacy. China-Russia relations began during the Yeltsin era, but Yeltsin was once one of the “most disliked” Russian leaders by Chinese society, so China and Russia getting closer was a product of the times, said the editorial.

Russian scholars tend to see that the Russian-Chinese relations are already the relations of allies in many aspects, all that is lacking is the official label – something that could be changed

relatively swiftly if (and when) it is expedient. In their assessment of relations, Vasilij Kashin and Anastasiya Pyatachkova noted “The abundance of coordination mechanisms and this scale of military cooperation obviously go beyond the framework of ordinary good-neighborliness.”

Even in the Chinese scholarly community, opinions are diverse. Shen Dingli, deputy dean of the Institute of International Studies at Fudan University, argued that Russia’s heart is always with the West. Its biggest hope is to earn the respect from the West and integrate into the West. Russia’s own “turn to the East” strategy, its current Greater Eurasian partnership, and its collaboration with China is therefore more a matter of expediency instead of a “strategy,” wrote Shen in an [opinion piece in Global Times](#). Shen further pointed out that Russia is also on guard against China, particularly over China’s growing influence in its peripheral countries via the “Belt and Road” Initiative. As a leading foreign policy specialist, Shen is known for his realist mindset and is also a well-respected expert on the US and China-US relations. His strong questioning of the current state of Beijing-Moscow relationship, though rooted in historical and theoretical bases, may well be a sign of the division among both policy and academia groups regarding the degree, scope, and even limits of China’s tilt toward Russia.

Realists in China’s policy and academic community, however, also produced entirely opposite policy prescriptions from those of Shen. Yan Xuetong, dean of the Qinghai University’s School of International Affairs in Beijing, has been a leading advocate for China to abandon its non-alliance foreign policy. Instead, he argues that China should actively pursue a balance of power foreign policy by seeking, building, and maintaining a viable alliance network.

Both Shen and Yan are “American watchers.” But even some engaged in the Russia studies questioned the wisdom of embracing Russia’s “greater Eurasian partnership” without fully understanding the nature of the Moscow-led EAEU and the purpose of Putin’s emerging greater Eurasian partnership plan. Han Kedi, an associate research fellow of the Institute of Russian, Eastern European and Central Asian Studies at the Chinese Academy of Social Sciences, pointed to the very low yield from those numerous deals inked by the two sides in the past. Indeed, it was the implementation, not the cheers for signing the contracts that mattered. The real obstacle was Russia’s unsatisfactory domestic investment environment. Yet, it has not showed a sign of willingness to compromise in negotiations with foreign companies. Indeed, China should learn from Russia about how to safeguard its own interests, argued Han. Specifically, Han questioned the wisdom of China providing large payment in advance before the project is carried out, which leaves China with little space for any debt default or breach of contract. At the higher level of strategic interactions between the US and Russia, Han saw both Washington and Moscow trying to maintain dominance in the Asia Pacific (for US) and Eurasia (for Russia). “Uniting with one side to oppose the other does not serve China’s national interests. China must ponder how to keep its diplomatic independence,” insisted Han.

Han’s unusually critical views of Russia and Russia’s China policy drew strong reactions from both China’s domestic sources and from the Russians. In late July, *Global Times* carried a sharp rebuttal by [Georgy Zinoviev](#), charge d’affaires ad interim of the Russian Federation in China, who categorically repudiated almost every point Han made. Aside from its obviously official tone, Zinoviev’s argument was far more persuasive than Han’s in his more comprehensive grasp of the

nature and trajectory of the bilateral relationship. To counter Han's harsh critique of Russia's position on the South China Sea, Zinoviev wrote:

The 'proof' of the South China Sea issue is that Russia emphasized the importance of protecting freedom of navigation there – same as the US and Japan, as Mr Han points out. Well, not only them, but also China and actually everyone else supports freedom of navigation and no one opposes it. Russia's position is clearly stated in many cases, including bilateral and multilateral documents and can easily be analyzed and compared with positions of other states. No one willing to do so objectively would reach same conclusions as Mr Han.

Han's view has a lot of appeal even beyond the Russian studies community in China. His urge to think before jumping into Moscow's still-developing concept makes a lot of sense. In early July, Chinese pundits engaged in serious discourse about the goals and likely impacts of Russia's greater Eurasia partnership. Xing Guangcheng, director of the Institute of Chinese Borderland Studies under the Chinese Academy of Social Sciences, went so far as to argue that it was actually in China's own interests to see Russian success in creating and running both EAEU and the greater Eurasian partnership projects. Russia's success would provide China with more opportunities. At a minimum, it would reduce China's workload in negotiating trade deals by working with a group of nations, instead of making deals with each individual state. Wu Dahui, a prominent Russia specialist at Qinghua University, believed that the timing of Putin's proposal for a greater Eurasian partnership was a strategic calculation. It was put forward on the eve of UK's referendum regarding its EU membership, which may lead to greater disintegration of EU. The US effort to create separate trading blocs (TTP for Asia-Pacific and TTIP for Europe) has been seriously challenged by anti-globalization populism across the West. Putin's greater Eurasian partnership, therefore, engages multiple parties: China's Belt and Road, Russia-led EAEU, India, Pakistan, ASEAN and EU (this writer would even add Japan onto Putin's matrix), at a time when West-led regional and trade blocs are facing growing challenges. If this is what Putin has in mind, his reaching out to China in late June was by no means be a tactical move based on short-term expediency.

### **Chronology of China-Russia Relations May – August 2016**

**May 4-6, 2016:** Speaker of the Russian State Duma Sergei Naryshkin leads a group of Russian lawmakers for a visit to China to attend the second meeting of Sino-Russian Parliamentary Cooperation Committee. They meet Zhang Dejiang, chairman of the Standing Committee of the Chinese National People's Congress and President Xi Jinping.

**May 20-22, 2016:** Shanghai Cooperation Organization (SCO) Foreign Ministers Meetings is held in Tashkent. Russian Foreign Minister Sergei Lavrov meets Chinese Foreign Minister Wang Yi on the sidelines.

**May 24, 2016:** The 18<sup>th</sup> round of strategic consultation between Chinese and Russian militaries is held in Beijing, co-chaired by Adm. Sun Jianguo, deputy chief of Joint Staff Department of China's Central Military Commission, and Lt. Gen. Sergey Rudskoy, deputy chief of General Staff of the Russian Armed Forces.



**May 26-28, 2016:** Russia and China hold their first joint computer command-headquarters missile defense exercise, *Aerospace Security 2016*, in Moscow.

**June 3, 2016:** Russian Deputy Defense Minister Anatoly Antonov and Deputy Chief of the Joint Staff of the Chinese Central Military Council Adm. Sun meet at the Shangri-La Dialogue.

**June 6, 2016:** Third Sino-Russia Northeast Asia Security Talks are held in Beijing. Chinese Assistant Foreign Minister Kong Xuanyou and Russian Deputy Foreign Minister Igor Morgulov jointly chair the talks.

**June 8, 2016:** SCO defense ministers meet in Astana. They agree to improve security coordinating mechanisms and to develop cooperation and information exchanges to counter military threats in direct vicinity of the borders of the SCO countries.

**June 9, 2016:** One Chinese and three Russian warships enter the waters “in a contiguous zone” near the Diaoyu/Senkaku Islands.

**June 19-20, 2016:** Chinese Vice Premier Wang Yang and Russian Deputy Prime Minister Dmitry Rogozin meet in Huangshan, China to coordinate President Putin’s visit to China.

**June 22-23, 2016:** Military officials from SCO member countries meet to prepare for the *Peace Mission 2016* military exercises to be held in Kyrgyzstan in 2016.

**June 23, 2016:** The China-Russia-Mongolia Trilateral Meeting is held on the sidelines of the SCO Summit in Tashkent.

**June 23-24, 2016:** SCO Summit is held in Tashkent.

**June 3-6, 2016:** Chinese Vice Premier Liu Yandong visits Russia to co-chair the seventh session of the China-Russia Committee on Humanities Cooperation with Russian Deputy Prime Minister Olga Golodets.

**June 25, 2016:** President Putin visits and meets President Xi Jinping and other senior leaders.

**July 3-16, 2016:** The Russian National Guard’s Special Forces conduct joint training exercise *Cooperation 2016* with China’s People’s Armed Police Force (APF).

**July 12-14, 2016:** Chinese Vice Premier Wang Yang visits Russia to attend the third China-Russia Exposition and the chairmen’s meeting of the Joint Commission for Regular Meetings between the Chinese and Russian Prime Ministers in Yekaterinburg.

**July 15, 2016:** Russian Prime Minister Dmitry Medvedev and Chinese Prime Minister Li Keqiang meet on the sidelines of the Asia-Europe Meeting (ASEM) Summit in Ulaanbaatar.



**July 18-20, 2016:** Chinese State Councilor Yang Jiechi visits Ulyanovsk, to co-chair the first meeting of the Sino-Russian Regional Cooperation Council with Mikhail Babich, Russia's presidential envoy to the Volga Federal District meeting.

**July 22, 2016:** Russian Deputy Defense Minister Anatoly Antonov and the Chinese Defense Ministry's head of international military cooperation, Maj. Gen. Xi Goweï, meet in Moscow to discuss bilateral military and military-technical cooperation.

**July 25, 2016:** Foreign Minister Lavrov meets Chinese Foreign Minister Wang Yi on the sidelines of the ASEAN-related events in Laos.

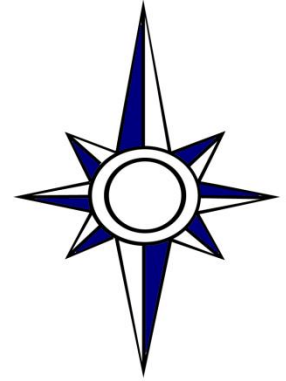
**July 28, 2016:** Fourth meeting on Northeast Asia security is held in Moscow, co-chaired by Chinese Assistant Minister of Foreign Affairs Kong Xuanyou and Russian Deputy Foreign Minister Igor Morgulov. They voice serious concern over THAAD deployment in South Korea.

**August 25, 2016:** Russian and Chinese officials hold talks in Moscow related to missile defense and regional security.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## Australia-East Asia/US Relations: Turnbull, TPP, and Trump

Graeme Dobell  
Australian Strategic Policy Institute

While Malcolm Turnbull's coalition government was narrowly returned to office in Australia's 2016 election, Australia's thinking about Asia's future hinges on another election. Concern about the US presidential race has joined worries about Asia's "rules-based order" and growing competition between the US and China. Not least of Australia's fears is what US politics will do to the Trans-Pacific Partnership trade deal.

### Australia's election – the returned Turnbull government

When Malcolm Turnbull deposed Tony Abbott as prime minister in a party room vote in September 2015, the pitch that convinced a majority of Parliamentary colleagues was that having trailed in 30 straight opinion polls, Abbott would lead the government to defeat in the 2016 federal election. As soon as Turnbull presented the annual federal budget in May, 2016, he called the election to seek a fresh mandate. Turnbull achieved election victory – just, with a one seat majority in the House of Representatives. The Coalition government went from holding 90 seats in the 150 seat House to 76 seats.

The election campaign was intensely domestic, focusing on the economy, health, and education. When foreign and defense issues did arise, the debate between the Coalition and Labor was notable for consensus rather than clash. At the National Press Club election debate with Defense Minister Sen. Marise Payne, the Opposition's shadow defense minister, Sen. Stephen Conroy, concluded by saying the event demonstrated "an overwhelming degree of bipartisanship."

Even apprehensions and anxieties about China are a matter of tacit agreement between the Coalition and Labor. The public difference on China is a matter of degree: how hard should Australia go to demonstrate its overflight and sailing rights in the South China Sea? Sen. Conroy said standing instructions don't allow the Australian Defence Force to do a freedom of navigation operation in the South China Sea – it's a government decision. And so far, no new decision has been made and no such instruction issued. The shadow defense minister promised that a Labor government would authorize such operations to challenge the "absurd building of artificial islands on top of submerged reefs." He said Australia should act against "destabilising behaviour" because "the international rules system is under threat." On freedom of navigation operations in the South China Sea, Sen. Payne said Australia "won't flag or comment publicly on

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future Australian Defence Force activities.” Then she got a second chance on the topic of the South China Sea in a later question from the *Xinhua* correspondent; a sign of the times that the only non-Australia media question at the Press Club came from China’s news agency. Payne told *Xinhua* that, “Australia will continue to maintain its position of supporting freedom of navigation, freedom of overflight according to international law in all of our activities. And that includes the South China Sea. It’s quite clear that amongst the competing claims there is an impact on relationships, an impact on stability within the region... We’re not in the business of commenting publicly in advance on specific details of future ADF activities.” The beauty of the no-comment-in-advance stance is the wriggle room it gives Canberra with Beijing. The wriggle can even be taken as a wink that Australia won’t follow the US all the way. Such wriggle space is necessary, according to Sen. Conroy, because China could be leaning on Australia economically, using the recently signed Australia–China free trade agreement:

I was very disturbed to see a report recently that the Chinese government, when Mr. Turnbull visited Beijing, said that if Australia was to engage in a Freedom of Navigation operation [in the South China Sea] that there will be serious economic consequences for them. I can’t confirm that’s true. I just observe that I read that report. I find that a very disturbing way to do business. If that was the case, that sort of bullying needs to be stood up to. A free trade agreement is meant to work as a free trade agreement, not be political leverage to force other outcomes and acquiescence and obsequiousness.

In the twin debate on foreign policy at the National Press Club, the journalist questions started with the South China Sea and ended on China’s suppression of internal dissent. In the faceoff between Foreign Minister Julie Bishop and Labor’s shadow Foreign Minister Tanya Plibersek, China got more questions than the Middle East, foreign aid, or the dangers of Britain exiting Europe. The bipartisan tone of the defense debate echoed in foreign affairs. Plibersek pointed to the common ground between the major parties on what Labor calls the three pillars: the US alliance, international institutions, and engagement with Asia.

Increasingly, in Australian politics, China is becoming the other pillar in this listing of foundational international interests; the top trade partner is also the top security concern. Julie Bishop’s opening statement naturally enough emphasized the positives: “There’s huge opportunity for us in Asia where change is exponential. About 20 years ago, less than a fifth of the world’s middle class was in Asia. In 10 years time, it’ll be two-thirds.”

The regular language about Asia’s opportunities now comes with parallel discussion of the need to maintain Asia’s order. In a written account of [Coalition policy](#), the foreign minister said Asia’s strategic and economic blessings since the 1950s rested on a liberal order “underwritten by the uncontested maritime power and reach of the United States.” The big job now, she said, is to preserve that order. The “enormously important issue” is to “ensure that an increasingly powerful China emerges as a responsible and constructive contributor to regional affairs, and eventually assume its rightful place as a regional leader within that order.” The language about China being responsible and constructive and taking its rightful place is familiar; it’s now a few decades old. Yet these days Canberra utters those words by rote, through gritted teeth with just a hint of shrillness.

Julie Bishop said Australia wouldn't be provocative in its approach to China's 12-mile zones in the South China Sea: "We will continue to traverse the water and the skies around the South China Sea as we have always done. Because for us to change operations now, I believe, would escalate tensions and that would not be in the interest of the claimant countries or our relationships with countries in the region." That drew this follow-up from the Press Club chairman: "You would tell us if you got within 10 miles wouldn't you?" Bishop: "The boundary is 12 nautical miles, so if we are 12.1 nautical miles we are still within our standard operational procedure."

Such caution is the approach advocated by retired Liberal Prime Minister John Howard. In a speech in April, Howard said Australia should affirm principles of international law but "we should guard against overreaction." In an interview with *The Wall Street Journal*, Howard stressed the need for patience in the South China Sea: "What is the alternative? To try [to] bring it to a head? No, I don't think that is very smart.... I just think we have to be patient. Don't retreat, but be patient."

When the UNCLOS Arbitral Tribunal in The Hague announced its decision on the South China Sea in July, Foreign Minister Bishop called on China to accept the "final and binding" decision: "It is an opportunity for the region to come together, and for claimants to re-engage in dialogue with each other based on greater clarity around maritime rights.... We urge claimants to refrain from coercive behaviour and unilateral actions designed to change the status quo in disputed areas."

## **Go Hillary, begone Trump**

Along with China, the other foreign policy worry getting plenty of discussion is the chance of a Donald Trump presidency.

The standard Canberra line on the US presidential election is that Australia will always work with whoever is elected by the American people. It's a principled statement of the obvious. In 2016, though, that mantra was regularly interrupted by eruptions of terror at what a Trump presidency would mean for Australia and Asia. The strongest statement of that fear was during Australia's federal election campaign in May when the Opposition Leader, Bill Shorten, described Trump as "barking mad." Shorten told a Darwin radio station: "I think Donald Trump's views are just barking mad on some issues." The Labor leader described Trump as the "ultimate protest vote" for the American people. Then Shorten scrambled back to the mantra: "But, anyway, let's see how the elections go. America's a great friend of Australia and whoever they dish up, we'll work with. But wow!"

The "wow" at what Trump would mean for Australia and the region focuses on what the Republican candidate's announced beliefs would alter for longstanding Australian defense policy, the Australia-US alliance, and the broader US alliance system in Asia. These issues have been examined in a series of commentaries by Kim Beazley, former deputy prime minister, Labor leader, and Australia's ambassador to Washington from February, 2010 to January, 2016. Beazley said Trump would threaten a [substantial dismantling](#) of the US position in Asia: "It's isolationism on speed." Should Clinton be elected, Beazley [wrote](#), the thrust of American policy

in Asia will be sustained. But “the future is problematic” if the US chooses Trump: “The Trans-Pacific Partnership (TPP) would be killed immediately; the Chinese relationship would go from competitive to adversarial. The relationship with Japan and Korea would be instantly complicated.” After the Republican convention anointed Trump as the candidate, Beazley said Australia would have to make “[immediate, forceful and sustained](#)” responses to the advent of a President Trump:

We can’t afford to sit back and let mayhem rule. More broadly, we can’t afford to see our region, including relations with China, fall victim to ill-considered confrontations. Some have confidence that the US constitutional system of checks and balances will counter Trump’s worst excesses. The President has few positive initiatives he/she can engage without Congress. The powers however for a US President’s negative initiatives are manifold. He can undermine confidence among allies that he will initiate action in support of them under any guarantee. He can use the broad license US trade laws give an American President to pursue punitive action against trade partners.

Beazley predicts a Trump victory would mean the 2016 Australian Defence White Paper would be immediately rewritten next year, with more emphasis on Australia military “self-reliance” and less weight given to the international “rules-based order.” In the Beazley view, the 2016 white paper – with a proclaimed perspective out to 2035 – would have to be remade within months because of Trump: “Strategic sections will look very different. We won’t be able to make assumptions about American forward policy. We would still be deeply embedded in what might be seen as the American deep state—the intelligence community, the military and the arms industry. However, a lot more intellectual muscle would need to be put on the priority attached to defending our approaches.”

The head of the Australian Strategic Policy Institute, Peter Jennings, suggested that a President Trump proclaiming ‘we won’t pay – you pay’ could force Australia to double defense spending from [2 percent to 4 percent](#) of GDP.

## **Trans-Pacific Partnership**

As one of the 12 nations that signed the Trans-Pacific Partnership, Australia’s polity has watched in horror as the US presidential campaign trashed the worth of the TPP. In the Australian interpretation, a US that turns away from the TPP would also be turning away from Asia. This is how Prime Minister Turnbull put it in a June [speech](#) marking the 10<sup>th</sup> anniversary of the US Studies Centre in Sydney:

The TPP will open new markets but it is much more than a traditional trade agreement. It will help level the playing field - bringing greater transparency and stronger rule of law - for those who do business especially in the less-developed economies of our region. Crucially, as I emphasised to Congressional leaders earlier this year, a successful TPP will entrench the US as the strong, credible and enduring guarantor of the rules based order in our region.

Turnbull’s ‘crucial’ comment defines the stakes: Australia believes that if the US steps back from the TPP it will retreat from that role as the *strong, credible and enduring guarantor of the rules based order* in Asia. In a speech in Washington in May, Australia’s Ambassador to the US Joe Hockey said failure to approve the TPP would have “significant” economic and national

security “implications for the future of the United States in the Asia-Pacific region.... The United States could lose this opportunity to show leadership in the Asia region proposed through the TPP.” The previous Australian treasurer riffed against the Trump slogan “Make America Great Again” by saying that it was free trade that made America great. In June, Hockey said the deal was “hugely important” for Asia and the US: “If America does not pass the TPP it will be the first time that America has ever rejected a free trade agreement and if America walks away from its own values ... then we’ve got much bigger challenges over the years ahead.”

Former Labor Trade Minister Craig Emerson argues that if the US abandons the TPP it will cede advantage to China. Greater focus would move to negotiations for the Regional Comprehensive Economic Partnership being pushed by Beijing, covering 16 countries, including India. Australia is one of the countries working on the RCEP. “The TPP was identified by the US as giving practical effect to its pivot into Asia,” Emerson said. “If it doesn’t proceed with passage of the TPP through Congress, this opens up an opportunity for China to accelerate the negotiations on the RCEP of which America is not a member.”

### **Obama-Turnbull surprises**

The surprises in the Australia–US relationship are always revealing. Two unscripted moments during this survey – one from each side – are notable. The first is Australia’s decision to lease the Port of Darwin to a Chinese company. Obama expressed Washington’s displeasure at being blindsided in his first meeting with Turnbull saying, ‘[Let us know next time.](#)’ That was about the alliance and the US Marines in Darwin and it was about China, China, China. The second is the US “form” letter to 40 partners, including Australia, asking for extra effort in Iraq and Syria. Australia was gobsmacked when the letter from the US defense secretary was lobbed without prior consultation. This offended its sense of what sort of ally it is, and how it should be treated.

Washington’s letter produced the unusual sight of an Australian prime minister making his first visit to Washington, partly to explain saying “No” to a US alliance request. In December 2015, a letter from the US Defense Secretary, Ash Carter, arrived in the office of Australia’s Defense Minister, Marise Payne, asking for an increased military contribution to the conflict in Iraq and Syria. It was seen by Australia as a form letter because it was sent to 40 of the US allies and partners. What amazed Australia was that it didn’t know the letter was coming. As *The Saturday Paper*’s [Karen Middleton recounted](#), this was the letter that caused Australia to go, Whoa!:

When it comes to seeking support in military operations, there is an understanding between Australia and the US: Australia won’t be asked for a contribution unless and until it is in a position to say yes. If the US wants to ask, the issue will be discussed in a conversation between officials. If the Australians indicate the response will be positive, then a written request will be made—sometimes along with a leader-to-leader phone call—in very specific terms. But if the answer is not going to be yes, then the request is never officially lodged.

Here was Washington making a formal alliance request in a way that produced a rare formal negative from Canberra. The “surprise” lens offers the view that Canberra’s response was about more than war fighting – it was about how the great and powerful friend should treat a close ally. Not least of the offense was that being included among the 40 didn’t recognize what Australia was already doing. On Jan. 13, 2016, Payne released a [statement](#) saying, “The US has asked 40



or so other countries, including European countries, to consider expanded contributions to the coalition, following the attacks in Paris. Australia has considered the request from US Secretary of Defence Ash Carter in light of the substantial contributions we are already making to train Iraqi security forces and to the air campaign. The Government has advised Secretary Carter that our existing contributions will continue.” This was a gentle wording of the negative response. Indeed, Payne went on to say that Australia would increase the number of personnel in coalition headquarters from 20 to 30, and Australian aircraft in the Middle East were available to provide additional airlift for coalition humanitarian efforts. Still, the “No” reply rated as a part of the bilateral buzz a few days later on Jan. 19, when Malcolm Turnbull had his White House meeting with Barack Obama. As always, the White House is a most powerful backdrop for any Australian PM and Turnbull could emphasize that on the way to Washington he’d stopped off to visit both Afghanistan and Iraq. Obama’s [welcome](#) to Turnbull in the Oval Office, ironically, went to some of the same talking points Australia used in backgrounding its “No” response:

Malcolm has had an opportunity to travel to some key hotspots over the last several days, including Afghanistan and Iraq. And those are just two places where we see the value of Australia’s armed forces and the remarkable contribution that they have made and the sacrifices that they make consistently. Keep in mind that in our fight against ISIL, Australia is the second largest contributor of troops on the ground after the United States. They have been a consistent and extraordinarily effective member of the coalition that has helped to deliver an opportunity for the Afghan people to govern themselves and to build up their security forces.

Turnbull delivered a set piece Washington speech –‘[Australia and the United States: New responsibilities for an enduring partnership](#)’ – that echoes the firm alliance language of Australian leaders for 70 years. Back to normal.

The furor over the Port of Darwin sale was not so quickly finessed. The Northern Territory’s decision to lease the Port to the Chinese company Landbridge for 99 years (November 2015 to November 2114, for a price of A\$506 million) was a top topic when President Obama had his first meeting with Prime Minister Turnbull, at the 2015 APEC meeting in Manila. Breaking the news of how the Port of Darwin lease figured in the Obama-Turnbull bilateral, the *Australian Financial Review* reported consternation in Washington about the US not being consulted on the decision, especially because of Landbridge’s alleged links to the People’s Liberation Army. Obama told Turnbull the US found out about the deal by reading the *New York Times*. To add to the offense, US officials read about the deal as they were returning from the annual Australia-US consultations on foreign affairs and defence. The *Review* reported Obama said he understood Australia’s relationship with China and its role in the region but the US should have been given a “heads up about these sorts of things.” The president told the PM, “Let us know next time.”

Secretary of Australia’s Department of Defence Dennis Richardson said the sale of the lease to China had gone through because the department did not have any security concerns about the deal since Darwin was a commercial port, not a naval base. Appearing before a Parliamentary committee in December, Richardson rejected concerns about the lease of the Port of Darwin as “alarmist” and “absurd,” insisting his department considered all security risks before giving its blessing. He conceded it was an “oversight” that Australia did not advise the US. He said Defence assessed the risks of a shutdown, sabotage, cyber-attacks, or the port being used for



intelligence gathering or stealing intellectual property. “We did our due diligence very carefully over an extended period of time in respect of the Port of Darwin,” the defense secretary said. “Nothing that has been said since the announcement has given us pause for thought.”

Not quite as sanguine, the government in December appointed to the Foreign Investment Review Board, David Irvine, who has headed both the counter espionage agency, the Australian Secret Intelligence Organization, and Australia’s overseas spy service, ASIS. Irvine has also served as Australia’s ambassador to China. Announcing Irvine’s appointment, Treasurer Scott Morrison said the Foreign Investment Review Board needed, “an even greater understanding of the broader strategic issues, including national security issues, that are essential to protect our national interest.” Sensitivity over the Darwin issue is seen as playing a part in the Federal Government’s decision in August, 2016, to ban two Chinese corporations from buying NSW electricity assets, on national security grounds.

### **The stalemate on paying for US Marines in Darwin**

In April, US Marines began their fifth annual rotation to Darwin. This year’s rotation involved 1,250 US Marines, a detachment of four helicopters and a range of equipment. The Marines were accommodated at Australian Defence facilities at Robertson Barracks, RAAF Base Darwin and Defence Establishment Berrimah.

During the six-month rotation, the US Marines trained with the Australian Defence Force across the continent. A statement from Australia’s Defence Department said the Marines and Australian troops also trained with forces from Japan and China and other partners in the Asia-Pacific.

Beneath the business-as-usual activity, however, is a stalemate that has turned into a protracted wrangle. Five years after President Obama announced the Marine rotation as a centerpiece of the rebalance, Australia and the US continue to argue over who will pay the cost of new housing, toilets and sewerage to be used by the US Marines in the Northern Territory. There is tentative agreement on some big ticket items such as hangars, runway extensions and fuel storage. The continuing dispute about personal facilities for the Marines is over a sum of about US\$150 million. More than the money, it has become a discussion about how the two allies see each other and where the line should be drawn in deciding on who pays for alliance benefits. The deadlock has dragged on so long that it has derailed the timeline for increasing the US deployment, knocking sideways the key Australian element of the pivot. Without the agreement, the US is pushing back the schedule to double the annual rotation from the current 1,250 Marines to a 2,500-strong Marine Air Ground Task Force. The doubling was originally due by 2016-17.

Australian officials say the US should pay for facilities to be used by Americans. Canberra argues it should not be expected to follow countries such as Korea and Japan, where the host nation covers the whole cost of basing US forces. Its view is that it has a different alliance history with the US. The trial-of-strength over the toilets – the dunny deadlock – continues.

### **Defence White Paper: Australia, the US, and China**

*“Don’t it always seem to go...That you don’t know what you’ve got till it’s gone.”* Joni Mitchell

Joni's song about "what's gone" was the sound track for Australia's Defence White Paper, released in February. The Australian lament was for a frayed and fraying international order. When Australia discusses China without mentioning China directly, it talks of the need for a "rules-based" order. In the Defence White Paper, the word "rules" is used 64 times – 48 of these in the formulation "rules-based global order." Here is an example of the white paper's Joni-flavored lament at the going of the rules:

The framework of the rules-based global order is under increasing pressure and has shown signs of fragility. The balance of military and economic power between countries is changing and newly powerful countries want greater influence and to challenge some of the rules in the global architecture established some 70 years ago...some countries and non-state actors have sought to challenge the rules that govern actions in the global commons of the high seas, cyberspace and space in unhelpful ways, leading to uncertainty and tension.

So the rules-wrecker is at work on the high seas, cyberspace, and space; this is Australia using rules-based challenger as a synonym for China.

The US version of the rules obsession is "principle," as in the need for Asia to have a "principled future" and a "principled security network." In his [speech to the Shangri-La Dialogue](#) in Singapore, the US Secretary of Defense Carter, used the words "principles" or "principled" a total of 37 times. Carter's description of the non-rules future sees China causing Asia "growing anxiety," risking "contests of strength and will, with disastrous consequences for the region."

Australia's Defence White Paper nominated six key drivers – with the US and China and rules-based order as the top two – that will shape Australia's security to 2035:

- the roles of the United States and China and the relationship between them, which is likely to be characterized by a mix of cooperation and competition
- challenges to the stability of the rules-based global order, including competition between countries and major powers trying to promote their interests outside the established rules
- the enduring threat of terrorism, including threats emanating from ungoverned parts of Africa, the Middle East and Asia
- state fragility in the immediate neighborhood
- the pace of military modernizations
- cyber threats

The white paper observes that major conflict between the US and China is "unlikely." This is a slight notch up from Labor's 2013 Defence White Paper, which predicted inevitable competition between the US and China but "not conflict." War is not impossible, just a matter of the odds. Australian defense planners predict a future marked by competition as much as cooperation with conflict one element of the planning spectrum. The paper's discussion of the contest between the US and China ran over four pages. Here is its flavor:

The roles of the United States and China in our region and the relationship between them will continue to be the most strategically important factors in the security and economic development of the Indo-Pacific to 2035. The United States will remain the pre-eminent global military power over the next two decades. It will continue to be Australia's most important strategic partner through our long-standing alliance, and the active presence of the United States will continue to underpin the stability of our region... While China will not match the global strategic weight of the United States, the growth of China's national power, including its military modernisation, means China's policies and actions will have a major impact on the stability of the Indo-Pacific to 2035. China's Navy is now the largest in Asia. By 2020 China's submarine force is likely to grow to more than 70 submarines. China also possesses the largest air force in Asia, and is pursuing advanced fifth-generation fighter aircraft capabilities.... The relationship between the United States and China is likely to be characterised by a mixture of cooperation and competition depending on where and how their interests intersect.... While major conflict between the United States and China is unlikely, there are a number of points of friction in the region in which differences between the United States and China could generate rising tensions. These points of friction include the East China and South China Seas, the airspace above those seas, and in the rules that govern international behaviour, particularly in the cyber and space domains.

Some Australian-US alliance footnotes: At Shangri-La, Secretary Carter referred to Australia a couple of times, for the trilateral with Japan and also with the thought that what the US now has with Australia is a global alliance. After extolling the US-Japan alliance as the cornerstone of Asia-Pacific security, Carter said: "Similarly, the US-Australia alliance is, more and more, a global one. As our two nations work together to uphold the freedom of navigation and overflight across the region, we're also accelerating the defeat of ISIL together in Iraq and Syria." The global alliance usage is interesting and struck me as new (from the US side). Certainly, Carter didn't use it at Shangri-La last year. The 2015 [AUSMIN communique](#) had several usages of global – facing "global challenges" and the Global Coalition against ISIL. Now, it would seem, Australia has joined Japan in reaching for a global alliance with the US.

One of the gimlet-eyed Australians at Shangri-La suggested not reading too much into global alliance. The US, he said, would find it hard to use the previous glowing language about US Marines and northern Australia. The fiasco of China buying the Port of Darwin lease still aches and then there's the wrestle over who should pay for Marine facilities in the Northern Territory. Far easier for Carter to go global than say anything too insincere about what's been happening to the alliance inside Australia. The global gloss doesn't quite describe what is happening, because the US and Australia agree that the future focus of the alliance will be on where Australia lives. Australia's 2016 Defence White Paper uttered the unexceptional caution that "the interests of Australia and the United States will not always align" and Australia would have the capacity to respond to "regional and global security challenges wherever our interests are engaged." When it comes to the region, Australia's is enthusiastic with no conditions attached: "Australia welcomes and supports the critical role of the United States in ensuring stability in the Indo-Pacific region. The levels of security and stability we seek in the Indo-Pacific would not be achievable without the United States."

The turn toward Australia's copious backyard was evident in the Congress-mandated independent review of the US rebalance released in January by the Center for Strategic and International Studies:

From a US perspective, Australia has served critical military roles in recent years. First, Australian forces have served alongside US forces in the Middle East, helping to address the threat of terrorism. Second, Australia plays an increasingly important role within the Indo-Pacific region, particularly helping to address maritime challenges. Finally, Australia could serve as a sanctuary for US forces in the event of conflict, one that is distant enough from most conflict zones to protect US assets, but still close enough to allow rapid deployments to critical theatres. Although Australian contributions in the Middle East have been critical to US efforts there, Canberra's assistance is increasingly required in the Asia-Pacific region itself.

## Japan and Australia's future submarine

*Australia has a growing security relationship with Japan. In recent years we have signed treaty-level agreements on cooperation in defence science and technology, information sharing and logistics support. These agreements provide the basis for further developing our defence cooperation based on the 2007 Joint Declaration on Security Cooperation... We will continue to expand trilateral defence cooperation between Australia, Japan, and the United States for our mutual benefit.*" Australia Defence White Paper, 2016.

In the years since the 2007 signing of the Australia-Japan Security Declaration (in Abe Shinzo's first term as prime minister) the scope of Australia's military cooperation with Japan has broadened and deepened, as has the trilateral relationship with Japan and US. The trajectory of that Australia-Japan strategic relationship suffered a major setback in April when Japan lost the A-billion contest to design and build Australia's future submarine. France beat Germany and Japan to win the contract for 12 boats – "regionally superior submarines with a high degree of interoperability with the US" - to be made in the South Australia capital, Adelaide.

Japan's loss was directly related to the leadership tensions between Tony Abbott and Malcolm Turnbull, and Turnbull's eventual overthrow of Abbott. If Abbott had held on as prime minister, Japan would have stayed the submarine front-runner. In deciding on Australia's largest-ever defense project, this was an extraordinary collision of politics, geopolitics, and procurement policy. When Abbott became prime minister in 2013, he strongly favored a Japanese-designed submarine to highlight the growing strategic relationship with Japan and to burnish the trilateral with the US and Japan. In defense circles in Canberra, it was well understood that Abbott had a deal with Abe to [choose the Japanese design](#). The build would be in Japan with Adelaide adding finishing touches. Prime Minister Abbott said he wanted the best sub for the best price, and the view was this would come from Japan. As pressure from Turnbull's silent challenge grew, Abbott had to shore-up his numbers in the Parliamentary caucus. South Australian Liberal MPs and senators had the leverage to reshape the submarine process so that in 2015 it became a "competitive evaluation process" between Japan, Germany, and France. The dynamic of the competition wrenched the preferred construction site away from Japan and back to Adelaide. The aim of the Adelaide MPs was to ensure that the 12 future submarines would be built in Adelaide, as were the existing six *Collins*-class submarines. And the political struggle delivered an Adelaide build at the expense of Japan.

In the contest with France and Germany, Japan was hampered by its lack of experience as a military technology-exporting nation. And Tokyo officials did not engage fully with the competition in the early stages, believing the deal between Abbott and Abe meant the result was

already clinched. That was a miscalculation of the forces moving through Australian politics and the way the Australian Navy was driving the evaluation process. When Australia announced it had chosen the French *Barracuda* over Japan's *Soryu* design, the comment from Japan's Defense Minister Nakatani Gen hinted at the hurt caused by a done deal torpedoed: "The decision was deeply regrettable. We will ask Australia to explain why they didn't pick our design."

### **Recent history: East Asia Summit and the Obama "pivot"**

When Kim Beazley arrived in Washington in 2010 to take over as Australia's ambassador, he found a one-year-old Obama administration, still mired in the fallout of the global financial crisis and troubled by Afghanistan and Iraq. Beazley recalled that this was no "fallow ground for new commitments in the Asia-Pacific. A new posture in Asia had its supporters and its sceptics." Beazley's initial task was to try to sell the merits of Prime Minister Kevin Rudd's call for the creation of an Asia Pacific Community. Announced in 2008 and pushed heavily diplomatically in 2009, Rudd's Asia Pacific Community proposal was foundering by 2010. Beazley recalled how this set the ground for his reception by the Washington:

In DC, the Administration subjected me to a hostile full-court press. On the Asian Community initiative, the White House was convinced we were talking above ourselves. Our Asian friends derided the idea and our place to raise it. We pushed back. We were aware of the problems. The Americans needed to understand that a key part of our motivation was to find a structure that would embed them in the region's politics and economy. It was about them, not us. If not the Community, then the US should seek membership of the East Asian Summit. Australian government pressure for US engagement became relentless from that point.

Among her earliest moves as the new secretary of state, Hillary Clinton, had moved toward US signature on the ASEAN Treaty of Amity and Cooperation. Beazley wrote that this would open the way for what became Clinton's preferred regional vehicle: membership in the East Asia Summit. The ASEAN demand was that if the US was admitted, the president had to attend the summit every year. The US demanded that the EAS agenda be broadened beyond economics. Beazley wrote that the Washington internal debate came to a head in June 2010, a few days before Clinton was to attend the annual meeting of ASEAN Foreign Ministers and the ASEAN Regional Forum:

A 'moot' took place in the National Security Council with the President presiding. Arguing for EAS membership was Clinton and Jeff Bader, then-NSC Senior Director for East Asia. Kurt Campbell was present and Tom Donilon, National Security Advisor supported. Against was the Treasury Secretary, White House economic advisors and the President's schedulers. The economists argued the case for priority for APEC which the US was about to host. The schedulers were infuriated at yet another regular overseas commitment for the President. We [Australia] did all we could to weigh in favour of EAS membership. The President declared for Hillary and she was off.

A few weeks later, Australia's Washington Embassy was directed by Canberra to prepare a cable on the history of the US decision to reach for membership of the EAS: Who was responsible for the change? When Ambassador Beazley put the question to Jeff Bader, "he just laughed and said, 'Well I would say you [Australia] were responsible. You know the history as well as we do.'"

A year later, standing before the Australia Parliament, President Obama announced the decision to rotate marines and aircraft through Darwin and northern Australian bases. As Beazley commented: “Some in the region affected shock. Some, including Chinese spokesmen, voiced anger. Critics in Australia shared their anxiety. However, rather than reflecting a new initiative, Obama’s speech was more a consolidation of a series of initiatives in which the US had many Asian advocates.” Chief among those advocates, in Beazley’s telling, was Australia. Canberra pushed hard to get the pivot, he writes:

As the US leans forward in Asia on freedom of navigation exercises, as it deepens its diplomacy and its economic, political and military engagement in North and Southeast Asia, American decision-makers see themselves as marching to local drummers, one of whom is us. We aren’t, as is perceived by some commentators, a supine ally bending to yet another ill-advised US policy. We were joyfully complicit. In the minds of policymakers who opposed the pivot, Australia is a culprit. We dealt not with an overbearing ally but one which sought advice. We gave advice and that creates an entirely different dynamic when our preparedness to uphold a ‘rules-based order’ is on the table. The US is used to allies pushing them into commitments then fading away. They don’t expect it of us and wouldn’t tolerate it.

Much evidence can be called in support of the idea that Australia was “joyfully complicit” in the US rebalance. See, for instance, last year’s [Comparative Connections](#) account of the enthusiasm of Julia Gillard, prime minister from 2010-13, to go all-the-way-with-Obama on the pivot and the US Marines to Darwin. In office, both sides of Australian politics have been powerful pals of the pivot. Australia has long wanted a greater US military presence on Australian soil and a greater US focus for “our region.” Australia has suffered the urger’s surprise – it got what it urged.

### **Chronology of Australia-East Asia/US Relations September 2015 – August 2016**

**Sept.9, 2015:** Australia announces it will take 12,000 refugees from Syria. The government also announces that Royal Australian Air Force planes will attack Islamic State targets in Syria as well as Iraq.

**Sept. 10, 2015:** Pacific Islands Forum is held in Papua New Guinea.

**Sept. 11, 2015:** Second meeting of Australian and South Korean foreign and defence ministers, is held in Sydney, they agree to a blueprint for defense and security cooperation.

**Sept. 14, 2015:** Prime Minister Tony Abbott is deposed by the Liberal Party caucus. Malcolm Turnbull becomes PM.

**Sept. 20, 2015:** PM Turnbull announces his new Cabinet, appointing Australia’s first female defense minister, Sen. Marise Payne.

**Oct. 5, 2015:** Twelve nations complete terms of Trans-Pacific Partnership free trade agreement.

**Oct. 13, 2015:** Annual AUSMIN talks held in Boston.

**Oct. 13, 2015:** Northern Territory government announces the sale of the Port of Darwin, to be run under a 99-year lease by a Chinese company, Landbridge.

**Nov. 2, 2015:** Australian Navy begins live-fire military drills with the People's Liberation Army Navy. *HMAS Stuart* and *HMAS Arunta* visit Zhangjiang, Guangdong Province for the exercise.

**Nov. 22, 2015:** Foreign and defense ministers of Japan and Australia meet for talks in Sydney.

**Nov. 24, 2015:** PM Turnbull asks Australian law enforcement agencies to test their responses to a mass casualty attack in the wake of the killings in Paris, pledging to “redouble our efforts in support of domestic and regional-counter-terrorism efforts.”

**Nov. 30, 2015:** In the contest to build Australia's new submarine, the Japanese, French, and German contenders lodge their tender documents.

**Dec. 18, 2015:** PM Turnbull and Japan's Prime Minister Abe Shinzo meet in Tokyo.

**Dec. 21, 2015:** Australian and Indonesian foreign and defense ministers meet in Sydney and sign a new understanding on combatting terrorism and renew a defense cooperation agreement.

**Jan. 19, 2016:** PM Turnbull visits Washington and meets President Obama at the White House.

**Feb. 4, 2016:** Trade ministers sign the Trans-Pacific Partnership trade agreement in Auckland, setting up a two-year period for ratification.

**Feb. 16, 2016:** In Tokyo, foreign ministers of Australia and Japan sign a *Strategy for Cooperation in the Pacific*, covering defense, diplomatic, and aid cooperation, stressing shared values of democracy, human rights, and the rule of law.

**Feb. 17, 2016:** In Beijing, annual talks between the foreign ministers of Australia and China.

**Feb. 25, 2016:** *Australian Defence White Paper* is released.

**March 2, 2016:** Australia Papua New Guinea ministerial forum in Canberra.

**March 12, 2016:** Television crew from the *Australian Broadcasting Corporation* is arrested in Malaysia for attempting to interview Prime Minister Najib Razak about a corruption scandal.

**April 13, 2016:** Fifth annual deployment of US Marines to Darwin commences.

**April 14, 2016:** Malcolm Turnbull arrives in China for his first visit as prime minister.

**April 15, 2016:** Japanese submarine sails into Sydney harbor for the first time since 1942.

**April 21, 2016:** Australian government's cyber security strategy released.



**April 26, 2016:** France beats Germany and Japan to win a A\$50 billion submarine building contract for the Australian Navy, with the majority of the boats to be built in Adelaide.

**April 26, 2016:** Papua New Guinea's Supreme Court rules that Australia's detention of 850 asylum seekers on PNG's Manus Island is illegal.

**May 6, 2016:** A new Defense agreement includes provision for Singapore to send 14,000 military personnel to train in Australia each year, up from 6000 a year.

**May 8, 2016:** Double dissolution of both Houses of the Australian Parliament, with the general election to be held on July 2.

**May 10, 2016:** In North Queensland, Federal police arrest five Melbourne men attempting to take a small boat to Indonesia to travel to Syria to join ISIS.

**May 12, 2016:** President Obama and PM Turnbull have a phone discussion covering military gains against Islamic state, Australia's decision on its future submarine, and collaboration to deal with the global glut of steel.

**May 22, 2016:** Papua New Guinea and its autonomous island province, Bougainville, agree to hold a referendum on June 15, 2019 to determine if the island should become independent.

**July 2, 2016:** Australia's federal election returns the Turnbull Liberal-National Party Coalition government with a narrow majority in the House of Representatives.

**July 19, 2016:** US Vice President Joe Biden has talks in Sydney with PM Turnbull.

**July 19, 2016:** The governor general swears in PM Turnbull and his new Cabinet.

**July 21, 2016:** PM Turnbull's international affairs adviser, Frances Adamson, the former ambassador for China, is appointed secretary of the Department of Foreign Affairs and Trade.

**July 29, 2016:** PM Turnbull overrules Foreign Minister Julie Bishop and announces the government will not nominate the former PM Kevin Rudd for the job of UN secretary general.

**Aug. 10, 2016:** *The Guardian* publishes 2,000 leaked files on Australia's asylum seeker detention regime on Nauru, detailing assaults, sexual assaults, and self-harm.

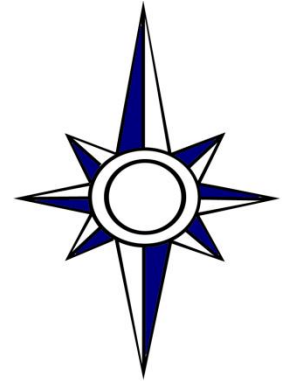
**Aug. 11, 2016:** The Turnbull government bans two Chinese corporations from buying NSW electricity assets, on national security grounds.

**Sept. 1, 2016:** PM Turnbull delivers national security statement on Counter-Terrorism to Parliament.



# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



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## US-India Relations:

### Progress on Defense while Economic Issues Lag

US-India relations were reset after a sharp, sudden plunge in late 2013 over a dispute involving an Indian diplomat. Both Washington and New Delhi took the opportunity of Prime Minister Modi's election in May 2014 to get relations back on track. The US lifted a ban on India's prime minister traveling to the US and India accepted a prime ministerial visit within the first four months of taking office. The reset culminated in the visit of President Obama to India in January 2015 as India's chief guest for its spectacular Republic Day parade.

Since then, there have been three further visits to the US by Prime Minister Modi – in September 2015 for meetings at the United Nations as well as outreach to the Indian-American community and US business community, in April 2016 to attend the Nuclear Security Summit, and in June 2016 for a final summit with President Obama and a speech to a joint session of Congress. The US and India have also conducted two iterations of the newly-launched Strategic and Commercial Dialogue (S&CD) modeled on the US-China Strategic and Economic Dialogue, exchanged multiple Cabinet-level and senior officials visits, and announced new initiatives (e.g., upgraded UN and Multilateral Dialogue, Maritime Security Dialogue, consultations on Africa) to broaden and deepen dialogue and produce outcomes. During the period under review (March 2015 to September 2016), there have been no dramatic events similar to PM Modi being “unbanned” from visiting the US. The absence of drama has allowed for notable progress in the area of defense relations, but just as notably little progress on key trade and investment issues even as bilateral trade and investment grows.

After three decades and three US presidents with strong personal and policy commitments to the bilateral relationship, it remains to be seen whether a new US president will reciprocate Prime Minister Modi's expressed and demonstrated interest in strong US-India relations. Unlike divergences between the current two US presidential candidates on a host of foreign policy issues and in particular relations with the Asia-Pacific, statements and indications by the Clinton and Trump campaigns suggest a strong commitment to continued improvements in US-India relations. Both party platforms specifically address the importance of India, though it is noteworthy that the Republican platform raises issues about India's commercial openness and the country's treatment of religious minorities.

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## **Economic relations: More trade, more investment, but less agreement**

The main achievement of bilateral economic relations during this period has been to lift trade and investment issues to the Cabinet level for regular discussion in the form of the Strategic and Commercial Dialogue. While India and the US have been conducting a strategic dialogue since 2010, the addition of commercial elements to this dialogue is intended to facilitate outstanding trade and investment problems. Symbolically, the new dialogue structure parallels the US-China Strategic and Economic Dialogue (S&ED), but for an economic relationship roughly one-sixth the size as one analyst pointed out. Despite the new structure and many high-level visits, progress on resolving trade and investment challenges was minimal, although the overall level of trade and investment continued to grow. US Ambassador Richard Verma told an Atlantic Council audience this June that “bilateral trade continues to grow, reaching a record \$107 billion dollars in 2015. This is more than three times bigger than it was only 10 years ago ... [and] U.S. bilateral investment to India has grown from a mere \$8.5 billion dollars in 2005 to over \$35 billion dollars last year.” Travel for business, education, and tourism is an especially bright spot with the June 2016 joint statement by President Obama and Prime Minister Modi noting “more than 1 million travelers from India to the United States in 2015.” With an MOU for Development of an International Expedited Traveler Initiative (i.e., Global Entry Program) already in place, travel between the two countries could be further facilitated and promote additional business.

In June, Finance Minister Arun Jaitley travelled to Washington and New York following the release in late April of an annual US Trade Representative’s office report listing India, along with 12 other countries, on its priority watch list for weak rules on copyright protections, trade secrets, and intellectual property violations. For his part, Jaitley raised India’s complaints about a Totalization Agreement. Completion of such an accord would allow Indians working in the United States to avoid double taxation on social security. A Bilateral Investment Treaty (BIT) was also discussed.

However, as the September 2015 S&CD in Washington exhibited, there is a lack of progress on a range of economic issues. For example, there was no resolution of differences regarding a Totalization Agreement, only a statement “acknowledging” discussions, “welcoming” the exchange of information on their respective social security systems, and “looking forward” to further engagement. The BIT went unmentioned in the joint statement, although a month later in October at the 9<sup>th</sup> round of the Trade Policy Forum (TPF), co-chaired by India’s Commerce Minister Nirmala Sitharaman and US Trade Representative Michael Froman, drafts of a BIT were reportedly exchanged with Sitharaman being quoted as saying “In fact, they wanted us to have a detailed talk on it. The investment treaty is awaiting Cabinet clearance. Draft copies (of BIT) was [sic] exchanged.”

Even US recognition in the January 2015 *Joint Vision for the Asia-Pacific and Indian Ocean Region*, issued during President Obama’s visit, of India’s “interest” in joining APEC (itself a fairly cost-free and anodyne form of convergence) went unmentioned in the statement following the first-ever S&CD in September 2015. And a week later, when Obama and Prime Minister Modi held a joint press conference in New York, only Modi mentioned an interest in working with the US on India’s membership in APEC. There was no such expression from the US side.

Only in the June 2016 joint statement during Prime Minister Modi's visit to Washington was there a declaration that "The United States welcomes India's interest in joining the Asia Pacific Economic Cooperation forum, as India is a dynamic part of the Asian economy."

The need to take steps to increase trade formed a drumbeat during the period under review. In the June 2016 joint statement, the two sides noted that "[i]n order to substantially increase bilateral trade ... [they would] explore new opportunities to break down barriers to the movement of goods and services, and support deeper integration into global supply chains...." By the late summer, on the eve of the second Strategic and Commercial Dialogue on Aug. 31, the mood among many experts was bleak, with one careful analyst writing an article entitled "Nearing a Dead End on the path to U.S.-India Trade Cooperation." He noted that despite some Indian interest in APEC, the US side was "cool" to the idea given the lack of commitment by India to a "pro-trade mindset." He claimed that on the BIT, "due to changes in our respective model treaties, we are actually further from a deal than when we first announced our intention to start negotiations eight years ago." Meanwhile, US National Association of Manufacturers Director of International Business Policy Ryan Ong wrote that, "Talk alone will not grow bilateral trade opportunities – and holding a dialogue cannot be the benchmark for the success of the relationship." And as critics worried, in fact, the second S&CD held in Delhi on Aug. 31, 2016 produced very little progress. There was no mention of the BIT; no mention of APEC. And the two sides merely "resolved to continue their engagement" on a bilateral totalization agreement.

### **Defense and security relations: moving forward on multiple fronts**

Developments on the defense and security side of the US-India relationship have a much more positive tone and there are some important, hard-fought concrete advances.

In early June 2015, Secretary of Defense Ashton Carter visited India on his way back from attending the Shangri-La Dialogue in Singapore – his first trip to India since becoming defense secretary in February. He began with a stop at India's Eastern Naval Command headquartered at Vishakhapatnam, the first visit to an operating Indian military command by a US defense secretary, which also included a visit to the "indigenous stealth frigate, *INS Sahyadri*." Carter set the tone before arriving in India, telling an audience in Singapore "And there's also a technological handshake: [the US and India are] moving toward deeper and more diverse defense co-development and co-production, including on aircraft carrier design and construction." The main deliverable of the visit was the signing of the 2015 Framework for the U.S.-India Defense Relationship that extends for 10 years an earlier agreement signed in 2005. The agreement is intended to guide defense relations for the next decade through mechanisms such as strategic dialogues, military exchanges, and "strengthening of defense capabilities." The two sides also agreed to "project arrangements" to take forward two of the "pathfinder" projects (for a portable electric hybrid field generator and a chem-bio protective suit) announced during President Obama's January 2015 visit for India's Republic Day. They also agreed to "expedite discussions to take forward cooperation on jet engines and aircraft carrier design and construction."

In December 2015, India's Defense Minister Manohar Parrikar traveled to the US, including the first-ever visit by an Indian defense minister to US Pacific Command headquarters. He also joined Secretary Carter in observing flight operations aboard the aircraft carrier *USS Dwight D.*

*Eisenhower*. A joint statement of the visit highlighted “positive discussions” regarding the Joint Working Group on Aircraft Carrier Technology Cooperation (JWGACTC), which is working on, among other issues, “aircraft launch and recovery equipment (ALRE).” It was also announced that a separate group, the Jet Engine Technology Joint Working Group (JETJWG), had completed its terms of reference. Carter stated that the US had “updated its policy on gas turbine engine technology transfer to India ... [and expressed confidence] that the United States will be able to expand cooperation in production and design of jet engine components.” The two sides also announced the “re-establishment of a working group on humanitarian assistance and disaster relief (HA/DR) cooperation.”

In April 2016, Secretary Carter again traveled to India. He started his visit in Goa including a stop at Indian Naval Base in Karwar and aboard the *INS Vikramaditya* aircraft carrier as well as the *USS Blue Ridge*, which was making port call in Goa. Defense Minister Parrikar told the joint press conference, “It was entirely appropriate that [Secretary Carter and I] visited India’s western shores. Even as we work with the United States to realize the full potential of India’s Act East policy, we also seek a closer partnership with the United States to promote our shared interests in India’s West, especially in the context of the emerging situation in West Asia.” The two sides paid special attention to maritime security, reaffirming their desire to expeditiously conclude a “white shipping” technical arrangement to improve data sharing on commercial shipping traffic, commencing navy-to-navy discussions on submarine safety and anti-submarine warfare, and launching a Maritime Security Dialogue, co-chaired by officials at the joint secretary/assistant secretary-level of the Indian ministries of defense and external affairs and the US departments of defense and state. They also agreed to “initiate two new DTTI [defense trade and technology initiative that supports co-development and co-production] pathfinder projects on digital helmet mounted displays and the joint biological tactical detection system.” Also “[t]hey commended the on-going discussions at the Jet Engine Technology Joint Working Group (JETJWG) and the Joint Working Group on Aircraft Carrier Technology Cooperation (JWGACTC)” and agreed to “deepening consultations on aircraft carrier design and operations and jet engine technology.” Finally, “[t]hey noted the understanding reached to conclude an information exchange annex (IEA) to enhance data and information sharing specific to aircraft carriers.” However, despite almost a decade of discussions, they were only able to report “in principle agreement to conclude a logistics exchange memorandum of agreement, and to continue working toward other facilitating agreements to enhance military cooperation and technology transfer.”

In August 2016, Defense Minister Parrikar again visited Washington. This was the first meeting of the two Cabinet-level defense officials since India had been designated a “Major Defense Partner” during Prime Minister Modi’s June visit to Washington. At the meeting they “welcomed the decision at the DTTI meeting in Delhi in July to broaden its agenda by setting up five new joint working groups on naval systems; air systems; intelligence, surveillance and reconnaissance; chemical and biological protection; and other systems. They also noted the signing of an information exchange annex under the framework of the Aircraft Carrier Joint Working Group.” But the highlight was the signing, after roughly a decade of negotiations, of a logistics exchange memorandum of agreement (LEMOA) that is expected to facilitate cooperation between the two militaries. However, there was no mention in the joint statement about progress on two other “foundational” agreements: the Communication and Information

Security Memorandum of Agreement (CISMOA) and the Basic Exchange and Cooperation Agreement (BECA).

In addition to the defense minister visits, there were other military exchanges and equipment sales. In mid-May 2015, Air Chief Marshal Arup Raha visited the US, including PACOM headquarters, for five days primarily to discuss Air Force cooperation such as the *Red Flag* exercise that took place later in April-May 2016 in Alaska. He also made a call on PACOM headquarters. The 11<sup>th</sup> iteration of the India-US combined military training exercise *Yudh Abhyas* took place in September 2105 at Joint Base Lewis-McChord, USA. Also in September, the two countries agreed to a major deal for India to purchase 22 *Apache* helicopters and 15 *Chinooks* worth \$2.5 billion. Defense Minister Parrikar told Parliament that delivery of the *Apaches* is scheduled to commence from July 2019 and will be completed by March 2020. The delivery of *Chinook* helicopters will start from March 2019 and will be completed by March 2020. In May 2016, India and the US launched their first maritime security dialogue with discussions centering on strategic maritime security issues and maritime challenges in the Asia-Pacific region, a US Embassy statement said. Security cooperation in space has also been put on the US agenda. Assistant Secretary, Bureau of Arms Control, Verification and Compliance Frank Rose, in India in February 2016 for the second bilateral Space Security Dialogue, identified an SSA arrangement, which he described as “a foundational capability for spaceflight safety and preventing collisions in space” as the US priority with India.

### **Civil nuclear cooperation: progress at last?**

The long-running effort to move forward with implementing civilian nuclear cooperation has been slow, but appears to have made some progress. As [one analyst noted](#), during Prime Minister Modi’s September 2015 US visit “[c]ommercial civil nuclear cooperation [did] not appear in the joint statement, the commercial and trade cooperation fact sheet, or the energy, climate, environment, and science cooperation document, either.” However, on Dec. 30, 2015, Modi’s office put out a recap of all the progress on civilian nuclear cooperation achieved during his administration, including with the US.

During Prime Minister Modi’s June 2016 visit to the US, the progress was spelled out fully in the joint statement: “The steps that the two Governments have taken in the last two years through the U.S.-India Contact Group, including by addressing the nuclear liability issue, inter alia, through India’s ratification of the Convention on Supplementary Compensation for Nuclear Damage, have laid a strong foundation for a long-term partnership between U.S. and Indian companies for building nuclear power plants in India. Culminating a decade of partnership on civil nuclear issues, the leaders welcomed the start of preparatory work on site in India for six AP 1000 reactors to be built by Westinghouse and noted the intention of India and the US Export-Import Bank to work together toward a competitive financing package for the project. Once completed, the project would be among the largest of its kind, fulfilling the promise of the US-India civil nuclear agreement and demonstrating a shared commitment to meet India’s growing energy needs while reducing reliance on fossil fuels. Both sides welcomed the announcement by the Nuclear Power Corporation of India Ltd, and Westinghouse that engineering and site design work will begin immediately and the two sides will work toward finalizing the contractual arrangements by June 2017.”

## Terrorism

Terrorism has been an ongoing but difficult issue in US-India relations – primarily due to US and Indian divergences on how to address terrorism from Pakistan. In the period under review, terrorism again rose higher on the agenda with the two sides issuing a stand-alone joint declaration on terrorism during the inaugural Strategic and Commercial Dialogue in September 2015. The declaration specifically cites groups beyond Al-Qaeda and its affiliates to include “Lashkar-e-Tayibba, Jaish-e-Mohammad, D Company, and the Haqqani Network, and other regional groups that seek to undermine stability in South Asia.” Separate mention is also made in the declaration of the threat posed by ISIL. It also “call[s] for Pakistan to bring to justice the perpetrators of the 2008 Mumbai attack” and “strongly condemn[s]” two specific terrorist attacks in Gurdaspur and Udhampur, India. The declaration also notes the “continuing efforts to finalize a bilateral agreement to expand intelligence sharing and terrorist watch-list information.”

However, despite this joint declaration, the gaps between India and the US on terrorism persist not only regarding the matter of Pakistan, but on broader issues. For example, as Alyssa Ayres of the Council on Foreign Relations has [noted](#), when Secretary Kerry was asked at the press conference following the issuing of the joint declaration he made no reference to India “a reminder that despite deepening Indo-U.S. partnership in some parts of the world, that cooperation isn’t happening yet in some of the hottest hot spots for U.S. foreign policy.” On the other hand, when Under Secretary for Civilian Security, Democracy, and Human Rights Sarah Sewall gave a speech in New Delhi on Jan. 13, 2016 on the subject of “Democratic Values and Violent Extremism,” she appeared to reach out to India for cooperation saying “So let us show the world that, as we bring justice to extremist groups like ISIL, we can prevent the next generation of threat from emerging by empowering our communities, embracing our diversity, and staying true to our common values.” It was striking to give this speech in India and not mention other groups about which India has far greater concerns than ISIL and which were specifically included in the joint declaration on terrorism issued three months previously.

## Conclusion

The US-India relationship in the first two years of Prime Minister Modi’s administration and the last two years of President Obama’s might be described as a glass half full. Of the two major components of the relationship, economic and defense, the latter certainly is making steady forward progress measured by arms sales, military exercises, and agreements on key issues. However, while formal agreements have eluded key issues in bilateral economic ties such as a Totalization Agreement or BIT, the economic relationship is not unhealthy so much as unfulfilled – with trade and investment continuing to grow but not nearly at the levels they could or should be. Still, one cannot ignore that there are vast differences between the US and India regarding Pakistan and terrorism, Afghanistan, and even on climate change despite their agreements in Paris. “Convergence” has become a more often used term in official discussions of the relationship, though it is far too early to say that convergence has actually occurred though even introducing it as an aspect or objective of US-India relations should suggest how far relations have come. Moreover, whether the “hesitations of history” have fully been overcome remains to be seen.



On matters relating to the Asia-Pacific region, the two countries share more commonalities. For example, they have increasingly overlapping partners such as Vietnam, Philippines, Japan, and Australia. The US-Japan-India trilateral *Malabar naval* exercises appear to have taken hold with India's external affairs minister finally describing them as *trilateral* exercises after considerable resistance within the Indian establishment, which has seen military exercises only in bilateral terms. And the US-Japan-India Trilateral Dialogue continues, with the most recent one held in Tokyo in June. So too does the US-India consultations on East Asia, which were most recently co-led on the US side by Assistant Secretary for South and Central Asia Nisha Biswal and Assistant Secretary for East Asia and the Pacific Danny Russel. And the Australian dimension of US-India ties is evident in the fact that Assistant Secretary Biswal also travelled to Canberra and Sydney in June to "meet with officials from the government of Australia and regional experts to share perspectives on the future of the Indo-Pacific region." India, Japan, and Australia already have a trilateral mechanism of their own. US-India cooperation in the "east" cannot compensate for divergences on other issues or surmount totally the "hesitations of history," but they form part of broader improvement in relations that kept pace over the past two years.

### **Chronology of India-East Asia Relations** **March 2015 – August 2016**

**June 20, 2015:** Indian Finance Minister Arun Jaitley visits the United States for consultations.

**June 29, 2015:** Deputy Secretary of State Antony Blinken hosts Indian Foreign Secretary S. Jaishankar and Ambassador Arun K. Singh for a working lunch.

**Sept. 22, 2015:** US and India hold the inaugural Strategic and Commercial Dialogue.

**Sept. 23-28, 2015:** Prime Minister Narendra Modi visits the United States, including visits to Silicon Valley, California and New York City. His visit focuses on United Nations General Assembly meetings and outreach to the Indian-American community and US business leaders.

**Nov. 10, 2015:** President Barack Obama and Prime Minister Modi initiate use of the "hotline" they agreed to establish during Obama's 2015 visit to India.

**Dec. 7-10, 2015:** India's Defence Minister Manohar Parrikar visits the US.

**Dec. 8, 2015:** Deputy Secretary of State Blinken travels to India and delivers speech on global order at Brookings India.

**Jan. 7-9, 2015:** Adm. Scott Swift, commander, US Pacific Fleet, visits New Delhi.

**Feb. 22-24, 2016:** Assistant Secretary for Arms Control, Verification and Compliance Frank Rose visits India for the second US-India Space Security Dialogue and delivers keynote remarks at the Observer Research Foundation Conference.

**March 6-9, 2016:** Foreign Secretary S. Jaishankar visits Washington DC to review bilateral relations and prepare for India's participation in the Nuclear Security Summit later in the month.

**March 30, 2016:** Indian National Security Advisor Ajit Doval discusses the upcoming Nuclear Security Summit and terrorism with Secretary of State John Kerry and National Security Advisor Rice in Washington.

**March 31-April 1, 2016:** Prime Minister Modi attends the fourth Nuclear Security Summit in Washington DC.

**April 5-8, 2016:** Chief of Army Staff (COAS) Gen. Dalbir Singh visits the United States with stops at Central Command (CENTCOM), Special Operations Command (SOCOM), I Corps Headquarters and Maneuver Centre of Excellence (MCoE).

**April 14, 2016:** India's Finance Minister Shri Arun Jaitley co-chairs the Sixth Annual US-India Economic and Financial Partnership (EFP) with US Treasury Secretary Jacob Lew in the US.

**April 10-13, 2016:** US Secretary of Defense Ashton Carter visits India.

**April 28-30, 2016:** Foreign Secretary Jaishankar meets US National Security Adviser Susan Rice in Washington to discuss climate change and defense and Deputy Secretary of State Blinken to discuss civil-nuclear relationships.

**May 14, 2016:** Under Secretary Rose Gottemoeller leads US Delegation to the US-India Strategic Security Dialogue in New Delhi. This annual dialogue includes discussion of regional and bilateral security issues, arms control, and nonproliferation.

**May 17, 2016:** India and the US hold their first maritime security dialogue.

**June 7-9, 2016:** Prime Minister Modi visits Washington and addresses joint session of Congress.

**June 19-21, 2016:** Assistant Secretary of State for South and Central Asian Affairs Nisha Biswal and Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel travel to Japan for the US-Japan-India Trilateral Dialogue and the Ninth US – India Consultations on East Asia.

**June 12, 2016:** US Chief of Naval Operations Adm. John Richardson visits India.

**June 30, 2016:** Indian Navy ship *Satpura* arrives in Hawaii for the *Rim of the Pacific* (RIMPAC) military exercise.

**Aug. 29-31, 2016:** India's Defense Minister Manohar Parrikar visits the US.



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