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East Asian Security Challenges

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Abstract

This article contains reports on the National Committee on American Foreign Policy's (NCAFP's) three track II projects on Northeast Asian security—one on U.S.–China Relations with a particular emphasis on the Taiwan issue, a second on the North Korean nuclear challenge, and a third on the future of the U.S. alliances with Japan and South Korea. Despite the potential flashpoints posed by North Korea's continuing efforts to develop nuclear weapons and the impasse between China and Taiwan over the status of Taiwan, the reports conclude that for the first time in many decades the great powers in the region recognize that they have a common interest in regional stability and prosperity. Consequently, they are working together on a number of common security challenges.

The U.S.–China–Taiwan Triangle: Toward Equilibrium

Although the Taiwan Strait remains a potential flashpoint in U.S.–China relations, the findings of an NCAFP study group on a trip to China and Taiwan in April 2006 suggest that a tentative equilibrium among the three key players—the United States, China, and Taiwan—may now be within sight.

The first step toward such an equilibrium would be for China and Taiwan to reach an interim agreement on preserving the status quo. The basic idea behind such an agreement, long discussed in American think tanks, is that China and Taiwan should each agree to abandon its bottom line—for China, the use of force; for Taiwan, a formal declaration of independence. For a variety of reasons, largely having to do with domestic politics, it is unlikely that Beijing and Taipei will formally agree on this subject. However, both sides now seem to be moving toward a *de facto* interim agreement.

China will not formally renounce the option of using force against Taiwan because it seeks to maintain the threat of military action should Taiwan declare independence. But the Chinese increasingly emphasize their desire for "peaceful" reunification, and they are increasingly relying on the economic and cultural card—"soft" power—to win the "hearts and minds" of the Taiwanese people. In the past year or two, Beijing has developed a very sophisticated strategy of targeting separate constituencies in Taiwan—businessmen, doctors, farmers, students, and the opposition Kuomintang—by reducing tariffs for Taiwan farmers, announcing scholarships for Taiwan students, and encouraging direct party-to-party contacts between the Chinese Communist party and the Kuomintang (Nationalist) party in Taiwan.

In sum, Beijing has not abandoned "sticks" but feels time is on its side and is increasingly using "carrots" in its Taiwan policy. The doctrinal basis for this policy was laid down by Hu Jintao himself with his "Four Nevers," the most important of which is "never abandon faith in the Taiwan people." The remaining three are "never sway in adhering to the one-China principle," "never give up efforts to seek

peaceful reunification," and "never compromise in opposing Taiwan independence." On our recent trip, People's Republic of China (PRC) officials insisted that Beijing is largely concerned with preventing Taiwan's *de jure* independence, not with pushing for immediate reunification.

In Taiwan neither the ruling Democratic Progressive party (DPP) nor the main opposition party, the Kuomintang (KMT), will formally renounce the independence option. This would be political suicide for any Taiwanese political party. But the DPP and the KMT are closer on the sovereignty issue than is generally recognized. The common denominator is the belief that the 23 million people of Taiwan should decide Taiwan's future status.

Both major parties in Taiwan agree on the "Four No's," a pledge first made by President Chen in 2000. The "Four No's" are (1) not to call a referendum on changing the status quo in regard to Taiwan's independence; (2) not to write "the two-state theory" or the concept of "state-to-state relations" between the island and the mainland into the constitution; (3) not to seek to change Taiwan's name or flag; and (4) not to declare independence. Although Taiwan's President Chen Shui-bian has in the past flirted with changing the Taiwan constitution and moving toward *de jure* independence, the defeat of the DPP in the legislative elections of December 2004, the weakening of Chen's position as a result of corruption scandals, and American pressure have moved Chen closer to the center on the sovereignty issue. The centrist position is to support neither independence nor reunification but to accept the status quo—a position supported by the vast majority of the Taiwan people. In our meetings in Taiwan, Chen's advisers kept assuring us that he stands by the "Four No's."

The United States, for its part, is now adeptly combining a policy of deterrence and reassurance for both China and Taiwan. U.S. policy is principally on target. This policy has six core elements.

- Instead of identifying a preferred outcome, for example, reunification as favored by the PRC or independence as favored by some in Taiwan, the United States insists only on a peaceful solution that is mutually agreeable to both sides.
- The United States continues to tell both China and Taiwan that it opposes unilateral action by either side that seeks to change the status quo. In line with this position, the United States seeks to deter any use of force by China and any provocative action by Taiwan.
- The United States retains a residual security commitment to Taiwan, as embodied in the Taiwan Relations Act (TRA) and various presidential statements (that is, President George W. Bush's 2001 statement that the United States will do "whatever it takes" to ensure Taiwan's security).
- The United States continues to recognize the government in Beijing, the PRC, as the sole, legitimate government of China, and it continues to reassure the PRC that it has a one-China policy.
- The United States continues to promote growing cultural and economic integration between China and Taiwan.
- The United States continues to reject the role of mediator in the Cross-Strait impasse and insists that the two sides settle the problem between themselves.

Vis-à-vis China, the United States has convinced Beijing by a variety of actions and policies that it will not allow it to take Taiwan by force. Thus the deterrence side of U.S. policy is working. At the same time, the Bush administration—the most pro-Taiwan administration in recent decades—has reassured the PRC that

it does not support Taiwan independence. This has now become part of the official American mantra and was reiterated by President Bush in his April 2006 meeting with President Hu Jintao in Washington.

Vis-à-vis Taiwan, the Bush administration, after a recent spat over President Chen's abolition of the largely symbolic National Unification Council (NUC), got Chen to agree to the position that the Council was not being abolished but had simply ceased to function. Moreover, the United States has now gone a long way toward convincing President Chen that it is not in the U.S. or Taiwan's interests for Chen to provoke the PRC by making statements or adopting policies that would unilaterally alter the status quo. Here too deterrence is working. At the same time, the Bush administration is reassuring President Chen and the Taiwan people that it will not sacrifice Taiwan's interests in its dealings with the mainland and that its commitments to Taiwan's security remain intact. A new U.S. representative in Taiwan has already played an important role in this effort.

The conditions for equilibrium in the Taiwan Strait are now at least visible. It is possible but unlikely that President Chen, in his remaining two years in office, will be able to challenge this equilibrium. He cannot revise the constitution without a three-quarters vote in the legislature, and the legislature is now controlled by the KMT, which opposes any more constitutional changes. In addition, Chen has assured the U.S. government that in the remaining two years of his presidency, there will be no more "surprises." In his most recent speeches, he has played the "democracy" rather than the "secessionist" card against Beijing.

Cross-Strait relations may be headed for more tension during Chen's remaining two years in office, but the PRC line remains the same—that "China's principles and policies will not change." Beijing will continue to work for stability in Cross-Strait relations, counter secessionist tendencies, and be prepared for Chen's efforts to change the status quo. During President Hu Jintao's meeting in 2005 with the former chairman of the KMT opposition, Lien Chan, new economic and trade proposals were put forth to build on the consensus forged during the meeting.

This optimistic scenario does not mean that the United States can be complacent. Two things could go wrong, one in the short term and the second over the longer term. In the remaining two years of President Chen's term, he may, out of frustration with Beijing's continuing efforts to isolate him and China's continuing missile buildup, reverse course on the "Four No's" and seek to revise the Taiwan constitution. Such a move could produce a crisis in his relations with both the PRC and the United States. To head off such a development, Beijing—in its own interests—should enter into a dialogue with President Chen and the DPP and begin to reduce the number of missiles that face Taiwan. The United States, for its part, should play a more active role in bringing about such a dialogue.

Over the longer run, Beijing could become impatient with progress on reunification and return to a policy of threat and intimidation. In this respect, much will depend on the political evolution of the mainland.

Still, the prospect for greater equilibrium exists. If this potential is translated into practice, it will go a long way toward helping to develop a framework for a stable and cooperative U.S.–China relationship.

Multilateral Dialogue to Resolve the North Korean Nuclear Issue

The nuclear standoff between North Korea and the United States over North Korea's nuclear weapons program is one of the gravest current challenges to U.S. security and global security. In the past few years, North Korea has withdrawn from the Nuclear Nonproliferation Treaty (NPT), evicted inspectors from the International Atomic Energy Agency (IAEA),

and restarted its frozen plutonium-based nuclear program at Yongbyon, including a reprocessing facility that separates plutonium for nuclear weapons from spent reactor fuel. The Democratic People's Republic of Korea (DPRK), or North Korea, has also admitted (although it later denied having done so) that it has begun developing a new, highly enriched uranium (HEU) nuclear program. Furthermore, recent reports from U.S. intelligence indicate that North Korea may be ready to test a long-range missile.

This extraordinary series of events has profound implications for security and stability throughout Northeast Asia, a region that is home to 100,000 U.S. troops and three of the world's twelve largest economies. North Korea's actions also threaten the integrity of the NPT, the nuclear nonproliferation regime, and if not stopped could encourage other states to develop nuclear weapons. A debate is already underway in Japan about whether that country should respond to these new threats by developing a nuclear weapons program of its own.

We believe, however, that a peaceful solution to this problem is possible. Recognizing this, in 2003 the NCAFP began to host a series of conferences with North Korean delegations led by Ambassador Ri Gun, a high-ranking North Korean official and deputy director of the DPRK Institute of Disarmament and Peace (IDP). Thus far we have held four track II meetings in New York with Ambassador Ri who has recently been promoted to direct DPRK policy on the six-party talks. We held one meeting in September 2003, others in August 2004 and June/July 2005, and most recently in March 2006. Both U.S. and North Korean officials have stated that our June/July 2005 meeting played a "decisive" role in bringing about a resumption of the official six-party talks in July 2005.

The NCAFP has two overriding goals. The first is to assist the U.S. government in probing the North Korean position on a variety of issues in contention and to determine whether there is a potential for making progress toward the ultimate goal—the denuclearization of North Korea. The second is to emphasize to the North Koreans all the benefits they can obtain from abandoning their nuclear weapons program.

This summary reports the views, perspectives, and discussions that were developed at our most recent conference on Northeast Asia Security in March 2006. This meeting took place several months before the North Koreans resumed missile tests.

Fourth Conference on Northeast Asian Security

On March 6, 2006, in New York City, the NCAFP and the Korea Society cohosted a North Korean delegation led by Ambassador Ri Gun to discuss prospects for the resumption of the six-party talks. This meeting took place one day before the North Korean delegation met with U.S. officials in New York to discuss U.S. allegations about North Korean "illicit activities," including the counterfeiting of U.S. currency, money laundering, and drug smuggling—charges that were followed by a U.S. freezing of DPRK assets in a bank in Macao.

The talks came at a time of mounting frustration on both the U.S. and the DPRK sides. The United States has been losing patience with the North Koreans over the DPRK's continued reprocessing of plutonium at Yongbyon, its on-again, off-again approach to the six-party talks, and its newly revealed counterfeiting of U.S. currency. The North Koreans, for their part, have demonstrated frustration with U.S. financial sanctions, which, they argue, are part of a government effort to mount pressure on the DPRK in order to overturn the current regime.

First Session—The Current State of the Six-Party Talks

An American emphasized that the U.S. government is focusing a lot of activity and efforts

on how to implement the September 19, 2005, Joint Statement, which was agreed to by all six parties at the Fourth Round of talks in Beijing. The Joint Statement committed the DPRK "to abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on the Nonproliferation of Nuclear Weapons and to IAEA safeguards." It also committed both the DPRK and the United States to "take steps to normalize their relations." Furthermore, it committed all six parties to "promote economic cooperation" in the fields of energy, trade, and investment, to "negotiate a permanent peace regime on the Korean Peninsula," and to promote security cooperation in Northeast Asia.

The U.S. Department of the Treasury maintains that its imposition of Article 311 of the Patriot Act was not an effort to pressure the DPRK but a measure to protect the credibility of American currency. These sanctions have not been designed to shut North Korea out of global financial activities but to combat illegitimate activities.

A North Korean said that recent U.S. government statements about the DPRK government's involvement in the counterfeiting issue have damaged North Korean credibility. The DPRK issued an official statement agreeing that the United States has a right to protect its currency. But the United States should not implicate the DPRK government in these activities. Such charges are creating great obstacles to implementing the September 19 statement. They are politically motivated charges designed to disgrace the DPRK regime and to overthrow it eventually. U.S. policy is to get North Korea to abandon its nuclear weapons first; and, financial sanctions have been designed to apply pressure to achieve that goal.

An American presenter declared that the United States does not have an interest in dominating Asia or any other area of the world. Instead, it wants all of the states in the region to have constructive relations with one another and with the United States. There is nothing to be gained by military conflict—especially in view of modern technology. The United States has no permanent adversary in the region. If the nuclear issue could be resolved, it would be possible to develop a security framework for all of Northeast Asia, including North Korea.

However, if the nuclear issue is not resolved, there will continue to be concerns and pressure not only from the United States but from all of the states in the region. Should North Korea go down that road, it would limit its potential for growth. Moreover, North Korea cannot expect to have nuclear weapons without influencing Japan to take comparable steps; China will not be indifferent; South Korea will see it as an obstacle to reunification; and the United States will continue to oppose it. Therefore, pressures against a North Korean nuclear program will intensify.

It is necessary to understand DPRK concerns about regime change. The issue is whether it is possible to do away with North Korean nuclear weapons while providing assurances for North Korean security and economic and social evolution. It is necessary to resume the talks and make some serious progress. To many in the United States, it looks as though the DPRK wants to keep its nuclear program and to stall. To many in the DPRK, it looks as if the United States wants North Korea to disarm and only then will the United States decide what it intends to do.

The sequencing issue remains a problem. It must be broken up into various stages so that tangible *quid pro quo* steps can be worked out for both sides for each stage. There must be a degree of simultaneity on both sides. A visit to Pyongyang by a high-level U.S. official visitor would be possible after some progress has been made. However, such a visit by itself could not make a breakthrough. The first stage of the breakthrough would have to take place in Beijing at the six-party talks.

Second Session—Where Do We Go from Here?

A significant portion of the conference focused on how to move the six-party talks forward. First,

from an American perspective, immediate steps must be taken to reduce the levels of mutual mistrust. Some in North Korea believe that U.S. policy is dedicated to regime change in North Korea and therefore the United States is not serious about a negotiated settlement. Some in the United States believe that a negotiated settlement is not possible because North Korea is simply unwilling to eliminate its nuclear weapons program. In order to reduce mistrust, both sides should tone down their rhetoric, and the North Koreans should be allowed to go to Washington, D.C.

Second, the six-party talks should not be held hostage to the problem of illicit activities. A separate channel should be established for resolving the latter issue.

Third, concerns over a light-water reactor for North Korea should not be allowed to throw the negotiations into gridlock. Some neutral method must be found to deal with energy cooperation.

Fourth, all sides should adhere to a schedule for the six-party talks. The on-again, off-again nature of the talks is disturbing. To adhere to a regular schedule of meetings would in itself be a confidence-building measure.

Fifth, the details of implementing the Joint Statement should be divided into segments. The U.S. bureaucracy is hard at work figuring out how to implement the Joint Statement in a process that will proceed according to phases. The United States wants a shortened process based on the Libya model, but that is not realistic. There must be a reciprocal, sequenced process. Asking the United States or North Korea to take unilateral steps is not realistic because of the logic of mutual mistrust. Detailed, reciprocal steps should be laid out within a set time frame. The initial step will be very important. For the United States, the first step must be tangible. In this first step, North Korea should present a complete and accurate inventory of its nuclear facilities, including its uranium-enrichment program.

From the DPRK's point of view, the United States should ease sanctions against North Korea as the first step.

There was some skepticism from an American standpoint about the North Korean negotiating position. North Korea needs to give a stronger response to overtures made by Assistant Secretary Hill. Pyongyang is awaiting the next U.S. presidential election in 2008. North Korea seems to have concluded that the United States, distracted by Iraq and Iran, believes that the DPRK has only three choices: to ignite a war, to implode, or to join the community of nations. North Korea is slowly joining the international community, but time is of the essence. The absence of progress will encourage some in the U.S. Congress to introduce hostile legislation, which would be very damaging. Many in Congress are increasingly impatient with the lack of progress. The Joint Statement provides an opportunity to move forward, and it should not be lost.

It was noted by another American presenter that there are, in fact, four choices for North Korea: to ignite an explosion, to implode, to integrate into the international community as a nonnuclear state, or to try to integrate into the international community as a nuclear weapons state. However, the United States cannot normalize relations with a nuclear North Korea. If North Korea continues down the road of pursuing nuclear weapons, it will become less, not more, secure. There is no short-term solution to the problem. The long-term process should begin with training North Koreans and helping them develop their human capital by educating economists, lawyers, teachers, doctors, financial experts, scientists, and others. There needs to be massive international investment in North Korea irrespective of the resolution of the nuclear issue. There must also be increased development assistance and greater people-to-people interaction in the arts, sports, and tourism. The six-party talks have little prospect of success in the next two years. North Korea does not see it in the DPRK interest to abandon its nuclear weapons, and the United States has no compelling story to relate to convince it to change its mind. The only way to

begin the process is with people-to-people diplomacy and training. In short, the United States should try to shape a more positive environment for dealing with North Korea and the nuclear issue.

Congress is not ready to give up on diplomacy. President Bush in 2002 said on the eve of Secretary Kelly's visit to Pyongyang that he was prepared to make a "bold decision." In that statement, he listed technical assistance, training, the normalization of relations, entry into international financial institutions, and a peace mechanism—all in exchange for the denuclearization of North Korea. This bold offer was derailed by the discovery that Pyongyang was developing a uranium-enrichment program. Why has North Korea not explored with the United States a way to return to the "bold program" in exchange for information on its enriched uranium and other nuclear programs? One possible conclusion is that North Korea is not serious about abandoning its nuclear program.

From an American stance, what is needed is a sense of urgency on both sides. The best way to overcome the present impasse is to identify the common interests of the United States and the DPRK. Both share a common interest in resolving the issue quickly. If there is drift, the situation will get much worse.

A DPRK participant asserted that North Korea would like to see the improvement of U.S.–DPRK relations be treated as a process to reach denuclearization. Serious negotiations can occur at any time if North Korea's concerns are taken into account.

Some Conclusions

Most of the Americans were struck by the relatively conciliatory tone of the North Koreans throughout the meeting. Many attributed this conciliatory tone to the effectiveness of the U.S. financial sanctions.

Several Americans expressed considerable skepticism about whether North Korea is serious about abandoning its nuclear weapons program. Others thought it too early to tell without a serious effort at negotiations in the six-party talks. The North Koreans argued that they are serious about implementing the September 19 Joint Statement and that the problem stems from strong mutual distrust, along with the recently declared U.S. financial sanctions.

The North Koreans did not deny the existence of such "illicit activities" as counterfeiting, drug smuggling, and money laundering. They said that these activities violate North Korean law and that the DPRK had already announced that it would punish all violators. They also said that North Korea is prepared to join international or bilateral discussions on these illicit activities.

The diplomatic challenge for both sides lies in the issue of how to achieve simultaneity in the process of denuclearization. North Koreans repeatedly insisted that "our way is not to denuclearize first" but to see the improvement of U.S.–DPRK relations as a process to reach denuclearization. Americans, for their part, insisted that the DPRK needs to illuminate its nuclear program in some detail.

As a result of this challenge, several participants thought it essential for both the United States and the DPRK to develop a reciprocal, sequenced process. Asking either the United States or North Korea to take unilateral steps is not realistic because of the logic of mutual mistrust. Detailed, reciprocal steps should be laid out within a set time frame. The initial step will be very important. The DPRK should issue a complete and accurate inventory of its nuclear facilities, and its highly enriched uranium program will have to be on the list. The United States should begin to take credible steps toward normalization of relations with the DPRK.

Several on the U.S. side made the point that the six-party talks should include a discussion, perhaps in a working group, of a new security architecture in Northeast Asia.

U.S.–Japan–ROK Relations and East Asia: Toward a Northeast Asian Security Forum

There are several factors that should prompt the United States, Japan, and South Korea to think seriously about promoting a multilateral system that could serve as a direct channel of communication among China, Japan, South Korea, North Korea, Russia, and the United States. Unlike Europe, Asia lacks strong multilateral political institutions. The Association of Southeast Asian Nations (ASEAN), by including some of the Northeast Asian powers with its ASEAN + 3 (China, Japan, and South Korea) format, is too large and unwieldy an organization. The ASEAN Regional Forum (ARF), the region's main strategic dialogue, and the Asia-Pacific Economic Cooperation (APEC) forum fare no better, for they serve largely as consultative bodies. Moreover, the region launched another multilateral regional institution, the East Asia Summit (EAS), in December 2005. Created to be a regional trade, economic, and security forum, it omits the United States—a necessary partner for conducting a meaningful strategic dialogue. Asia must develop a new set of multilateral organizations in parallel with existing bilateral alliances led by the United States.

The National Committee on American Foreign Policy's track II project on U.S.–Japan–ROK relations has been designed to develop a common strategy for creating a Northeast Asian security forum while strengthening America's bilateral alliances. Intellectuals and policymakers in the United States, Japan, and South Korea have spoken on the postcold-war security dynamic and the necessity to review and reevaluate the current alliance structure. Changes in the Asia-Pacific region—especially the rise of China—necessitate a strengthened U.S.–Japan alliance. Such an alliance can assist other regional players that, in light of China's growing economic power and influence, are sure to face pressure to accommodate Beijing in the security realm.

In cooperation with the Japan Institute of International Affairs (JIIA) in Tokyo and the International Policy Studies Institute of Korea (IPSIKOR) in Seoul, the NCAFP has had three track II trilateral meetings in the past two years.

On April 19, 2006, in Seoul, Korea, the NCAFP cohosted a meeting of security specialists from the United States and its two Northeast Asian allies, Japan and South Korea (Republic of Korea/ROK). This meeting concentrated on four topics: U.S.–ROK relations; U.S.–Japan relations; the Taiwan problem; and the North Korea nuclear issue.

The following summary draws on the discussion at the meeting in Seoul and three papers distributed at the meeting—one written for the conference by Professor Kim Sung-han; another based on a recent lecture at Claremont McKenna College by Dr. Han Sung-Joo; as well as a recent lecture at the University of Shimane by Professor Robert A. Scalapino.

U.S.–ROK Relations

An assessment was made by a South Korean that the future of his country's alliance with the United States is not as gloomy as some analysts have suggested. First, the ROK government is taking a more understanding and cooperative position regarding such issues as the "strategic flexibility" of U.S. forces in Korea—a realignment that the U.S. military regards as critical. Strategic flexibility is a euphemism for the possible use of U.S. forces in Korea for contingencies elsewhere. Second, South Korea and the United States have agreed to enter into full negotiations in June 2006 for the purposes of concluding a Free Trade Agreement. Third, the United States has begun to

show a positive attitude toward negotiating the return of war-time command and control of the Korean armed forces to Korea even though the United States will continue to keep troops in Korea. Finally, the ROK has joined the United States in attaching great importance to the problem of counterfeiting U.S. currency by North Korea, an issue that the United States regards as critical.

There are good reasons why both the ROK and the United States want to maintain the alliance. For the United States, the partnership helps preserve a favorable balance of power among the major powers in the region and helps to deter North Korean adventurism. It is also a critical factor in helping to defend Japan and is consistent with U.S. economic interests in the ROK and the region as a whole. For the ROK, the alliance helps to deter a North Korean million-man army and a regime wielding absolute power and makes the South Korean security situation less vulnerable. In addition, it enables South Korea to get support in securing advanced arms, strategy, and intelligence and promotes the ROK's own position vis-à-vis its powerful neighbors.

There remain, however, issues of potential strain in the alliance. The two allies differ over the proper strategy for dealing with North Korea. The United States believes that any successful strategy must combine sticks and carrots, whereas South Korea is inclined to think that any use of sticks will be counterproductive. Furthermore, the United States is dubious about North Korea's right to peaceful nuclear energy, and the United States favors a tougher stance in dealing with the human rights issue in North Korea.

Despite these differences, the two allies remain patient with each other and have tried to narrow the policy gap. The South Korean government has been cooperative with the United States on a range of issues, including the dispatch of troops to Iraq, "strategic flexibility," and its response to the counterfeiting of U.S. currency. The United States, for its part, has understood the irony faced by the Korean government: In order to neutralize anti-American sentiments in South Korea, the Korean government has had to resort to rhetoric that is more assertive than it intended.

Above all, both governments recognize that despite their differences it is in their mutual interests to continue their alliance.

American views agreed with the South Korean assessment that the alliance remains on reasonably firm ground despite the fact that there has been a growth of anti-Americanism, especially among the younger generation. Moreover, policy differences over North Korea have complicated the relationship. However, the most recent ROK presidents, Kim Dae-jung and Roh Moo-hyun, have pursued Korean security through time-honored paths of seeking both good relations with neighbors, as well as an alliance with an external power.

U.S.–Japan Relations

From the American perspective, the U.S.–Japan relationship is, on the whole, very good and in some respects has never been better. Immediate problems such as the repositioning of U.S. forces in Okinawa are manageable, and military-to-military relations have never been better. As the United States undertakes a new strategic policy emphasizing modern weaponry, rapid deployment, a reduction of bases abroad and troops deployed overseas, and a greater dependence on alliances to keep facilities operational, its support for an expanded Japanese security role is natural. Japan provided some US $13 billion to support the Gulf War and dispatched some logistics forces to Iraq, thus demonstrating that it understands the need to show the United States that it is a good ally. Economic relations between the two allies are also positive, and the focus of U.S. attention has now shifted to China. The old issues of unfair Japanese competition and extensive Japanese protectionism, especially in the agricultural sphere, although not wholly resolved, have been significantly

reduced. Moreover, there is a new enthusiasm in U.S. business circles about the revived Japanese economy. But there is still concern over the question of whether Japan can carry out the reforms required to keep it competitive.

Two key challenges remain. The first is to coordinate the respective roles of the two alliances in their joint contributions to security and peace. The danger is an unrealistic U.S. expectation about Japan's security role at a time when domestic constraints on Japan's military policy remain substantial. It seems likely that there will be a modest revision of Article Nine (which prohibits Japan from having an army and deciding international disputes by military force) in the Japanese constitution. But Japan will continue to behave cautiously in security matters.

The second challenge will be to coordinate policy toward China. Japanese Prime Minister Junichiro Koizumi is focused on maintaining the alliance with the United States, but he has no real strategy for dealing with China. The danger is that the next prime minister may focus more on the China threat, which could draw the United States into a territorial dispute between China and Japan.

From the Japanese perspective, geography is the key to the U.S.–Japan alliance. Consequently, it is essential for an island nation such as Japan to maintain an alliance with a strong maritime power such as the United States. Japan is dependent on the United States for importing energy and controlling the sea lanes of communication. Moreover, the United States and Japan share common values and imperatives such as democracy and free markets. Both nations should enhance their people-to-people exchange programs and increase their cooperation on intelligence sharing.

The North Korean Nuclear Issue

A South Korean assessment emphasized that energy is emerging as a particularly critical element in resolving the North Korean nuclear issue. First, North Korea wants to be supplied with energy in return for abandoning its nuclear weapons and nuclear program. Second, North Korea insists on its right to a "peaceful use of nuclear energy." Third, as part of its right to peaceful nuclear energy, Pyongyang wants to be supplied with light-water reactors, as agreed on in the Geneva Agreed Framework of 1994. With respect to the first condition, South Korea has offered to supply North Korea with two million megawatts of electricity provided that North Korea abandons its nuclear weapons program. North Korea wants the right to the "peaceful use of nuclear energy" not only because of its energy needs but probably because it wants to retain the option of developing nuclear weapons. A creative solution is needed in order to satisfy North Korea's security and energy needs while allaying legitimate fears and concerns that North Korea will end up with the nuclear option.

An American viewpoint was consistent with the South Korean analysis. There can be little doubt that the DPRK has been pursuing its nuclear weapons program because of a genuine fear of an American attack and because it represents the only bargaining chip available in negotiations with the external world. The six-party talks clearly designated the key issues, namely, verification and timing. The United States has demanded in-depth verification of the North's abandonment of its nuclear weapons program, citing evidence of cheating after the 1994 Agreed Framework whereby the DPRK agreed to abandon its nuclear program in exchange for the construction of a light-water nuclear energy facility by external nations. The United States also demands that initial North Korean actions be verified before various economic and political responses can be made. The DPRK insists on a bilateral DPRK–U.S. treaty pledging nonaggression. Recently it demanded the right to construct a nuclear facility for energy purposes.

It would be suicidal for the North to opt for war. Given the costly U.S. participation in recent conflicts, including Iraq, American policy will certainly seek to avoid war, as pledged. Moreover, the attitudes of the South Korean government and its people provide a further deterrent to any American use of force. Thus it seems probable that sporadic negotiations will continue, both at the bilateral and multilateral levels.

According to a South Korean, there is debate in South Korea on four issues: (1) the counterfeiting issue; (2) whether the North will return to the negotiating table; (3) China's role; and (4) South Korea's strategic choices. On the counterfeiting issue, most agree that U.S. financial sanctions are having a very serious impact on the North Korean regime. But it is not clear whether the North will be compelled to give up its nuclear program. On whether North Korea will return to the negotiating table while the Bush administration is in power, there are differing views. There also are differing views on China's role. Some observers note that China is maintaining a low profile on the counterfeiting issue and that it did not publicly denounce the United States. Finally, on the issue of the ROK's strategic choices, South Korea is currently walking a tightrope between appeasing domestic pressures for accommodation with the North and maintaining an appropriate distance from the North. However, only a consensus among the six parties could encourage North Korea to dismantle its nuclear program.

The Taiwan Issue

From an American perspective, all three sides—Washington, Beijing, and Taipei—are satisfied and will seek to maintain the status quo. China thinks time is on its side: There are extensive economic interactions with Taiwan; the political situation favors the opposition party—the Kuomintang (KMT); Taiwan President Chen Shui-bian's popularity rating is down to 20 percent; and the Bush administration is acting as a restraint on President Chen. Moreover, if China were to pursue a more aggressive approach toward Taiwan, it would risk paying large economic and diplomatic costs. Finally, China needs to focus on its huge domestic, political, and social challenges and therefore needs a calm international environment.

In Taiwan, the status quo enjoys overwhelming support from the vast majority of the population. The Taiwanese have *de facto* independence and do not see the need to risk a conflict with the mainland in the pursuit of *de jure* independence. Moreover, the Taiwanese public is by now fully aware of the U.S. position on this issue, and the United States is playing an increasingly important role.

The United States, for its part, is content with the status quo, which allows it to have good relations with both Taiwan and China. Moreover, the Bush administration is preoccupied with the Middle East; President Bush's poll numbers are down; and it is not in the U.S. interest to have tension in the Taiwan Strait.

China is self-confident and patient. Its only true "redline" is *de jure* independence. Chinese President Hu Jintao's policy is a combination of a hard and a soft line. The hard line is harder than that of previous President Jiang Zemin, and the soft line is softer. The elements of the hard line consist of continuing the military buildup, squeezing Taiwan's international space, and isolating President Chen. The soft line involves courting President Chen's opposition and making targeted concessions to a number of the Democratic Progressive party (DDP) constituencies such as farmers and doctors. China, meanwhile, will not react provocatively to President Chen's initiatives. Its mild response to the cessation of the National Unification Council is a case in point. China has also given up any real timetable on unification and has also begun to drop its controversial formula

of "one-China, two-systems," a formula that has few takers in Taiwan.

From a Japanese standpoint, the issue may be approaching a workable *modus vivendi* between China and Taiwan based on a *de facto* interim agreement. Taiwan would refrain from moving toward *de jure* independence, and China would refrain from using force. Developments are moving in this direction.

In a dialogue between two Japanese military participants, one's analysis was that time was on China's side and the other was that Taiwan's military was qualitatively superior to China's. Although Taiwan's military might decline in 10 years, an unfavorable trend could be delayed if Japan and the United States helped Taiwan. According to the viewpoint expressed, the Chinese are simply not investing enough to modernize their military to the point at which it could prevail in a conflict in the Taiwan Strait.

Regarding whether the United States could live with a Taiwan unified with the mainland, an American perspective indicated that this was possible as long as the decision was made peacefully and reflected the will of the Taiwan people. But this is highly unlikely until the Chinese political scene has been transformed dramatically.

About the Author

Donald S. Zagoria is the project director for the NCAFP's Northeast Asia Projects. The author of four books and more than 200 articles on Asian security issues, Professor Zagoria wrote a seminal work on the Sino–Soviet conflict. He recently edited *Breaking the China-Taiwan Impasse*, the result of the National Committee's track II efforts on Taiwan.