



## **PROMOTING QUADRILATERAL COOPERATION IN THE ASIA-PACIFIC REGION**

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### **A QUADRILATERAL CONFERENCE SPONSORED BY THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY (NCAFP)**

**DECEMBER 8 - 9, 2009**

**BY DONALD S. ZAGORIA**

The National Committee on American Foreign Policy (NCAFP) hosted a quadrilateral meeting including representatives from the United States, China, Japan and the Republic of Korea (ROK) in New York on December 8-9, 2009. The conference was designed to promote mutual understanding and cooperation among the four major powers in the region in meeting common global and regional challenges. A list of participants and the agenda is attached.

The following summary is divided into several major sections: a Summary; Security Perceptions; the North Korean Nuclear Issue; U.S. Alliances; U.S.-China Relations; and Economic Integration and Institutions.

#### **SUMMARY AND CONCLUSIONS**

1. There was a general recognition that the Asia-Pacific region is now one of the most prosperous, stable and secure regions in the world. This is due to three factors in particular – the U.S. alliance system, a healthy and cooperative relationship between the United States and China, and the variety of regional multilateral institutions.
2. The four states – the United States, China, Japan and the Republic of Korea – constitute 40% of global GDP and about \$7 trillion of global trade. A stable and cooperative relationship among them is essential to the peace, prosperity and security of the Asia-Pacific region. The four have strong bilateral relations, close economic links, as well as shared interests in addressing many global and regional challenges such as denuclearizing the Korean Peninsula. Although there are official trilateral gatherings, there are no official quadrilateral meetings among the four. That is why discussions such as this Track II are so important, as several participants pointed out.
3. On North Korea, there was a consensus that there is very little chance that Pyongyang will give up its nuclear weapons in the foreseeable future, but the goal of denuclearization needs to be maintained and it will be important to continue negotiations even for more limited goals such as capping the North Korean nuclear program and preventing nuclear proliferation. Also there was agreement that the other parties should not be held hostage to North Korea and that they should strengthen cooperation and dialogue among themselves on a range of issues. And several participants suggested that

the Six Party Talks might be turned into a Five Plus One arrangement. That is, the five parties should meet to discuss a variety of common security challenges and a seat should be left open for North Korea if it decides to join these talks.

4. The Japanese and Koreans were enthusiastic about the future of the U.S. alliance system in the region and the Chinese were realistic. One Chinese participant called U.S. alliances, along with the U.S.-PRC relationship, as one of two regional security anchors. Another Chinese participant said U.S. alliances were now part of the regional security landscape.
5. There was a distinct difference in views by the Chinese participants on several key issues including the Alliances and North Korea. Some of these views were more traditional and others more pragmatic.
6. There was a general recognition among both American and Japanese participants that the U.S.-Japan alliance was entering a period of difficulty over the issue of the U.S. bases in Okinawa, skepticism by the new DPJ-led government about the continuing need for U.S. bases in Japan and, more broadly, the new Japanese government's views on whether an East Asian community should include the United States. Hopefully this current period of uncertainty will be temporary.
7. The current U.S.-ROK alliance is strong. The ROK government sees eye to eye with the Obama Administration to a much greater extent than the previous Korean government on a range of issues. The ROK government wants to expand the alliance with the U.S. from a bilateral alliance to a broader alliance covering a variety of regional and global issues. The one major problem in the relationship is the U.S.-Korea Free Trade Agreement (KORUS), which has yet to be ratified by the U.S. Congress despite strong economic and strategic rationales for it.
8. All the parties welcome an increased U.S. role in the region and several American participants observed that the Obama Administration was putting more emphasis on the Asia-Pacific region, was playing a greater role in various regional meetings, and was interested in associating itself in a more formal way with the East Asian Summit (EAS).
9. There was a general consensus that East Asian and Asia-Pacific regionalism can coexist. It is only natural for Asian countries to want their own grouping similar to NAFTA or the European Union. But there should also be Asia-Pacific economic groupings such as APEC, and APEC itself needs to be revitalized. There was also a general recognition that Asia is not Europe and there is little near-term prospect for the development of a closely knit regional community. The region is too diverse and a series of overlapping groupings seems more realistic.
10. The new G-20, which has a strong Asia-Pacific component and includes all four of the countries represented at this meeting, is bound to play an important new role in global affairs.

11. U.S.-China relations are strong as evidenced by the sweeping agenda for cooperation in economic, political and even military issues in the Joint Statement issued after President Obama's recent visit to China. That statement reflected a great potential capacity for cooperation between the two powers, although much depends on whether the Chinese will be forthcoming on issues such as climate change, Iran, Pakistan, etc. All four sides noted that a stable and healthy U.S.-China relationship was a key to regional stability. However, a "G-2" arrangement was not seen as likely or useful since it would exclude or minimize the participation of the many other countries whose contributions are needed to resolve regional issues. Clearly Japanese and Koreans want good U.S.-China relations but are also wary of China's growing strength and want the U.S. to remain strong in the region.
12. A major handicap for U.S. policy in the region is the absence so far of a U.S. trade policy. But recent indications of a new push in Washington to move forward with a trans-Pacific Partnership (TPP) and signs that KORUS might also make progress are welcome news.

## **SECURITY PERCEPTIONS**

### *The United States*

An American participant said that President Obama's approach to the Asia-Pacific region contrasted sharply with that of President Bush. Obama believed in listening to others, in multilateralism, in negotiating with adversaries and he had adopted a realistic and pragmatic approach to the region. Also because Obama believes that foreign policy begins at home, he was focused on issues such as reviving the economy, energy and climate change.

Obama had already demonstrated a strong commitment to the Asia-Pacific region. Secretary of State Hilary Clinton's first trip was to Asia. She will regularly attend regional security meetings. President Obama was the first U.S. president to participate in an ASEAN summit meeting. The United States has now signed the Treaty of Amity and Cooperation making it eligible for an East Asia Summit connection. And the United States made a big push towards changing global architecture by elevating the G-20, which includes all of the large Asian countries (the United States, China, Japan, India, South Korea, Australia, etc.)

The American participant acknowledged that Obama's agenda was still missing a clear signal on trade, which is a serious handicap for its Asia policy. There was a delay in U.S. willingness to ratify free trade agreements, including the one with the ROK (KORUS). The American attributed this delay to the protectionist currents running in the Congress, especially within the Democratic Party.

With regard to U.S. policy towards Japan, there was a major challenge in dealing with the new Hatoyama government in Tokyo because that government was sending conflicting signals. Was the new Japanese government prepared to make some mutually acceptable compromise on the location of a major U.S. base in Okinawa? What does Hatoyama mean when he talks of an

East Asian community? The question in American minds is: what does the new Japanese government represent? Is it just getting through the early stages of changing from an opposition party to a ruling party? Does Hatoyama represent a new Mahathir, who wanted to build a new Asian community without the U.S.? Or is the government just confused? The reality is that Japan does not have to choose between the United States and Asia. It can strengthen relations with the United States while stressing its Asian identity and improving relations with the other Asian countries.

The visit to the ROK was the best stop for President Obama because the Lee Myung-bak government in Seoul was in lockstep with the United States on the North Korean nuclear issue. The key challenge would be how to expand the alliance from a bilateral alliance to one which works more closely on regional and global issues. Ratifying KORUS is the main problem. It was being held up by protectionists in the Democratic Party but, said the speaker, President Obama is a free trader at heart and the issue was mostly one of when to pursue Congressional ratification, probably after the 2010 congressional elections.

China was the most complex issue on Obama's agenda. The core theme is strategic dialogue and cooperation with China. The Joint Statement issued following the president's visit was extremely detailed on areas of possible cooperation on a wide range of issues. There is great potential for such cooperation, but will it actually occur? The jury is still out on whether China will offer much help on issues such as currency revaluation, North Korea, Iran and Pakistan. So far, the signs are not encouraging. And there had been severe limits on the President's access to the Chinese people.

The American concluded that President Obama might have good news on his foreign policy agenda in the next few months. North Korea might return to the Six Party Talks; there may be a U.S.-Russia nuclear agreement; climate change progress at Copenhagen was possible; there could be progress with China on their broad agenda; relations with Japan could improve.

A second American discussed the overall Obama Administration approach to East Asia and the recent presidential visit to the region. First, the United States sees the Asia-Pacific region as one of vital and permanent importance to the United States because of its direct effect on the security and economic well being of all Americans.

He then went on to discuss what he called the three centers of gravity of American policy in the Asia-Pacific region: U.S. bilateral alliances; relations with China; and relations with the nations of Southeast Asia (ASEAN) and related multilateral institutions.

America's bilateral alliances, especially with Japan and the ROK, are the bedrock of U.S. engagement in the region. These bilateral alliances could be credited with having established a peaceful environment in the region over the past 50 years without which economic prosperity could not have taken hold. These alliances are likely to remain for the foreseeable future. But they will need to meet the new challenges of the 21<sup>st</sup> century. Therefore the United States will have to work closely with all of its partners.

With China, the United States seeks a positive, comprehensive and cooperative relationship. Developing better relations with China will be a long-term process. The two countries do not see eye to eye on several issues but they have a big stake in working together. There will be twists and turns. The two sides need to keep their eye on the long- range importance of the relationship and they need to learn how to manage the inevitable twists.

With Southeast Asia, the United States seeks to deepen and broaden its relationship. There is a fruitful period now in multilateral cooperation and there are a number of groupings each of which has strengths and weaknesses. Australian Prime Minister Rudd's ideas about an Asia-Pacific community got mixed reviews in the ASEAN countries. But the United States is interested in working with others to craft a regional architecture. It is prepared to listen to the ideas of others, but it wants to be included and it wants to help shape the result. Above all, it will show up at key regional meetings. Seoul will host the G-20 in November 2010 and this could provide an opportunity for leaders to discuss the options for regionalism. The United States has indicated an interest in formalizing its approach to the East Asian Summit (EAS) and it has acceded to the Treaty of Amity and Cooperation (TAC).

### Chinese Perceptions

A Chinese participant began by observing that all four of the nations represented at this conference have strong bilateral relations with each other. Also there is the beginning of trilateral official talks among China, Japan and the ROK. And the U.S., Japan and China have scheduled policy planning talks this coming summer. There is, however, no official meeting among the four and that is why this meeting is significant, despite its unofficial character.

What can the four countries do together? First, because they are each economically strong and important trade partners of each other, there are powerful reasons to promote economic cooperation. The Asia-Pacific region is the only one without a regional free trade agreement. Europe has the EU and North America has NAFTA. The United States and South Korea have signed a Free Trade Agreement but it has not yet been ratified. An Asia-Pacific FTA is still under discussion. What, he asked, is the U.S. approach to this issue? President Obama has been in office for almost a year and we still do not see a trade policy.

The second major area for cooperation relates to North Korea. What should be our goal in the Six Party Talks? No nuclear power has ever given up its nuclear weapons. Should we continue to insist on denuclearization as a final goal? If North Korea returns to the Six Party Talks, what should we ask?

The Chinese participant then went on to assert that we need a "crisis management discussion" for dealing with North Korea over the long run.

The third area of cooperation concerned multilateral security cooperation. The Six Party Talks have a working group on this subject and there have been three meetings so far. Should we wait for North Korea's return to the Six Party Talks before we discuss multilateral security cooperation? If the five parties are ready for such discussions, how long should we wait?

On military modernization, the Chinese speaker pointed out that China continues to build up its military, that its neighbors are concerned, but, he said, for the Chinese they think it is natural.

### Japanese Perceptions

A Japanese participant began by saying that Japan's primary interest is to seek political stability and economic viability in the Asia-Pacific region. This would provide a secure environment for Japan. Also Japan seeks stable relations among the four powers – the U.S., China, South Korea and Japan.

Historically, the Japanese participant continued, the Korean peninsula has been a source of security concern for Japan. A current concern is North Korea's archaic, closed regime which claims to be a nuclear power and is hostile to Japan. The future of North Korea is uncertain and North-South Korean relations are far from stable. An internationally isolated North Korea could behave irrationally out of desperation. A political and economic partnership between Japan and South Korea is crucial to maintain the stability of the peninsula.

Another source of potential political instability is China. There are both optimistic and pessimistic scenarios for China. Sustained economic growth and enlarging markets are a potential source of political stability. But military buildups are a source of concern. So also are the gaps between regions and between urban and rural areas, the high rate of unemployment, the gap in educational opportunities, the lack of fair treatment of political dissidents, the censorship of the internet, corruption and so on. Japan is uncertain about where China is going and what kind of nation it will become in the future.

Stable and cooperative China-Japan relations are critical to Japan's security. Conflicts between China and Japan would destabilize the region.

With regard to Prime Minister Hatoyama's approach, his grand strategy is far from clear. So far he has come out with the concept of the East Asian community and he has stressed the importance of the alliance with the United States. But he has yet to formulate a clear concept of the East Asia community and Foreign Minister Okada has said that such a community need not include the United States. Hatoyama originally thought the same way but he now says that U.S. membership is indispensable to the East Asian community.

The Hatoyama government, continued the Japanese participant, has not handled its relations with Washington well. The prime minister has taken the stand of renegotiating the Futenma base relocation agreement. This has damaged relations with Washington. The government has also decided to withdraw Japanese ships from their mission in the Indian Ocean, although it has pledged \$5 billion in aid to Afghanistan. Japan needs to strengthen the alliance with the United States, to strengthen ties with the ROK, Indonesia and India and other Asian democracies; and to build an equal and healthy partnership with China.

Some potential areas of quadrilateral cooperation include: first, exerting unified pressure on North Korea to give up its nuclear program and transforming the Six Party Talks into Five

Party Talks plus one. The five parties should meet without North Korea. The Six Party Talks should not be held hostage by North Korea. The five parties should discuss areas of common concern such as security, environment and economic cooperation. If North Korea is willing to come back to the talks, it should be welcomed.

The East Asian Summit (EAS) should be strengthened by establishing ties with the United States as President Obama indicated in Singapore in November. Finally, the four nations should promote cooperation in non-traditional security areas such as the environment, natural disasters, etc.

### *Korean Perceptions*

A Korean participant said that the ROK's top priority was unification of Korea based on common prosperity. And, as President Lee Myung-bak has said, this should start with the denuclearization of North Korea. Once the DPRK starts to denuclearize, the ROK will provide economic aid. But denuclearization has to come first. The Grand Bargain idea of President Lee would offer comprehensive assistance and guarantees to the North in exchange for real denuclearization.

President Lee also wants to upgrade the U.S.-ROK alliance. There are three issues: North Korea, the U.S. alliance, and a peace regime on the Korean peninsula. The former President Roh Tae-woo had made a peace regime his first priority, North Korea second and the U.S. alliance third. President Lee has reversed these priorities and the U.S. alliance is now first.

On the issue of East Asian regionalism, the choice is between East Asian and Asia-Pacific regionalism. The former is preferred by China but the latter is preferred by the United States. The ROK choice is Asia-Pacific regionalism but it does not exclude the other option. Both the China-Japan-ROK triangle and the U.S.-Japan-ROK triangle are important. A second Korean participant said that Korea is a country surrounded by great powers. This means that there are two conditions for regional peace. First, there needs to be a great power balance and the United States needs to be the strategic balancer even after Korean reunification. The second condition for regional peace is to institutionalize multi-lateral security cooperation.

## **THE NORTH KOREAN NUCLEAR ISSUE**

The meeting took place before the results of the Bosworth visit to Pyongyang were announced. Ambassador Bosworth said after his visit that there had been some "common understanding" on the need to resume the Six Party Talks and to implement the September 19, 2005 Joint Statement calling for denuclearization of the Korean Peninsula. How and when the Talks would resume is unclear. The North Koreans announced, in an official KCNA statement following the visit, that the two sides had "narrowed their differences" and had agreed to work with each other in the future to "narrow down the remaining differences." In the meantime, Secretary of State Hillary Clinton has said that the United States will exercise what she calls "strategic patience" in dealing with the DPRK. This suggests that the DPRK nuclear issue will not be resolved quickly or easily.

### American Perceptions

An American participant led off the discussion by tracing the evolution of the DPRK position over the past year. He said there had been a “serious deterioration” in the denuclearization process but the situation had “stabilized” in late summer 2009. At that time, the North Koreans seemed more confident to reach out, to release the jailed U.S. journalists, to invite President Clinton and to suggest that denuclearization remained their long range goal. If Pyongyang was serious about this, he continued, the United States will take the major steps needed to reach agreement. These included providing a light water reactor, security guarantees and a peace regime for the peninsula. But he wondered if this would be sufficient to get North Korea to give up its nuclear weapons. He also wondered what the six parties would talk about if North Korea was determined to stick to its declaration of itself as a de facto nuclear weapons state, since this position would fundamentally contradict the denuclearization of the Six Party Talks.

The American then went on to characterize the policies of the other parties in the Six Party Talks. China, he said, had played a positive role and occasionally did some arm twisting. But the Chinese leadership seems to want to have it both ways – to pressure North Korea to return to the Six Party Talks while reassuring Pyongyang that Beijing remains an ally. This was the message that many had taken from the recent visits of Prime Minister Wen Jiabao and the PRC Defense Minister to North Korea. Another American thought that the Chinese always put stability over denuclearization and Pyongyang could count on being bailed out by Beijing. Thus pressures were ineffective.

### Chinese Perceptions

A PRC participant said that China hoped to resume the Six Party Talks in 2010, that the North Korean nuclear issue was a regional security issue and not just a proliferation issue, and that there was no alternative to the Six Party Talks. Moreover, the Six Party Talks had been successful in producing the Joint Statement of September 2005.

As to what needed to be done, the Chinese participant said the main goal should be to alleviate North Korea’s security concerns. Unlike many of the other participants who doubted that North Korea would give up their nuclear weapons, this Chinese participant said there was a “high possibility” that the North Koreans would abandon their nuclear weapons for better security arrangements. North Korea, he said, is not irrational. It wants a stable international situation in order to concentrate on its domestic economic development. But, he continued, Pyongyang was paranoid.

China’s role, he continued, was to be an honest broker, to bridge differences and to try to help bring about a compromise. But, he concluded, only the United States and North Korea can reach such an agreement.

### Japanese Perceptions

A Japanese participant said that the key to achieving some of Japan's long-term objectives in North Korea is economic interdependence. The speaker also said that "hysteria" about the abduction issue in Japan was lessening somewhat. Finally, he said that the new Hatoyama government appears more sympathetic towards Asian countries and this may lead to a push to improve relations with the DPRK.

### ROK Perspectives

An ROK participant sought to analyze the impact of North Korean nuclear development on the stability of East Asia. His main conclusion was that DPRK nuclear armament by itself would not markedly destabilize the region and that some of the feared consequences are either improbable or only potentially dangerous. North Korea's nuclear weapons would only produce real dangers if the United States reduced its defense commitments to the region.

In the view of this participant, some responses to North Korean nuclear weapons – such as the strengthening of the U.S. alliances, the development of missile defense capabilities, and Japan's expanded military activities – could exacerbate the security dilemmas among the major powers of the region. But all the major powers have powerful incentives for avoiding a spiraling conflict.

The conclusion was that the United States must maintain a strong commitment to regional security; that the concerned parties must avoid hasty overreactions to Pyongyang's nuclear development either by taking overly tough measures or by offering Pyongyang excessive concessions under misperceptions of a looming disaster. A coordinated, patient effort toward North Korea's complete denuclearization is needed.

In the discussion which followed, one American said that he agreed that it was necessary to remain calm, to maintain a multilateral approach and to continue to uphold the principle of denuclearization as a final goal even if we were secretly very pessimistic. It was also desirable to negotiate. There might be an agreement to cap North Korea's nuclear program or to make progress on non-proliferation even if it was not yet possible to reach full denuclearization. In the meantime, the strategy should be to maintain deterrence and to wait for regime change.

Another American said that the United States was calm and that it was telling the DPRK that normalization of relations with the United States, which Pyongyang professed to want, went through denuclearization. The same American said that China needed to be more than an honest broker. It must use its influence to try to get an agreement.

A Chinese participant, taking a different line on North Korea than the Chinese presenter, said that Pyongyang was taking a hard line with the other parties and that the other parties needed to take a hard line with North Korea. The other parties must make it clear to Pyongyang that they would not accept a nuclear North Korea and they should consider gradually increasing the level of sanctions if North Korea does not agree to denuclearization. In the meantime, there should be continued contacts and engagement.

The general consensus among all the participants was that North Korea was very unlikely to give up its nuclear weapons but that the principle of denuclearization must be firmly maintained even as negotiations worked on lesser steps.

## **U.S. ALLIANCES**

### *U.S. Views*

An American participant said that the bilateral alliances with Japan and the ROK were the first of three “centers of gravity” for the United States position in East Asia and that these alliances should be credited with providing the peaceful environment in the region without which economic development would not have been possible. These alliances would remain for the foreseeable future. To do so would require that the United States work closely with all of its partners.

With regard to the current controversy with Japan over the U.S. marine base in Okinawa, the American said that the United States wanted to lessen the impact of the bases in Okinawa on the local population and that is why it wanted to move the marine base from Futenma to Nago township as had been agreed between the two countries earlier this year. The newly elected Japanese Democratic Party of Japan (DPJ) was looking closely at the issue.

Another American participant said he thought he detected what he called ‘irreversible pressure’ in Japan to further reduce the U.S. military presence in Okinawa in particular and Japan in general. He was critical both of the DPJ leadership (“it is amateur hour in Tokyo”) and of what he called the U.S. overreaction.

### *Japanese Perceptions*

A Japanese participant made several points. First, the U.S. alliances in the Asia-Pacific region were changing from their original Cold War purpose of containment to one of providing “public goods” or regional stability. (Several of the Chinese participants agreed with this analysis.)

Second, the bilateral alliances of the United States were slowly developing into trilateral partnerships – e.g. the U.S.-Japan-ROK partnership as officially recognized in the Trilateral Coordination Group process or TCOG.

Third, the alliances were changing. The ROK is to take over command of its troops by 2012 and the Korean and American forces are working to integrate their commands.

Fourth, the U.S. alliances and the multilateral regional institutions were compatible.

Finally, he suggested that the alliances be strengthened to work on larger global issues such as the global economic recovery, etc. And he suggested that the four parties develop cooperation on non-traditional security issues.

### Chinese Perceptions

A Chinese participant said that the official Chinese attitude towards the U.S. alliances was to regard them as a legacy of the Cold War and to use “rigid language” about them. But, he continued, China is becoming more realistic and more positive about the alliances. They recognize the alliances as one of two “anchors” for regional stability. The other anchor is the “healthy development of U.S.-China relations.” It would be a mistake, he said, for the U.S. to focus exclusively on the alliances as the “only anchor” because it would then overlook the global implications of U.S.-China relations.

Another Chinese participant said that China now accepts the U.S. alliances “as part of the security landscape in the Asia-Pacific region.” But he urged the United States to be more transparent about the intentions of the alliances and several Chinese warned in particular about the implications of the alliances for China’s position on Taiwan and cross-strait relations.

## **U.S.-CHINA RELATIONS**

This conference met shortly after President Obama’s visit to Beijing and the release on November 17, 2009 of a U.S.-China Joint Statement. In that statement, there was an entire section devoted to “building and deepening bilateral strategic trust”. Another section dealt with the need of the two powers to share a responsibility to cooperatively address regional and global security challenges. And other sections dealt with the shared interest in working together to ensure a durable global economic recovery and a shared interest in working together on climate change, energy and the environment. It was the longest and most detailed joint statement ever issued by the two sides.

An American presenter began by observing that in the past the rise of great powers at the expense of previously dominant powers has often led to war. Dominant powers do not give up easily. Thus, he asked, are there significant shared interests between China and the United States over the long run so that peace-inducing aspects can overcome conflictual elements in the relationship?

His answer was in the affirmative because he believed the two powers had six broadly shared goals.

First, they have a shared interest in strategic stability. Neither China nor the United States should feel vulnerable to a nuclear first strike from the other. Each side therefore needs a secure second strike capability.

Second, both sides have a shared interest in peace and stability in the Taiwan Strait. Both are in difficult positions and neither can back away. For China the cross-strait issue is one of

territorial integrity and sovereignty and no Chinese leader could back away from this. For the United States, its credibility in Asia and the world depends on a peaceful resolution of the issue.

Third, both China and the United States have a shared interest in denuclearization of the Korean Peninsula.

Fourth, China and the United States share a preference for a militarily powerful Japan that is allied to the United States to a militarily powerful Japan that is independent of the United States.

Fifth, China and the United States share an interest in peaceful settlement of the maritime disputes in the region and the United States therefore needs to maintain its maritime supremacy.

Sixth, there is a shared interest in maintaining economic openness.

The presenter went on to outline six broad policy goals on the basis of this analysis. First, neither side should undermine the other's strategic nuclear forces. Second, there should be clear red lines on Taiwan – no use of force by China and no de jure independence for Taiwan. Third, the two parties should continue to work together on the denuclearization of the Korean peninsula and avoid any unilateral action. Fourth, the United States needs to maintain its alliance with Japan. Fifth, the United States needs to maintain maritime supremacy in East Asia. Finally, there needs to be multilateral institutions for the region which include China.

## ECONOMIC INTEGRATION AND INSTITUTIONS

### American Perceptions

An American participant said that market driven economic integration in Asia will continue. Intra-regional trade is rising because of geography. There is a tendency to do business close to home. The proliferation of free trade agreements will continue at the sub-regional level. But the speaker was less optimistic about a broad regional trade agreement. It is unrealistic to think of an economic community similar to that of Europe. There will be no real East Asian community in any relevant timeframe. But there will be lots of scope for informal, *ad hoc* cooperation.

Another American began by quoting former Singapore President Lee Kuan Yew who said that China absolutely seeks to create an Asian bloc but is doing it surreptitiously and will succeed if the Americans continue to absent themselves from Asia.

The American said he agreed with Lee's observation but had a different answer to the problem. East Asia, he said, was in the process of developing an economic bloc. It was a messy process unlike the WTO or the EU or NAFTA. There would instead be an overlapping series of bilateral agreements.

The net effect of all of this maneuvering would be movement to an East Asian economic bloc that would lead to big discrimination against the rest of the world, including the United States. So what should the U.S. do?

The speaker argued that it was perfectly legitimate for Asians to create an economic bloc of their own - similar to the EU and NAFTA - even though he conceded that he was in a minority among the economists.

The main reason for his view was his belief that an East Asian bloc would inevitably lead to what he called "competitive liberalization." An Asian economic bloc would convince the U.S. Congress that the United States needs to be in the Asian game. So the key would be to combine an Asian economic bloc with a trans-Pacific bloc, i.e. APEC. The goal of APEC should be to resist drawing a line down the middle of the Pacific, i.e. to keep the United States involved in Asia. In sum, it would be necessary to reconcile two different tendencies - one towards Asia-only economic integration and the other towards trans-Pacific cooperation.

The way for the United States to do this would be to promote a trans-Pacific partnership or TPP. Japan and Korea, he said, would agree to such a partnership but the United States needed to ratify the free trade agreement with Korea (KORUS) first. The next two years would be a reasonable timetable. The United States hosts APEC in Honolulu in 2011. And APEC members constitute two-thirds of the global economy.

### *Asian Perceptions*

The predominant message received from the Chinese, Japanese and Korean participants was that there was a lot of concern about the absence (so far) of a U.S. trade policy.



**THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY (NCAFP)  
PRESENTS**

**“PROMOTING QUADRILATERAL COOPERATION IN THE ASIA-PACIFIC  
REGION”**

**TUESDAY, DECEMBER 8TH AND  
WEDNESDAY, DECEMBER 9TH, 2009**

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NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY (NCAFP)  
PRESENTS

“PROMOTING QUADRILATERAL COOPERATION IN THE ASIA-PACIFIC REGION”  
DECEMBER 8 – 9, 2009

THE HARVARD CLUB  
35 WEST 44<sup>TH</sup> STREET (BETWEEN 5<sup>TH</sup> AND 6<sup>TH</sup> AVE.)

AGENDA \*

TUESDAY, DECEMBER 8, 2009 THE HARVARD CLUB - PRESIDENTS ROOM

2:00 p.m. - 2:15 p.m.	<b><u>WELCOMING REMARKS:</u></b> - Mr. William M. RUDOLF, National Committee on American Foreign Policy
2:15 p.m. - 3:45 p.m.	<b><u>SESSION ONE: Grand Strategy</u></b> A discussion of what each country sees as its major challenges and its major areas of contribution in the pursuit of quadrilateral cooperation  <b>Moderator: Mr. Evans J.R. REVERE</b> , The Korea Society  - Presentation by Dr. CHU Shulong, Tsinghua University - Presentation by Dr. Masashi NISHIHARA, Research Institute for Peace and Security - Presentation by Dr. SOH Changrok, Korea University - Presentation by The Honorable Winston LORD, International Rescue Committee  Discussion
3:45 p.m. - 4:00 p.m.	<i>Coffee/Tea Break</i>
4:00 p.m. - 5:30 p.m.	<b><u>SESSION TWO: Economic Integration - Prospects and Challenges</u></b> A discussion about how far economic integration is likely to proceed among East Asian countries; what the obstacles are; how much the U.S. is part of the process; and what the political consequences are of growing economic interdependence. What are the prospects for the KORUS FTA; for a Trans-Pacific APEC-wide FTA as proposed by President Bush; or for an "Asia-only" economic bloc?  <b>Moderator: Professor Donald S. ZAGORIA</b> , NCAFP

\* All proceedings are off-the record.



	<p><b><u>SESSION TWO: Economic Integration - Prospects and Challenges (cont.)</u></b></p> <ul style="list-style-type: none"> <li>- Presentation by Dr. LEE Jae-seung, Korea University</li> <li>- Presentation by Dr. Jeffrey SHAFER, CITI</li> <li>- Presentation by Professor Kozo MIYAGAWA, Keio University</li> </ul> <p>Discussion</p>
6:00 p.m. - 8:00 p.m.	<p><i>Dinner and Keynote Address by Dr. C. Fred Bergsten, Peterson Institute for International Economics with an introduction by Donald S. Rice, NCAFP</i></p>

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**WEDNESDAY, DECEMBER 9, 2009 THE HARVARD CLUB - GORDON READING ROOM**

8:30 a.m. - 8:45 a.m.	<p><i>Arrival and Breakfast Buffet</i></p>
8:45 a.m. - 10:15 a.m.	<p><b><u>SESSION THREE: The View from Washington, DC</u></b></p> <p>Moderator: Professor Donald S. ZAGORIA, NCAFP</p> <ul style="list-style-type: none"> <li>- Presentation by Mr. Joseph R. DONOVAN, Jr., U.S. Department of State</li> </ul>
10:15 a.m. - 10:30 a.m.	<p><i>Coffee/Tea Break</i></p>
10:30 a.m. - 12:00 p.m.	<p><b><u>SESSION FOUR: North Korea and Nuclear Proliferation</u></b></p> <p>Moderator: Dr. Gerald L. CURTIS, Columbia University</p> <ul style="list-style-type: none"> <li>- Presentation by Mr. Evans J.R. REVERE, The Korea Society</li> <li>- Presentation by (Ret.) General PAN Zhenqiang, China Reform Forum</li> <li>- Presentation by H.E. Dr. Shinichi KITAOKA, The University of Tokyo</li> <li>- Presentation by Dr. LEE Dong Sun, Korea University</li> </ul> <p>Discussion</p>
12:00 p.m. - 1:15 p.m.	<p><i>Luncheon and Keynote Address by Dr. Robert Art, Brandeis University on "The Rise of China, Implications for the Long Haul" with an introduction by Professor Donald S. Zagoria, NCAFP</i></p>



<p>1:15 p.m. - 2:45 p.m.</p>	<p><b><u>SESSION FIVE: The Future of the Alliances and Asia-Pacific Regionalism</u></b></p> <p>How does each country, especially China, think about the U.S. - Japan and U.S. - ROK alliances? Do we need to rethink the purposes and modalities of these relationships? What is the future of Asia-Pacific regionalism?</p> <p><b>Moderator: The Honorable Winston LORD</b>, International Rescue Committee</p> <ul style="list-style-type: none"> <li>- <b>Presentation by Dr. KIM Sung-han</b>, Ilmin International Relations Institute &amp; Korea University</li> <li>- <b>Presentation by Dr. Masashi NISHIHARA</b>, Research Institute for Peace and Security</li> <li>- <b>Presentation by Dr. ZHU Feng</b>, Peking University</li> <li>- <b>Presentation by Dr. Gerald L. CURTIS</b>, Columbia University</li> </ul>
<p>2:45 p.m. - 3:00 p.m.</p>	<p><i>Coffee/Tea Break</i></p>
<p>3:00 p.m. - 4:30 p.m.</p>	<p><b><u>SESSION FIVE: The Future of the Alliances and Asia-Pacific Regionalism (cont.)</u></b></p> <p><b>Moderator: H.E. Dr. HAN Sung-Joo</b>, The Asan Institute for Policy Studies</p> <p>Discussion</p>
<p>4:30 p.m. - 5:00 p.m.</p>	<p><i>Concluding Remarks and Looking Ahead</i></p> <ul style="list-style-type: none"> <li>- <b>Professor Donald S. ZAGORIA</b>, NCAFP</li> <li>- <b>H.E. Dr. HAN Sung-Joo</b>, The Asan Institute for Policy Studies</li> <li>- <b>Dr. CHU Shulong</b>, Tsinghua University</li> <li>- <b>Dr. Masashi NISHIHARA</b>, Research Institute for Peace and Security</li> </ul>

**END OF CONFERENCE**