



**NCAFP Fact-finding Mission to Seoul, Taipei, Beijing and Tokyo
October 18 – November 2, 2014**

By Donald S. Zagoria*

Asia Trip Delegation

Dr. George D. Schwab, President, NCAFP

The Honorable J. Stapleton Roy, Former U.S. Ambassador to the PRC, Indonesia, and Singapore

Mr. Evans J.R. Revere, Former Principal Deputy Assistant Secretary for East Asian and Pacific
Affairs, U.S. Department of State

Mr. Ralph Cossa, President, Pacific Forum CSIS

Professor Donald S. Zagoria, Senior Vice President, NCAFP

Ms. Rorry Daniels, Associate Project Director, NCAFP

The Honorable Winston Lord (Beijing/Tokyo only), Former U.S. Ambassador to China and
Assistant Secretary of State

Professor Gerald L. Curtis (Beijing/Tokyo only), Burgess Professor of Political Science, Columbia
University

Dr. John Fei (Beijing/Tokyo only), Program Officer, International Peace & Security, MacArthur
Foundation

Rear Admiral (Ret.) Michael McDevitt (Tokyo only), Senior Advisor, Center for Naval Analyses

Introduction

The NCAFP sent a fact-finding mission to Northeast Asia from October 18 to November 2, 2014. The group visited Seoul, Taipei, Beijing, and Tokyo and met with high-ranking officials in all four cities. (The itinerary is included in the appendix.) The group is listed above.

In Tokyo, the group participated in a trilateral U.S.-China-Japan Track 1.5 meeting designed to help ease tensions between Asia's two largest economic powers, China and Japan. (A separate report on that meeting will be issued in the near future.)

* Several delegation members contributed to this report but not all members agree with each and every conclusion.



Shortly after the return of the group, there were several positive developments. Presidents Obama and Xi announced at an APEC meeting in Beijing a number of agreements designed to improve trade, travel, and military relations between the United States and China. At the same meeting, President Xi and Prime Minister Abe announced a four-point agreement designed to reset Sino-Japanese relations after a long period of tension over territorial and history disputes. And the North Koreans released two Americans held in custody after a long period of negotiations.

The long-term impact of these developments remains to be seen.

Overview

Recent weeks have witnessed a marked improvement in the East Asian regional security environment, thanks to skilled diplomacy and solid leadership by key regional actors, including the United States. But it remains to be seen how long this good news will outlast the just-concluded APEC Summit and whether it will lead to a permanent or longer lasting relaxation of regional tensions.

At their summit in Beijing, the United States and Chinese presidents concluded agreements on climate change, military confidence building, relaxation of visa requirements, and tariff reduction. These valuable steps will help enhance bilateral cooperation and transparency in addition to allowing Washington and Beijing to better manage their differences, avoid confrontation, and control the strategic rivalry that is casting a shadow over bilateral ties.

Also on the margins of this year's APEC meeting in Beijing, Japan and China reached an artful understanding on managing serious bilateral differences in a way that could substantially ease tensions between Asia's two largest economies and place a festering dispute over the Senkaku/Diaoyu islands back on the shelf for future resolution.

There are also signs of progress in Japan's relations with South Korea, thanks to a growing recognition by both Tokyo and Seoul, that it is time to reverse the trend of their deteriorating bilateral ties. ROK President Park's call at the East Asian Summit for a Korea-China-Japan meeting may prove to be the vehicle that will finally allow the Korean and Japanese leaders to meet face-to-face to deal with a range of thorny issues, including the emotional comfort women problem. And on the eve of the APEC meeting, North Korea released the two remaining Americans it was holding, removing one obstacle to renewed dialogue in the Six-Party talks if Pyongyang can be convinced to meet allied conditions that would indicate some seriousness on the nuclear issue.

Despite this progress, there are many challenges and pitfalls ahead. The most important challenge concerns the future direction of Xi Jinping's China.



Xi is emerging as the single most powerful Chinese leader since Deng Xiaoping and Mao Zedong. Yet the direction in which he is taking China remains uncertain. On the one hand, he is undertaking bold economic reforms that will increase the role of the market; talking about the need for “rule of law;” beginning to repair relations with Japan, Vietnam and other Asian neighbors over territorial disputes; and moving to improve ties with the United States. On the other hand, he is cracking down on dissent at home; tightening restrictions on Western media in China; overseeing a sharp increase in anti-American propaganda in Chinese media; continuing to pursue an assertive policy on territorial issues; talking about “Asia for the Asians;” and developing new institutions such as the Asian Infrastructure Investment Bank, which seem intended to challenge and supplant institutions such as the Asian Development Bank established by the United States after World War II.

In sum, although there is reason to be optimistic that regional summitry has expanded the possibility of a general easing of tensions in the short run, it is far from clear what the long run prospects are for containing Sino-American strategic rivalry.

It is neither in America's nor in China's interest to have a new Cold War in Asia. But this is the direction in which events may move unless both countries adopt policies designed to avoid such an outcome.

China must demonstrate clearly that it does not seek to drive the United States out of the Western Pacific, that it does not wish to unravel or replace the U.S. alliance system in the region, and that it will be a full and responsible participant in a rules-based regional order. Suspicions abound in the region - and in Washington - that Beijing's agenda is to change the status quo in favor of a Sino-centric new paradigm. China must make its intentions clear.

The United States can do much to minimize the possibility of a downward spiral in relations with China by demonstrating that it seeks to build an inclusive Asia-Pacific and world order. Trade is an ideal vehicle for such an endeavor. Washington should step up efforts to move ahead with its grand trade deal, the Trans-Pacific Partnership (TPP), and make a vigorous effort to get China to join it at an appropriate time. By doing so, Washington would be achieving two important objectives. It would demonstrate U.S. leadership and commitment to a nervous Asia that eagerly seeks more of both from Washington. And it will show China that the United States is determined to build an order in Asia that is truly inclusive. Completing the U.S.-China Bilateral Investment Treaty (BIT) would be a positive step in itself and support China's progress toward inclusion in the TPP agreement.

Vigorous U.S. leadership in the post-World War II era created the environment that allowed the Asia-Pacific region to grow and prosper for 70 years. An equally vigorous application of such leadership is more important than ever to help guide the region through a dynamic and uncertain new era.



Seoul

U.S.-Republic of Korea Ties

In discussions with a broad range of current and former South Korean senior officials, think-tank experts, and academics, the National Committee on American Foreign Policy (NCAFP) delegation heard consistent praise for the current state of U.S.-ROK relations. Cooperation at all levels of the relationship is strong, channels of communication are numerous and active, and there is a shared view among U.S. and ROK alliance managers that the relationship has never been better.

The delegation visited Seoul as the U.S. and ROK were reaching an agreement to postpone the transfer of wartime operational control (OpCon) of ROK forces from an American to a Korean commander to a future date because of the North Korean threat and to allow South Korean forces additional time to acquire new military capabilities necessary to exercise OpCon. This agreement has removed a major ROK concern and boosted Seoul's confidence in the long-term U.S. commitment to the defense of the ROK.

In other areas of the relationship, coordination in dealing with North Korea remains particularly close, including in the military arena, where U.S.-ROK exercises and planning ensure the credibility of the combined deterrent and help preserve peace and stability on the peninsula. The only significant discordant note the delegation found is the continuing problematic nature of Korea-Japan ties. The ongoing contretemps between Seoul and Tokyo continues to pose an obstacle to fully effective trilateral coordination with the U.S. to counter the North Korean threat and deal with other regional security challenges. Nevertheless, there are signs that both the ROK and Japan are taking steps to resolve their differences (see below).

North-South Relations

The NCAFP delegation arrived in Seoul amidst rising South Korean speculation about the possible resumption of high-level North-South dialogue. Popular and media focus on this prospective dialogue was intense, stimulated by the visit to South Korea of three senior North Korean officials, who attended the closing ceremonies of the Asian Games in Incheon and signaled Pyongyang's interest in such dialogue during discussions with ROK counterparts.

Reflecting broad (but by no means unanimous) popular support for a renewal of long-suspended North-South high-level talks, ROK officials appeared eager to restart dialogue as a way to reduce tensions, press for the resumption of family reunification visits, and expand bilateral economic cooperation with North Korea.



Some experts we met voiced hope that renewed North-South dialogue would help ROK President Park establish a legacy of accomplishment on ties with North Korea—a goal that had eluded her conservative predecessor, Lee Myung-bak. However, one prominent expert expressed concern that the ROK government under President Park was too eager to reengage with Pyongyang. He complained that some in the government were prepared to “turn the other cheek” when confronted with North Korean pressure and provocation, and that economic engagement with Pyongyang was more “fashionable” than wise at this juncture.

Despite this view, most officials and analysts with whom we met were cautious about the pace and content of renewed engagement with Pyongyang. They clearly recognized the need not to get too far out in front of the United States as they explore new talks with Pyongyang. ROK officials also said they intended to ensure that shared U.S.-ROK concerns about the North’s nuclear and missile programs as well as the DPRK’s human rights record would be on the agenda in any ROK-DPRK talks. But they acknowledged that doing so could put at risk any prospect for progress in such talks because of the North’s traditional refusal to address these subjects with Seoul.

In the event, high-level talks have thus far failed to materialize because Seoul refuses to accede to Pyongyang’s demand that it stop anti-North Korea groups in the South from sending balloon-borne leaflets critical of the DPRK across the border. In addition, Pyongyang has carried out military provocations along the DMZ and in the West Sea, which many in Seoul view as an unacceptable attempt to pressure the ROK to re-engage with Pyongyang on the North’s terms. Accordingly, prospects for renewed North-South high-level dialogue have receded for now. Nevertheless, the level of ROK interest in such dialogue that the delegation detected in Seoul suggests that it may only be a matter of time before another attempt to restart talks is made.

Assessment of North Korea

There was agreement in Seoul that North Korean leader Kim Jong Un is firmly in charge and is directing Pyongyang’s ongoing diplomatic outreach aimed at the ROK, Japan, the EU, and the United Nations. Several interlocutors expressed concern about Kim’s impetuous nature and contrasted him with his more predictable father.

There was virtually unanimous agreement that the North under the young Kim’s leadership is unlikely to give up its nuclear weapons program and would instead seek to use future negotiations to gain at least tacit acceptance of its nuclear weapons by the international community. More than one Korean interlocutor said that Pyongyang ultimately hopes to change the main subject of the now-dormant Six-Party Talks away from denuclearization and instead turn this forum into an arms control negotiation.



Views were divided in Seoul as to how to deal with this emerging reality. One former official argued that increasing trade and other economic interaction with Pyongyang would strengthen “market-oriented” forces in the DPRK and reduce the power of the regime’s elite supporters. Others were skeptical of this approach, and argued for combining carrots and sticks to sharpen North Korea’s choices and narrowing its room for maneuver.

Supporters of the current U.S.-ROK approach on North Korea were unable to offer new ideas about how to compel North Korea to return to denuclearization talks. At the same time, however, advocates of a more concessionary approach seemed focused on repackaging inducements to Pyongyang that in the past had failed to prevent North Korea from developing nuclear weapons. Some of these advocates also proposed long-term approaches to dealing with North Korea that would necessitate accepting the reality of a nuclear-armed North Korea for the foreseeable future.

There was general agreement that Pyongyang’s current diplomatic offensive is the product of the regime’s increased isolation, desire to reduce its growing dependence on China, and deep concern that the United Nations may take further action to deal with the DPRK’s dismal human rights record. One senior ROK official underscored the importance of aggressively pursuing action in the UN on North Korea’s human rights record. For the first time in history, he said, North Korea has been compelled to respond, however reluctantly and insincerely, to the concerns of the international community. There was broad agreement in both Seoul and Washington that profound concern about North Korea’s dismal human rights record will be a powerful factor in mobilizing the international community to act on behalf of the North Korean people

The China Factor

During the delegation’s conversations in Seoul, the rise of China loomed large in the thinking of many officials and experts. Korean interlocutors described their efforts to strengthen relations with China because of the PRC’s status as the ROK’s largest trading partner and the potential for Beijing to play a major role—some said the leading role—in achieving the ROK’s central goal of reunifying the Korean Peninsula.

South Korea’s focus on China also reflects Seoul’s desire to position itself as China continues to rise, strengthen, and become a dominant regional force. As the delegation visited Seoul, President Park Geun-hye was preparing for her participation in the leaders’ meeting at APEC in Beijing and her fifth major meeting with Chinese President Xi Jinping (one more than the number of meetings she has had with President Obama).



ROK officials and experts frankly acknowledged that China would continue to try to drive a wedge between the U.S. and the ROK and between the ROK and Japan, and that South Korea must be vigilant in this regard. One interlocutor reminded us that the ROK delegation had bluntly rejected a Chinese attempt at the Conference on Interaction and Confidence Building in Asia (CICA) meeting in Shanghai in May 2014 to criticize the U.S. alliance system in the Asia-Pacific region. Another noted that an attempt by President Xi during his visit to Seoul earlier this year to make common cause with Korea against Japan on history issues had been roundly criticized by the Korean press. A Korean official scoffed at any suggestion that Seoul might “tilt” towards China and expressed confidence that relations with the United States would always remain the centerpiece of ROK strategic thinking.

Korea-Japan Ties

The delegation raised concerns about the problematic ties between Korea and Japan with almost all Korean interlocutors stressing that the inability of Seoul and Tokyo to resolve their differences is preventing trilateral cooperation involving the United States and its two major regional allies from achieving its full potential.

Korean think-tank experts and ex-officials readily acknowledged that it was time to turn Korea-Japan relations around. One senior ROK official assured the delegation that, below the summit level, ROK-Japan dialogue was more active and cooperative than it has been in some time. He added that the ROK has delinked the comfort women and history problems from other issues in bilateral relations as a way of ensuring that necessary bilateral cooperation takes place smoothly.

The official complained that Japan does not appear to be trying to meet Korean expectations on the comfort women issue. Absent a significant step by Japan on the comfort women problem, he said, a Korea-Japan summit meeting was unlikely and might even be counterproductive.

The Korean official stated that a sincere gesture by Japan on comfort women would be welcomed by Seoul and that the ROK would not “move the goalposts” if Japan took the right steps to resolve this issue. The official acknowledged that Japan might not be able to act on every issue of concern to Korea, but action on the comfort women issue is a must and would be welcomed by Seoul.

The delegation undertook to convey this message to Japanese officials in Tokyo, and expressed hope that a way could be found to improve relations between two key U.S. allies who share common threats, concerns, and values. The delegation made a strong plea for wise leadership on this issue and stressed the importance of future-oriented ties in both Seoul and Tokyo in order to put bilateral relations on a positive track as the two countries prepare to commemorate the 70th anniversary of the end of World War II and the 50th anniversary of Japan-ROK normalization in 2015.



Taipei

The NCAFP delegation visited Taipei from October 21-25, 2014. As usual, access was terrific; the group met with many senior government officials. (Please see the report appendix for the full meeting and conference itinerary.)

When we visited last year, most officials were cautiously optimistic regarding further modest progress in cross-Strait relations, although few thought a major breakthrough was possible. That optimism was largely gone this year. The previously-negotiated Trade in Services Agreement remains in limbo in the Legislative Yuan (LY) and there seems little prospect for a follow-on Trade in Goods Agreement to be reached, much less passed. There was some hope that the two sides could agree on the modalities associated with the opening up of official Representative Offices in Taiwan and the Mainland (the cross-Strait version of Consulates) but beyond that, cross-Strait relations seem to be on hold.

The reason for this stagnation stems from the so-called Sunflower Movement, the student demonstration that occupied the LY for a month and reflected an ABC (Anything But China) mindset. As part of the agreement to get the students to leave, the Ma administration promised to create an “oversight mechanism” that would examine all future cross-Strait agreements, beginning with the stalled Trade in Services Agreement. The ruling KMT and opposition DPP (among others) have widely differing views on what the oversight mechanism should entail and how it should work. Even if they could agree, a longstanding dispute between President Ma and Speaker Wang—Ma is trying to expel Wang from the Party and Wang is determined not to go—presents additional hurdles before legislation can even be tabled, much less passed.

This is not to say cross-Strait relations are bad or have soured; they remain stable, and no one is arguing that the previously passed agreements should be revisited or overturned. But the final two years of the Ma administration are not likely to see many new achievements, especially since Ma remains adamant about not engaging in political dialogue with the Mainland, despite some degree of pressure from the Mainland to do so. (Mainland officials claim they are eager to engage in political discussions or to talk about military or other confidence and security building measures while claiming they are not pressuring Taiwan to do so, but most Taiwan officials claim they feel pressured nonetheless.)

This year's visit with Tsai Ing-wen and her DPP colleagues was in sharp contrast to previous visits, where DPP officials seemed extremely over-confident (some would even say arrogant). The DPP remains confident and should be, given President Ma's shrinking popularity, but their tone is much more conciliatory when it comes to addressing U.S. concerns or carefully managing relations with the Mainland. The DPP appeared to be walking back previous assertions that "when we win, China and the U.S. will have to deal with us."



The DPP understands it has to find a formula for managing cross-Strait relations that the United States accepts and that the Mainland does not reject. It is not yet clear what this formula might be—the DPP will not accept the current “1992 consensus” as the basis of a one China formulation and Mainland officials we met seemed to understand and accept this reality. Earlier DPP formulations, such as “Constitutional one China” seem to be acceptable to the Mainland but have not been officially embraced by the DPP. The debate over China policy is expected to continue within the DPP in the short run, at least until their presidential candidate is officially chosen (which should occur in June or July 2015 with the presidential election taking place in January 2016).

All eyes today are on the late November 2014 local "nine-in-one" elections spanning nine levels of local government from big city mayors on down. Nothing will be decided before then. If, as currently predicted, the DPP wins big (i.e., captures some of the northern cities that are traditionally KMT strongholds), Tsai is almost guaranteed to be the DPP presidential candidate for 2016. If not, she may still be challenged, although she will still have the inside track unless the DPP suffers a major defeat (an outcome which no one anticipates).

The KMT presidential candidate is still up in the air, with the current Vice President or the current Prime Minister seen as the most likely nominee, especially since New Taipei City Mayor Eric Chu (the KMT's most popular politician) has said if he wins reelection he will serve out his term and not run in 2016. The desire to draft Chu or another administration outsider will no doubt increase if the KMT does poorly in the November 2014 elections. A major defeat might even force President Ma to resign from his position as KMT Party Chairman.

It is, of course, way too early to be making predictions about the outcome of the 2016 presidential contest but conventional wisdom argues that the strong likelihood of the DPP's return to power cannot be dismissed. This raises concerns about the future stability of cross-Strait relations, even though the likelihood of returning to the confrontational atmosphere that existed toward the end of the Chen Shui-bian administration seems low.

Hopes were high last year that a summit meeting could be arranged between President Ma and Chinese President Xi Jinping, even though it was already clear that Beijing did not accept Taipei's first choice of venue: the 2014 APEC Leaders Meeting in Beijing. KMT officials were clearly disappointed that Ma was not invited to APEC—former Vice President Vincent Siew once again represented Chinese Taipei at this annual “gathering of economies”—and seemed less enthused that a meeting between the two leaders could still be arranged. Mainland officials seemed more optimistic, but cautioned this meeting had to occur in a bilateral setting, not a multilateral gathering like APEC.



Beijing

The delegation visited Beijing just after a significant domestic event—the Central Committee Plenum highlighting the rule of law—and shortly before a major international event—the APEC summit meeting. The Chinese were digesting the former and focusing on the latter.

The three days of meetings took place against the backdrop of troubled Sino-American relations. The mood had been leavened by more positive indicators in recent weeks, leading toward the APEC gathering and the Obama-Xi summit. Transpacific envoys seemed to be preparing for a summit that would seek to stabilize relations, reaffirm the mutual need for positive ties while recognizing differences, and project cooperation in such areas as anti-terrorism, global health, military relations and climate change.

Meanwhile, the Chinese were making efforts to ease relations with other neighbors, such as Japan and Vietnam. What was not clear was whether we were seeing a meaningful, positive course correction in Chinese policy in response to regional blowback against its assertiveness, or merely tactical moves to sweeten the atmosphere for APEC.

The Chinese were not precise about Xi’s “new model” of major power relations, but both sides agreed that it essentially means avoiding the historical trap of conflict between rising and established powers, managing differences, and expanding cooperation to mutual benefit. While not articulated by the Chinese, the model may well also signify that China has arrived as a major power and others should respect its core interests. Both sides cited the importance of the two leaders meeting regularly in private sessions to exchange views on strategic directions.

There were sharply different interpretations on several major items. The Chinese, on the whole, saw U.S. “rebalancing” as containment while the Americans stressed that it represents an emphasis on this century’s most dynamic region as a whole. Balancing, not containing, was the intent. The Chinese acknowledged that U.S. alliances were here to stay, but they dislike them as anachronistic Cold War era groupings. The Americans said they were meant to serve as a platform for broader regional cooperation.

The Chinese side continued to view Japan’s latest security moves with historical alarm while the Americans believed that this was a normal, measured process that would help collective defense, including in Korea, and would be constrained both by Japanese public opinion and the American security umbrella. The Chinese pictured their maritime policy as reactive to moves by Japan, Vietnam, and the Philippines, who were being stirred up by the U.S. The American side considered Chinese policies to be assertive and destabilizing, and stressed the need for restraint and codes of conduct.



There was not disagreement so much as there was vagueness on Xi's call for a new security framework for the region, which has lent itself to several interpretations. The Chinese downplayed Xi's "Asia for the Asians" formulation. The concept is meant to include the United States, along with a larger role for China. Most did not believe the U.S. was in serious decline, though overall power equations were changing. An overarching security mechanism would supplement, not supplant, American alliances, for example. There was a consensus on both sides that the two countries should work toward a Pacific Community with major roles for both nations as well as others. But there was little precision on this topic, and recognition that much fleshing out was needed.

There was mutual citation, though not detailed discussion, of areas of bilateral cooperation such as on terrorism, Afghanistan, Ebola, energy and the environment. Both sides were encouraged by recent progress on military-to-military relations which have been shielded from overall tensions. There are increasing exchanges as well as cooperation in areas like anti-piracy, joint exercises and protocols on notification of military moves and rules of the road (though the latter is still rather broad).

While economic ties remain a major positive element, the Americans pointed to rising frustrations in their business community which has traditionally been a key supporter of positive bilateral relations. The U.S. side made clear that TPP was not designed to exclude China; it would be welcome to join once it meets the rigorous standards. A bilateral investment treaty would be a good step toward TPP eligibility. Chinese cyber-theft has become a huge problem in our relationship. On the whole, the Americans echoed the Chinese critique of Washington's apparent opposition to the new Chinese infrastructure bank; and it should be made clear that the U.S. was only counseling other nations to check out the standards and norms of the bank before signing up.

The Chinese indicated that an Abe-Xi meeting was likely reportedly due to some gestures by Abe on the shrine and island issues, but no one could forecast the nature of the encounter, ranging from a photo-op to an actual exchange of views. Both sides noted the limits of Sino-Russian ties, judging recent moves as tactical; various contradictions ruled out a close alliance. The Chinese are increasingly frustrated with the North Koreans but won't change their core policy of putting regime survival first. The Americans stressed the need for candid exchanges regarding future contingencies on the peninsula.



As has been the case in recent years, the Taiwan issue received little attention except, naturally, in the meetings with the Taiwan Affairs Office. Even then, almost the entire focus was on cross-Straits relations, with only passing reminders against U.S. arms sales. There was mutual satisfaction on the dramatic progress of the past five years and agreement that Ma is in a very weak position. Little progress can be expected until the 2016 Presidential elections, which may well usher in the DPP. The Chinese were very concerned about the likely DPP candidate, Tsai Ing-wen. The Americans said she had become more sober than arrogant, would not undo Ma's achievements, and would be careful in managing cross-Straits relations. She has, however, given no suggestions on how she would keep the situation stable once she discarded the "1992 Consensus." The Chinese said that a "freeze" on independence moves, being mulled over in the DPP, would be positive.

The U.S. side pressed the Chinese on whether they still believed time was on their side despite Taiwan polls heavily against the "one country, two systems" formula, rising Taiwan identity, and the Sunflower Movement. All of this was being reinforced by events in Hong Kong. The Chinese reaffirmed their confidence that time was on their side and therefore the policy of patience would continue, subject to provocative moves by the DPP.

The Chinese interlocutors admired Xi as a strong, decisive leader and said he was very popular. One saw his policy as a bold third phase after Mao's thirty years of turmoil and Deng's thirty years of "feeling the stones while crossing the river" (i.e. pragmatic and incremental policies). Xi's "China Dream" was a pro-active vision to restore Chinese greatness. At the same time, all the Chinese were unclear about the specifics of many of Xi's formulations and goals. Some Americans lamented the broad and severe crackdown on freedoms under Xi, accompanied by virulent anti-Western themes. The Chinese studiously avoided comment. What is not at all clear is whether the most repressive period since Tiananmen Square reflects a sense of insecurity and fear of instability on the part of Chinese leaders.

In brief, the overall mood in Beijing was realistic. The bilateral relationship will continue to be a complex mix of cooperation, competition, and confrontation. It is incumbent on both sides to pursue relations positively, in the interests of countries, the region, and the world.

Tokyo

In Tokyo, the NCAFP group met with many high-ranking officials in Tokyo and the full list is included in this report's appendix. The NCAFP also co-hosted with the Tokyo Foundation a trilateral Track II conference on U.S.-China-Japan relations. (A report on that conference will be issued separately.)



There is no doubt that Shinzo Abe, since becoming prime minister in December 2012, has pursued a muscular and robust foreign policy designed to improve Japan's position in the regional and global balance of power and gain acceptance of Japan as a "normal" country that enjoys the right to do more to protect its interests. Abe's rhetoric is filled with phrases such as "Japan is back" and Japan seeks to be a "Tier One" nation. The Prime Minister has visited 50 countries in less than two years. He has held summit meetings with more than 100 leaders, paying special attention to Vietnam, the Philippines, Australia and India—a fact which has not been lost on the Chinese. He has established a national security council, eased the ban on the export of weapons and weapons technology, and had his cabinet adopt a reinterpretation of Article Nine of the Constitution to permit collective defense—a step aimed at enhancing Japan's ability to contribute to the U.S.-Japan security partnership and to regional peace and stability.

Despite Abe's activism, there is in fact more continuity than change in Japan's foreign policy. Many of the shifts in its security and defense posture were underway before Abe became prime minister. And the changes seen to date are driven largely by structural factors in international and regional politics, especially the rise of China, a perception of relative U.S. decline, and a growing nuclear and missile capability in North Korea.

And in spite of Abe's energetic efforts to transform Japan's regional and global posture, there are limits on Japan's ability to pursue a more muscular foreign and defense policy. Increases in Japan's defense budget have been minimal, fiscal constraints on future spending are unlikely to change, and Japan's ageing society and declining birthrate will impose severe limits on the country's ability to do much more in the defense arena. Importantly, the Japanese public and much of the ruling elite continue to be strongly unwilling to take risks or to significantly change a tradition of peaceful development and positive contributions to both the region and the international community that has become firmly rooted in Japan over the past 70 years.

Senior officials in Japan all recognize that the cornerstone of Japan's security and foreign policy remains the alliance with the United States. There is no appetite in Japan for changing the central role that the alliance plays in Japan's security, despite the belief of some Chinese that "revisionist elements" in Japan harbor such hope. Our interlocutors praised the vitality of the U.S.-Japan alliance and underscored the importance of concluding the TPP trade agreement because it will assure the commitment of the United States to the region in the years and decades ahead.

The U.S.-Japan alliance is healthy. The process of revising the bilateral defense guidelines by the two allies is going well and there have been "good discussions" on the guidelines which are designed to shape the development of U.S.-Japan defense cooperation in the years to come. And there is strong domestic support for the alliance in both countries. Americans, both opinion leaders and the general public, perceive Japan to be the most important partner of the U.S., according to a recent opinion survey by Harris Poll. In Japan, a large majority of the Japanese public and opinion leaders continue to regard the alliance with the U.S. as the centerpiece of Japanese security policy.



There was much discussion of Japan's deteriorating relations with China over territorial and history issues. We were told that “well-organized and repeated” Chinese intrusions into Japan's air and sea space near the Senkakus were continuing and that the situation is “dangerous.” Deep-seated concern in Japan over the potential for Chinese escalation around the islands explains why President Obama's assurance earlier this year that the U.S.-Japan Security Treaty covered the defense of the Senkakus was so well received in Japan.

In Beijing and Tokyo, the delegation picked up strong hints that both China and Japan might be prepared to take steps to deescalate tensions. Indeed, Japan's relations with China took a sharp turn for the better shortly after the NCAFP delegation returned from its Asia trip. The two countries issued a simultaneous set of principles to manage tensions and improve relations on November 10, 2014, followed by a summit between Prime Minister Abe and Chinese President Xi Jinping on the margins of the APEC meetings in Beijing. It was the first meeting between the two leaders since their inaugurations and it followed a two-year period of escalating tensions over disputed territory and history.

The leaders agreed that China and Japan should develop their relations in line with the concept of a “Mutually Beneficial Relationship based on Common Strategic Interest.” They also agreed to establish a maritime communication mechanism with intent to avert any accidental conflict in the East China Sea.

During the summit meeting, Prime Minister Abe expressed his view that the peaceful development of China brings a favorable opportunity for the international community and that China and Japan, as the second and third largest economies in the world, should take advantage of the opportunity to cooperate toward peace and prosperity in the region and the world.

The four-point document issued separately by the two sides before the summit is being compared by some analysts to the role that the U.S.-PRC Shanghai Communique played in 1972 in bridging bilateral differences over fundamental issues and allowing each side to assert it had not yielded on matters of principle. In the Japan-China document, the two sides confirmed “the four basic documents” negotiated between 1972 and 2008, called for “following the spirit of squarely facing history,” recognized that “they had different views” concerning disputed islands, shared the view that, “through dialogue and consultation, they would prevent the deterioration of the situation, establish a crisis management mechanism and avert the rise of unforeseen circumstances,” and also shared the view that they would “gradually resume dialogue” in an effort to “build a political relationship of mutual trust.”



This artful communique, devised through a complex and secret negotiation over recent months, seems to reflect several basic realities—that both Chinese and Japanese leaders understand that it is not in their interest to allow the territorial dispute to get out of hand and that they both have enormous economic, political and security stakes in maintaining good and stable relations with each other.

Although these encouraging developments will not eliminate either the strategic mistrust or the strategic rivalry between the two Asian powers, they do offer hope for relative stability and a partial improvement of relations in the near- to mid-term.

There was also much discussion of Japan's deteriorating relations with the Republic of Korea which have fallen to a new low in recent years as a result of disputes over Japan's role in World War II. Our Japanese interlocutors indicated that there was strong “Korea fatigue” in Japan—a result of Japanese frustration over their belief that the South Koreans keep moving the goal posts and are unlikely to accept a Japanese gesture on comfort women even if it is offered. But the Japanese also said they recognized the need for consultation and “a new kind of cooperation” with South Korea. Private talks between the two U.S. allies have evidently been underway for some time. And, in an encouraging piece of news after our group returned home, ROK President Park used her participation in the ASEAN plus three summit meeting in Burma to propose a trilateral summit meeting with the leaders of China and Japan. “I hope the foreign ministers of the three countries will meet in the near future leading to a trilateral summit,” Park said on November 14, 2014.

The NCAFP delegation also had substantial discussion of the North Korean issue with a range of Japanese colleagues. Some thought it was already “too late” to try to get rid of the North's nuclear weapons program and that we must now rely on containment. Others had not yet closed the door on the ability of the Six-Party Talks to produce something of value. We also discussed the abductee issue at great length. All in all, we came away with the impression that there is considerable Japanese concern about the inability of current policy approaches to stop North Korea from further enhancing its nuclear weapons and missile capabilities.

In sum, our visit to Japan confirmed that the U.S.-Japan alliance remains strong and there were encouraging signs that Japan's relations with China and South Korea might improve in coming months. Still, the process of improving Japan-China and Japan-ROK relations will take time and will face many potential pitfalls. Meanwhile the North Korea nuclear issue remains challenging.



Conclusion

The overall security landscape in Northeast Asia is volatile. Bilateral relations among the major actors range from close (U.S. and allies) to mixed (China-U.S. and China-ROK) to tense (Japan-China and Japan-ROK). Changing power balances, territorial and historical disputes, nationalism and rising military postures are combining to mount major challenges to regional stability.

The Taiwan issue has in recent years been a welcome exception to these trends, but it could resurface as a renewed problem in the next several years.

Recent Asian summitry around the APEC and EAS meetings gives hope that there will be some easing of tensions. But it is not clear whether we are witnessing significant course corrections or merely tactical moves.

The immediate task for leaders is to build on the recent momentum to ease tensions, further expand areas of cooperation, and manage differences. Over the long run, there will be a need for the gradual development of a stable security situation that not only avoids conflict but promotes shared prosperity and security.

The United States must continue to play a central role, making credible an enduring policy of “rebalance.” This will require a balancing act which both strengthens alliances and pursues positive relations with Beijing. The former can and should be a platform for the latter.

There is a need also to fortify multilateral institutions that both reflect the rise of China and the permanent role of America. Ultimately, there is ample room for an inclusive Pacific Community.

FAPS would like to thank the following organizations for their support of our work:

The Carnegie Corporation of New York
The China Energy Fund Committee
The Henry Luce Foundation
The Korea Foundation
The John D. & Catherine T. MacArthur Foundation
Mutual of America
US-Japan Foundation



**APPENDIX: ITINERARY FOR THE NCAFP TRIP TO ASIA
OCTOBER 18 – NOVEMBER 2, 2014**

MEMBERS OF THE DELEGATION

Mr. Ralph COSSA
President
Pacific Forum CSIS

Professor Gerald L. CURTIS (Beijing/Tokyo only)
Burgess Professor of Political Science
Director, Toyota Research Program
Columbia Weatherhead East Asian Institute

Ms. Rorry DANIELS
Associate Project Director, Forum on Asia-Pacific Security
National Committee on American Foreign Policy

Dr. John FEI (Beijing/Tokyo only)
Program Officer, International Peace & Security
MacArthur Foundation

The Honorable Winston LORD (Beijing/Tokyo only)
Chairman Emeritus
International Rescue Committee

Rear Admiral Michael McDEVITT (Ret.) (Tokyo only)
Senior Fellow
Center for Naval Analysis

Mr. Evans J.R. REVERE
Senior Director
Albright Stonebridge Group

The Honorable J. Stapleton ROY
Distinguished Scholar & Founding Director Emeritus, Kissinger
Institute on China and the United States
Woodrow Wilson International Center for Scholars

Dr. George D. SCHWAB
President
National Committee on American Foreign Policy

Professor Donald S. ZAGORIA
Senior Vice President
National Committee on American Foreign Policy

SCHEDULE OF MEETINGS & CONFERENCES

OCTOBER 20 -21, 2014 – SEOUL

MONDAY, OCTOBER 20

- **Breakfast Meeting with the Honorable Yoon Young-kwan**, former ROK Minister of Foreign Affairs
- **Meeting with the Honorable Chun Yung-woo**, Chairman, The Korean Peninsula Future Forum and former Chief Negotiator for the Six-Party Talks
- **Meeting with the Honorable Yun Byung-se**, ROK Foreign Minister
- **Meeting with the Honorable Ryoo Kihl-jae**, ROK Minister of Unification
- **Dinner Meeting with Dr. Choi Kang**, Vice President, ASAN Institute for Policy Studies

TUESDAY, OCTOBER 21

- **Breakfast Meeting with Ambassador Sung Kim**, Ambassador of the United States to the ROK
- **Seminar at ASAN Institute for Policy Studies**



OCTOBER 21 -25, 2014 - TAIPEI

WEDNESDAY, OCTOBER 22

- **AIT Briefing led by Mr. Christopher Marut**, Director, American Institute in Taiwan
- **Lunch with Minister Andrew Hsia**, Deputy Minister of Defense
- **Meeting with Ambassador Pu-Tsung King**, Secretary-General, National Security Council
- **Meeting with Chairwoman Tsai Ing-wen**, DPP; **Legislator Hsiao Bi-khim**, DPP; **Dr. Joseph Wu**, DPP Secretary-General; and **Dr. Ketty Chen**, Deputy Director, DPP's Department of International Affairs
- **Dinner Meeting with Dr. Su Chi**, Chairman, Taipei Forum; **Mr. Hung Mao Tien**, former Minister of Foreign Affairs; and **Dr. Andrew Yang**, former Deputy Minister of Defense

THURSDAY, OCTOBER 23

- **Breakfast Meeting with Dr. Raymond Wu**, Associate Professor, Fu-jen University & President, e-telligence Research and Consulting Group (ETRC)
- **Meeting with President Ma Ying-jeou**
- **Meeting with the Honorable Yu-Chi Wang**, Minister of Mainland Affairs Council
- **Meeting with Dr. James Soong**, Chairman, People First Party
- **Meeting with the Honorable Vincent Siew**, former Vice President of Taiwan
- **Dinner with CEOs organized by the Honorable Vincent Siew**, former Vice President of Taiwan

FRIDAY, OCTOBER 24

- **Closed-door Conference with the Prospect Foundation**
- **Luncheon hosted by the Prospect Foundation**
- **Open Seminar at National Chengchi University**, organized by Dr. Kwei-bo Huang, hosted by Vincent Siew International Exchange Program Office
 - Topic: U.S. Status in East Asia
- **Meeting with Prof. Chong-pin Lin**, former Deputy Minister of National Defense
- **Meeting and Dinner hosted by Minister David Y.L. Lin**, Ministry of Foreign Affairs

SATURDAY, OCTOBER 25

- **Breakfast Meeting with Dr. Szu-yin Ho**, Professor, Department of Political Science, National Chengchi University

OCTOBER 26-29, 2014 – BEIJING

SUNDAY, OCTOBER 26

- **Dinner Meeting with Minghao Zhao**, Research Fellow, Charhar Institute; **Jia Qingguo**, Dean, School of International Studies at Peking University



MONDAY, OCTOBER 27

- **Breakfast Meeting with U.S. Embassy Representatives**
- **Meeting with Vice Minister Xu Lyuping**, International Department of the Communist Party of China
- **Meeting and lunch with the Taiwan Studies Institute of Chinese Academy of Social Sciences (CASS)**
- **Workshop and Dinner with a delegation from the China Institutes of Contemporary International Relations (CICIR)**, led by **Dr. Yuan Peng**, Vice-President, CICIR

TUESDAY, OCTOBER 28

- **Breakfast Meeting with Jane Perlez**, New York Times
- **Workshop with China Institute of International Studies (CIIS)**
- **Lunch and Workshop at Tsinghua, organized by Chu Shulong & Sun Zhe**
 - Topic: China-U.S. Relations and Asian Security
- **Meeting and Dinner hosted by Minister Zhang Zhijun**, Taiwan Affairs Office of the PRC State Council

WEDNESDAY, OCTOBER 29

- **Breakfast Meeting with Deputy Chief of Mission Daniel Kritenbrink and Embassy Staff**, U.S. Embassy Beijing
- **Workshop and Lunch with the China Institutes for International Strategic Studies (CIISS)**

OCTOBER 30 –NOVEMBER 2 – TOKYO

THURSDAY, OCTOBER 30

- **Meeting with Mr. Shotaro Yachi**, National Security Advisor, and Deputy National Security Advisors **Mr. Takamizawa & Mr. Kanehara**
- **Luncheon Meeting with Vice Foreign Minister Akitaka Saiki**
- **Meeting with Mr. Nakayama**, State Minister of Foreign Affairs
- **Meeting with Mr. Norio Mitsuya**, Former State Minister of Foreign Affairs & Deputy Secretary General of the LDP

FRIDAY, OCTOBER 31 – SATURDAY, NOVEMBER 1

- **US-China-Japan Trilateral Track 1.5 Conference**, co-hosted with Tokyo Foundation