



## **NCAFP Visit to Taipei, Beijing, Seoul and Tokyo October 13 – 27, 2015**

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### **Introduction**

The National Committee on American Foreign Policy (NCAFP) made its annual fact-finding visit to Taipei, Beijing, Seoul and Tokyo from October 13<sup>th</sup>–27<sup>th</sup> to discuss the current troubled security environment in East Asia with officials, scholars and think tanks.

The group was led by Ms. Grace Kennan Warnecke, Chairman of the NCAFP, and included: Ambassador J. Stapleton Roy, Wilson Center; Rear Admiral (Ret.) Michael McDevitt, Center for Naval Analyses; Mr. Evans J.R. Revere, Brookings Institution and Albright Stonebridge Group; Professor Gerald Curtis, Columbia University's Weatherhead East Asian Institute; Mr. Ralph Cossa, Pacific Forum CSIS; and Ms. Rorry Daniels, NCAFP.

The NCAFP also co-hosted a trilateral U.S.-China-Japan Track II meeting in Beijing with our Chinese colleagues and a separate report on that meeting will be issued shortly.

### **Overview**

The National Committee on American Foreign Policy's fact-finding trip occurred at a time of remarkably intense diplomacy in East Asia. The U.S.-China summit took place as the group was preparing to visit the region, and the summit meeting between President Obama and South Korean President Park Geun-hye occurred while the group was in Asia. Shortly after the trip, the first Republic of Korea-China-Japan trilateral summit in more than three years took place in Seoul, as did the first-ever formal summit meeting between Japanese Prime Minister Abe and Korean President Park, at which the two agreed to make efforts to mend ties. Soon after the NCAFP visit, we witnessed the historic meeting between Taiwanese leader Ma Ying-jeou and PRC leader Xi Jinping. Coming in the midst of all this diplomacy, the visit could not have been timelier.

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

The group was also in the region during a time of rising tensions in the South China Sea as the PRC continued to construct runways and other facilities in an apparent effort to expand and enforce its territorial claims in the area, despite the strong opposition of its neighbors and criticism from the United States, which sees China's actions as a violation of international law and a threat to freedom of navigation in these important waters.

All these developments served as dramatic backdrop as the group met with a broad array of regional leaders, senior officials and military officers, diplomats, experts, scholars, and think tanks in an attempt to better understand the forces shaping the region at this important juncture. This report conveys the main impressions and conclusions of the group's visit to Taiwan, the PRC, South Korea, and Japan.

### *Taipei*

With a presidential election scheduled for January 16, 2016, the ruling Kuomintang (KMT) is in disarray. Taiwan seems poised to elect opposition Democratic Progressive Party (DPP) leader Tsai Ing-wen as the island's first female president. Polls suggest the DPP also has a chance to capture the Legislative Yuan (LY), which would be the first time in history that the opposition has controlled these two branches of government.

The KMT's difficulties spring from several causes, including generational change, nagging economic difficulties, energy and educational policies that have alienated younger voters, a belief in some quarters that the KMT has been too "pro-Mainland," and the growth of a "Taiwanese identity" among voters who increasingly see their futures—and Taiwan's democracy and autonomy—being put at risk by KMT policies that have reduced tensions with the Mainland but increasingly put Taiwan into the Mainland's economic orbit.

The NCAFP visit coincided with a KMT decision to oust its presidential candidate, Madame Hung Hsiu-chu, who was widely seen by voters as too pro-Mainland. Party chairman Eric Chu, the mayor of New Taipei City, replaced her. Chu has more popular appeal than Hung and he may be able to keep the Legislative Yuan in KMT hands, although polls show him losing to Tsai by double digits in the presidential race.

However, after being wiped out in the regional elections last November, there remains widespread concern that the KMT is in serious danger of losing control of the LY. A KMT loss will require the party to fundamentally reassess its message, its electoral strategy, and its reliance on its traditional ability to manage cross-Taiwan Strait relations as the core of its electoral appeal.

The KMT has lost the young people of Taiwan to the DPP. The reasons for this shift include a strong distaste for the mainland political system, a growing Taiwan national identity (seeing themselves as more Taiwanese than Chinese), lack of economic opportunity and a fear that a closer relationship with the mainland would put them at a greater competitive disadvantage in the competition for jobs. As a result the KMT seems resigned to being in the political wilderness for perhaps the next eight years.

At the same time, a DPP victory, however large, will present a challenge to a party whose ability to deliver on its promise to turn Taiwan's economy around, and its ability to manage relations with the Mainland, are both questionable. Almost a third of Taiwan's economy depends on trade with the PRC, and the Mainland is likely to oppose any attempt by the island to diversify and modernize its economy if Beijing suspects that the DPP and Tsai are pursuing the independence agenda traditionally associated with their party.

A key aspect of the DPP economic strategy is to diversify by looking south to Southeast Asia. The need to diversify has been on the economic agenda of Taiwan since the Lee Tung-hui days in the late 1990's. However, the lure of the Mainland has proved too strong, and these developments may be path-dependent. In discussions with businessmen it was clear that such a strategy will be difficult to implement now because of all the ancillary supporting contractors that have grown up around Taiwan manufacturing facilities in China. Readapting to a new manufacturing base is not only a matter of moving to lower-wage areas—one must also have the ancillary facilities and support that are necessary to conduct trade. These exist in China; they do not in many of the low-wage areas of Southeast Asia. In short, there was skepticism regarding the ability to reorient the economy in any meaningful way.

There is also the possibility of a newly DPP empowered LY to create political mischief—and concern in the Mainland—by pressing independence-related legislation. Newly elected LY members will take office in February; the Presidential inauguration is scheduled for May. In the case of a DPP sweep of the Presidential and LY elections, Tsai's control of her party in this interim period will be a critical factor, especially since many of the DPP faithful do not perceive her as “a real politician.” On the other hand, newly elected legislators would know full well that the DPP was elected on a platform of maintaining the status-quo. The DPP leadership has no intention to countenance legislative actions that would be perceived as a repudiation of the campaign pledges.

Beijing deeply mistrusts Candidate Tsai, who has refused to accept the so-called “1992 Consensus”—the understanding between Beijing and the KMT government that there is only “one-China,” with each side free to interpret the meaning of that term in its own way. The artful ambiguity of the 1992 Consensus has met Beijing's requirement to describe Taiwan as “part of China,” while also allowing Taiwan, or the Republic of China, to assert that there is one, undivided sovereignty of China and it is the sole legitimate representative of that sovereignty. This arrangement has served as the basis for the rapprochement between Taiwan and the Mainland during the tenure of Taiwan's president, Ma Ying-jeou, and the unprecedented period of peace and cooperation across the Taiwan Strait seen during this period.

While Tsai and her pro-independence DPP do not accept the 1992 Consensus, she has been careful during the campaign not to explicitly reject it. Instead, she has promised to “maintain the status quo” across the Taiwan Strait and continue cross-Strait dialogue and cooperation. On its part, Beijing has demanded that Tsai accept the 1992 Consensus and the one-China principle, threatening that the foundation for cross-Strait cooperation will be destroyed if she does not. If Tsai is elected, her major task will be to find a way to deal with the Mainland’s demand or risk a possible crisis in cross-Strait relations.

The historic Taiwan-PRC summit took place recently in the context of this looming concern. While some critics characterized the summit as a ploy to influence the election, this seems unlikely, since polls show Tsai with a comfortable lead and there seems little doubt that a transparent attempt to swing the election would have backfired against the KMT.

Instead, the summit was likely a calculated effort by the KMT and “Mr.” Ma Ying-jeou on the one hand, and the PRC and “Mr.” Xi Jinping on the other (as they addressed each other at the summit), to codify or “lock-in” the 1992 Consensus and the one-China principle as the basis for future cross-Strait relations. This has created a mutually agreed floor in the relationship that a DPP-led government challenges at its own risk.

The summit also greatly expanded the frontier of possibilities in Taiwan-Mainland rapprochement, to include summit-level encounters that have now all but acknowledged the legitimacy of Taiwan’s leadership, and accepted the Republic of China’s president as an equal and a dialogue partner. With the positive possibilities of future cross-Strait relations now having been made clear, Taiwan’s likely next president will be under pressure to keep relations on this established track, or to risk being blamed if relations deteriorate. In an important sense, the summit has put Tsai Ing-wen in a “box.”

There was an increased salience of Japan in Taiwan’s strategic thinking. The efforts that Prime Minister Abe has made to make Japan into a more “normal” nation have apparently created a perception that over time Taiwan and Japan might be able to forge some sort of unofficial strategic partnership that help insulate Taiwan from the mainland. Madam Tsai had recently concluded an unofficial visit to Japan where she met with Abe as well as a number of far-right Japanese who are very pro-Taiwan independence, and they may have conveyed an impression of closet Japanese support that would emerge in a crisis. However, it is most likely that what these Japanese want is to keep the Mainland from eventually gaining control of Taiwan as such a scenario would be seen as a major strategic setback for Japan.

## *Beijing*

Over the course of six days in Beijing, the group held frank and constructive discussions with a range of Chinese officials, retired PLA military officers and dozens of Chinese scholars and think tank analysts. The group encountered uncertainty about the outlook for U.S.-China relations, deep concern about the potential for Sino-U.S. confrontation in the South China Sea, and worry about the implications for cross-strait relations from a DPP victory in the Taiwan presidential elections in January 2016. The group also explored the prospects for stabilizing Sino-Japanese relations, the situation in the Korean peninsula and the implications of President Xi Jinping's "one belt, one road" initiative. The group found the mood in China to be both complex and fragile, a mixture of feelings of pride, self-confidence, defiance, vulnerability and nervousness about what lies ahead.

China's more assertive foreign policy predated Xi Jinping's assumption of the top leadership position, and was in large measure a product of the global financial crisis in 2008. That crisis sharply narrowed the gap between the U.S. and Chinese GDPs; destroyed the widely held belief, in China and elsewhere, that U.S. banks were the masters of the financial universe; and fostered the assumption that the newly emerging major economies, with China, India, and Brazil in the lead, were rapidly overtaking the declining economies of the United States, Europe, and Japan, countries widely considered to be past their peak.

China's new assertiveness has appealed to the nationalistic instincts of many Chinese, who are proud of China's growing status in the world. But it has created difficulties for China's foreign policy, since it has increased bilateral frictions with countries such as Vietnam and the Philippines and enhanced the desire of many of China's neighbors for a strengthened United States presence in East Asia. China has sought to compensate for these negative factors by giving increased attention to neighborhood diplomacy, but the contradictions remain unresolved. Public opinion supports a more robust diplomacy commensurate with the country's growing military capabilities, but this push to modernize and expand its reach drives its neighbors into the arms of the United States.

Domestically, Xi Jinping is preoccupied with his effort to shore up the legitimacy of Communist Party rule. His principal tools are the anti-corruption campaign, the crackdown on domestic dissent, and his effort to sustain an economic growth rate that avoids high unemployment and underpins a rising standard of living. The first two have fostered a climate of fear and caution not seen in recent decades. The slower economic growth rate, characterized as the "new normal," has complicated Xi's task and narrowed his margin of error.

In essence, Xi Jinping is struggling to cope with the principal contradiction at the heart of the reform and opening process. Xi and his predecessors are seeking to modernize the country while retaining a premodern form of governance. The world has moved beyond the days when kings, or political parties, can claim the right to use their power as they please. All modern government systems rest on two propositions: that the just powers of governance are derived from the consent of the governed, usually expressed through an electoral process; and that power corrupts and must be checked and balanced. Recognition of these factors is creeping into

party documents, but Xi's generation of leaders is not ready to loosen the party's grip on power, fearing the fate of Gorbachev. Nevertheless, the more China modernizes, the more acute this contradiction will become, as long as the country remains open to the outside world and its economy continues to be embedded in the global economy.

Economics were discussed in the context of both China's need to sustain growth and in terms of potential areas of cooperation and competition between the U.S. and China for deepening regional and global economic integration. Despite the conclusion of the Trans-Pacific Partnership (TPP) trade agreement, there was skepticism on the U.S. side that such an agreement can be ratified domestically and implemented in a timely manner. As the U.S. draws further into election season, the prospect for Congressional agreement on a highly-politicized trade agreement weakens. Nevertheless, there is a sense among scholars and experts that TPP will inevitably come into force and that China has much to gain by joining the grouping, rather than concluding a separate or competing regional trade agreement. Some assert that the TPP standards and China's goals for economic modernization are deeply compatible.

However, the United States is sending mixed messages on the TPP agreement as it relates to China, and on China's own attempts to advance an out-bound investment strategy through the Asian Infrastructure Investment Bank (AIIB) and the 'One Belt, One Road' (OBOR) project. The lobbying efforts against participation in the AIIB and statements that present the TPP in zero-sum terms give weight to voices inside China who see all U.S. policy as a containment strategy aimed at preventing China's rise.

Distrust of Tsai Ing-wen and the DPP runs strong in the PRC, but China nevertheless seems resigned to the likelihood of her election. In Beijing, the group heard concerns that Tsai and the DPP have "not given up their independence agenda." But, importantly, the group also heard expressions of willingness to work with a Tsai government if she adheres to the 1992 Consensus or creates an alternative formulation that incorporates the one-China principle, which appears to be the PRC's bottom line.

In Beijing, NCAFP co-hosted two U.S.-PRC-Japan dialogues designed to enhance trilateral cooperation and improve relations between Beijing and Tokyo. After several years of difficulties and tensions over a sovereignty dispute regarding the Senkaku Islands (known as Diaoyu in China) in the East China Sea, China-Japan relations are on the mend. Efforts are being made to increase dialogue, and Japanese Prime Minister Abe has now had several meetings with senior Chinese counterparts, including most recently with Chinese Premier Li Keqiang on the margins of the ROK-PRC-Japan summit in Seoul.

Improvement in China-Japan relations is partly a product of the shared realization in Tokyo and Beijing that bilateral ties had deteriorated to a potentially dangerous degree. Economic factors also played a role, as a precipitous drop in Japanese investment over the past year was creating concern in Beijing, especially as the Chinese economy slowed. In addition, Beijing has by now come to understand that bad relations with Tokyo negatively affect its ties with the United States. While problems remain in PRC-Japan ties, including the territorial issue, the overall trajectory of bilateral ties now seems positive for the first time in several years.

Discussion of the South China Sea dominated the conversations in China, including the NCAFP's participation in the annual Xiangshan Forum—China's equivalent of the Shangri La Dialogue. In conversations at the Xiangshan Forum and in other fora, Chinese concern about a possible accidental military confrontation between the United States and Chinese vessels was palpable. China is concerned that rising tensions in the South China Sea are undermining the outcome of a positive and constructive U.S.-PRC summit and a successful visit by Xi Jinping to the United States. Nevertheless, Chinese interlocutors also complained that it is the United States that is raising tensions in the area.

The NCAFP used its discussions on this subject to describe to Chinese interlocutors how Chinese ambiguity on territorial claims, designed in part to avoid further exacerbating already strained relations with ASEAN, is being contradicted by reporting in China's state-controlled media. In the Chinese press, there is a steady drumbeat of stories designed to convince a domestic Chinese audience that the PRC is well within its rights in making expansive claims in the South China Sea (even if such claims are not in accordance with international law) and announcing its intention to defend these claims using military force.

There is also a contradiction between President Xi Jinping's assurances in Washington that the PRC would not "militarize" facilities being built on submerged rocks and reefs (so-called "low tide elevations"), and the reality that runways, shelters for tactical fighter aircraft, radars, and barracks are under construction.

The NCAFP reinforced with Chinese counterparts the fundamental importance to the United States (and to U.S. allies and partners) of the principle of freedom of navigation and of international access to these strategically important waters, and stressed the need for all parties to adhere to the provisions of the UN Convention on the Law of the Sea (UNCLOS) in asserting and justifying territorial claims.

The NCAFP encouraged the Chinese to work with their neighbors and other claimants on a code of conduct in the South China Sea, and cautioned China not to overreact to or misinterpret the periodic freedom of navigation operations conducted by the U.S. Navy. Such operations are routine, the group noted, and are conducted even in areas claimed by friends and allies of the United States in cases where the U.S., based on international law, disagrees with a claim that has been asserted.

While the PRC's reactions to the recent U.S. freedom of navigation operations were relatively low-key, the potential for future confrontation or miscalculation still exists, especially now that the United States has made clear its intention to regularize these operations. Meanwhile, China seems determined to continue to press claims to all of the land features in the South China Sea in order to maximize its control over most of the waters there.

The South China Sea issue is likely to continue to be a problematic element in U.S.-PRC relations for some time to come. It has already detracted from the positive atmospherics created by the recent Xi-Obama summit. In doing so, it has served as a reminder that, despite the summit's modest accomplishments, fundamental challenges face Washington and Beijing as they seek to increase trust, improve transparency, and put bilateral relations on a more cooperative track.

On North Korea, Beijing is seeking to improve its shaky relations with Pyongyang, despite the North's continued development of nuclear weapons and ballistic missiles, and in spite of the North's unwillingness to comply with its denuclearization obligations. Beijing appears to believe that better relations with its neighbor improve its ability to influence Pyongyang.

The PRC seems to have exercised such leverage by using the recent visit of Chinese Communist Party Politburo Standing Committee member Liu Yunshan to convince North Korea not to carry out a long-range missile or nuclear test. The price North Korea seems to have paid to secure Liu's participation in Pyongyang's October celebration of the 70<sup>th</sup> anniversary of the Korean Workers' Party was to defer such tests. Whether, and for how long, North Korea will continue to refrain from testing remains to be seen.

Some in Beijing believe a combination of sanctions, political pressure, and isolation has taken a toll on North Korea, and that Pyongyang may be increasingly inclined to re-engage in dialogue with the United States, and even return to the Six-Party Talks, which have been suspended for seven years. The NCAFP group was told to watch carefully for signals from Pyongyang about its interest in talks.

However, there seems to be no confidence in Beijing (or Seoul, for that matter) that Pyongyang would be willing to discuss denuclearization or to resume implementation of the denuclearization commitments it made in the Six-Party Talks. Beijing's recent emphasis on "stability" of the Korean Peninsula over denuclearization may be the PRC's way of telling us that, at least for now, serious engagement by the North on denuclearization is not in the cards.

Meanwhile, the NCAFP group also heard some sympathy in Beijing for Pyongyang's argument that it feels "threatened" by the United States. When one interlocutor took this one step further and noted North Korea's recent call for "peace talks" with the United States, the group responded that the Six-Party Talks already contain a mechanism for a discussion of a peace regime at an appropriate point. If Pyongyang desires such talks it should resume participation in those talks. The NCAFP group also stressed that any dialogue aimed at bringing peace to the Korean Peninsula must have as its central participants the two Koreas.

## *Seoul*

The mood in Seoul after the U.S.-ROK summit in Washington was upbeat. Official Korea saw the summit as a timely and important reaffirmation of the strength of U.S.-ROK ties, particularly since it had taken place amidst a background of regional uncertainty created by the threat from North Korea, tensions in the South China Sea, difficulties in U.S.-China ties, and a problematic relationship between Seoul and Tokyo.

The delegation's visit also occurred as the ROK was preparing to host the first ROK-PRC-Japan summit in more than three years—a long-awaited and welcome step forward in efforts to mend fences between Korea and Japan on the one hand and Japan and China on the other.

The U.S.-ROK summit addressed a number of Korean priorities, including the desire to reassure Washington that Seoul's efforts to improve ties with China would not come at the expense of U.S.-ROK relations. President Obama's assurance to President Park that there is no contradiction between a strong U.S.-ROK alliance and Korean efforts to strengthen ties with Beijing was warmly welcomed in Seoul.

However, Koreans were struck by President Obama's public admonition that the United States would "expect the Republic of Korea to speak out" if China fails to abide by international norms and rules. While this language discomfited some in Seoul, the NCAFP's official interlocutors assured the group that on matters such as freedom of navigation in the South China Sea, in which the ROK itself has a major stake, Korea will speak out. Nevertheless, in the context of an increasingly complex U.S.-China relationship and amidst signs of growing Sino-U.S. rivalry, Korea is feeling squeezed between its obligations as an ally and its desire to enhance ties with Beijing.

The challenge posed by North Korea was a key focus of discussion in Seoul. The group heard praise for the language used by President Obama (and in the U.S.-ROK Joint Statement) emphasizing the strong alliance solidarity in dealing with the Pyongyang regime. The deterrent message in the joint statement calling for "consequences" in the event of a North Korean ballistic missile or nuclear test was appreciated. So, too, was the U.S. agreement to deal with the North Korea nuclear issue with the "utmost urgency and determination."

That language was important to Seoul because of lingering concerns that the U.S. has not made the threat from North Korea's growing nuclear and ballistic missile capabilities a sufficiently high priority. There is also concern about the absence of multilateral dialogue over the past seven years aimed at slowing or stopping Pyongyang's pursuit of nuclear weapons and the means to deliver them.

Koreans welcomed President Obama's willingness to engage in direct dialogue with North Korea. And they were frustrated at Pyongyang's rejection of U.S. overtures to engage in unconditional exploratory talks that might lead to a reopening of the long-stalled Six-Party Talks. Korean experts were also displeased that Pyongyang had proposed "peace treaty" talks with the United States that would exclude the ROK, and they appreciated that Washington had flatly rejected this proposal.

As in Beijing, there is skepticism that Pyongyang will return to multilateral denuclearization dialogue. One key contact said bluntly that North Korea has "no intention" to give up its nuclear weapons program under any circumstances.

Despite the absence of progress on the denuclearization issue, North and South Korea held family unification visits while the group was in Seoul. Korean newspapers carried emotional images of family members meeting for the first time since the Korean War—and perhaps for the last time.

There is hope in Seoul that additional such visits might be possible, as well as other exchanges. Pyongyang appears more interested in dialogue with Seoul than previously, and the North has softened the tone of its propaganda against the South. One contact speculated that North Korea might be feeling the pressure of isolation—an assessment the group also heard in Beijing.

The group also heard that North Korean leader Kim Jong Un may need to demonstrate diplomatic progress to satisfy the rising influence of new elites who have been empowered by economic reforms and the growth of markets. Kim also needs to find an alternative to his unsustainable reign by terror. This could explain the North Korean shift from provocation to dialogue. While Kim appears secure in power, one contact opined, newly emerging economic forces and elites may be changing internal dynamics in the North. The DPRK also appears more sensitive than ever to outside criticism of Kim Jong Un, perhaps reflecting a growing sense of vulnerability in the North.

Finally, working-level official relations with Japan have improved considerably, including important cooperation and coordination on defense and security issues. Nevertheless, until the recent summit between President Park and Japanese Prime Minister Abe, the two sides' inability to resolve the comfort women issue had been an almost insurmountable barrier to improved ties.

With the agreement at the summit to accelerate bilateral dialogue on this issue, there may now be, at long last, a potential path forward to better relations. Meanwhile, the number of former Korean victims of sexual slavery is dwindling, and only 47 are now alive. One Korean interlocutor, stressing this point, said that if a "good solution" can be had to the comfort women issue, the ROK is prepared to resolve this issue "once and for all."

## *Tokyo*

The NCAFP visit to Tokyo occurred in the run-up to the first Japan-Korea-China trilateral summit to be held in more than three years. As the NCAFP visited, Japanese and Korean officials were also negotiating the details for the first formal summit between Prime Minister Abe and President Park, which took place on the margins of the trilateral meeting in Seoul.

While some in Seoul had conveyed restrained hope that a resolution of the comfort women issue was possible, the message the group heard in Tokyo was more cautious, even pessimistic. In Tokyo, the NCAFP encountered more pessimism about Japan-Korea relations than it had anticipated. The group was struck in particular by the degree to which “Korea fatigue” and the belief that there was nothing Japan could ever do to truly satisfy Seoul had permeated the political mainstream. The net effect of this “fatigue” or frustration with Korea has been to narrow the space for compromise on the comfort women issue and reduce the incentive for accommodating Korean concerns.

There is reluctance in Japan to show flexibility in negotiations with Seoul on the comfort women problem absent Korean preparedness to treat the issue as finally closed if Japan makes a concession. This concern is a mirror image of the Korean position that the ROK will not regard the issue as resolved unless and until Japan can both make the concessions Korea demands and assure Korea that a future Japanese leader will not question the settlement. At its core, this is a problem of mutual mistrust that is likely only going to be resolved by the direct intervention of President Park and Prime Minister Abe.

Fortunately, the two leaders are now engaged and have committed to each other to seek a resolution. With wisdom, courage, leadership, and vision, they may find a way to do so.

In Tokyo, as in Seoul, the group heard general agreement that the range of concerns facing both governments, including the common threat posed by North Korea and the uncertainties connected with China’s rise, argues for closer and more effective bilateral cooperation, as well as trilateral cooperation with the United States. Nevertheless, experts on both sides also agreed that the two sides’ continuing inability to overcome their differences over history and the thorny comfort women problem remains a troubling barrier to expanded cooperation.

The group heard considerable concern about China, particularly the ongoing intrusions by Chinese aircraft and ships into the airspace and waters around the disputed Senkaku/Diaoyu Islands.

More broadly, the group heard cautious optimism that, despite their differences, Tokyo and Beijing are finding ways to reduce tensions and normalize their interactions—echoing what the group heard in Beijing.

Japanese contacts were universally upbeat about the state of U.S.-Japan ties. Nevertheless, there are concerns about whether the United States fully appreciates the degree to which China is prepared to challenge U.S. primacy in the region. One Japanese interlocutor opined that in assessing China's actions in the East and South China Seas, the rising in strength of the PLA, the persistence of an anti-Western ideology in China, and the ongoing crackdown on dissidents, NGOs, and those advocating increased freedom, one might be forgiven for drawing parallels between contemporary China and the rising Japan of the 1930s.

Finally, the NCAFP group heard much about the progress that has been made in revising the interpretation of Japan's constitution to allow Japan to engage in collective self-defense and expand its ability to be of assistance to its U.S. ally. However, the process of reinterpreting the constitution and revising related laws has unleashed unanticipated resentment and popular opposition in Japan. This phenomenon may limit Japan's ability to do much in area of collective self-defense in the years to come, despite the best of Japanese intentions.

### **Policy Recommendations**

The United States should:

- Continue to encourage trilateral and bilateral cooperation between China, Japan and South Korea. This also means privately prodding Tokyo to financially settle the comfort women issue with the ROK without reservation.
- Continue to reassure Seoul that we understand the fact that they have to, and want to, get along with China and that we do not begrudge their relationship with Beijing. Faced with a growing threat from North Korea, the ROK wants to cultivate better relations with Beijing. But Seoul well understands that the U.S.-ROK alliance is the principal source of its security.
- Regarding the South China Sea, continue to press for a rules-based regime in East Asia and urge China and its neighbors to sign a code of conduct to regulate maritime activities. We should push for all parties to seek outside mediation in settling territorial disputes in the South and East China Seas. The U.S. should continue to discuss with Beijing the implementation of the pledge made by President Xi Jinping at the summit with President Obama not to militarize Chinese islands in the region.
- Continue to insist with both Beijing and Taipei that our primary interest in cross-Strait relations is the maintenance of cross-Strait peace and stability. We should push for the DPP and Beijing to reach an agreement that will respect the existing political framework for cross-Strait relations built by Beijing and the KMT over the past eight years.

## Conclusions

The NCAFP returned from its trip to Northeast Asia cautiously optimistic that the recent flurry of diplomacy would be beneficial to regional stability in the short term but deeply concerned about long term trends.

There are five complex issues that will need to be properly managed over the years ahead. These are: China-Japan relations, Korea-Japan relations, the cross-Strait issue, the North Korean nuclear problem and, most important, the U.S.-China relationship.

In the short-term, both China and Japan are looking for ways to calm tensions and develop closer economic and trade ties. Over the longer term, however, the situation is very worrisome. China's strategic objective seems to be to become the dominant power in East Asia and to recover what it considers lost territories, including the Senkaku/Diaoyu islands now claimed and administered by Japan. Japan, for its part, is determined to stand strong in denying China's claim that there is a legitimate dispute concerning sovereignty over the islands. Prime Minister Abe is energetically seeking to strengthen relations with countries on China's periphery in order to balance China's growing power. This "security dilemma" between China and Japan could over the longer run lead to a dangerous arms race and strategic rivalry between the two Asian powers that could destabilize the region.

Relations between Korea and Japan are also brighter over the short term but more worrisome over the longer run. Japanese and Korean diplomats appear to have brought the two sides closer to an agreement on how to resolve the comfort women issue. But over the longer term, there are many reasons for concern. One important trend is that Korea and Japan have very different strategies for managing their relations with China. While the ROK seeks both to maintain the alliance with the U.S. and to strengthen relations with China, this is widely seen in Japan as "tilting" towards China. A fundamental difference in dealing with China overlaid with the bitter feelings and mutual distrust generated by the comfort women issue and also by the territorial dispute over Takeshima/Dokdo pose serious challenges to the long term management of Korea-Japan relations.

The cross-Strait issue also presents a fundamental long-term challenge. Although relations between the Mainland and Taiwan have improved dramatically over the past seven years since Ma Ying-jeou and the KMT took power, the prospect of a DPP victory in 2016 coupled with strong trends in Taiwan's public opinion will pose complex challenges to both sides. The DPP does not accept the so-called "1992 Consensus" on the basis of which the Mainland and Taiwan have developed their relations in the recent past. Unless the DPP and the Mainland are able to work out a new, mutually agreeable formula for cross-Strait relations, tensions between the two sides are likely to grow. Moreover, the sense of Taiwanese, as opposed to Chinese, identity grows stronger by the year on Taiwan and the possibility of peaceful unification grows more and more fanciful. But the Mainland is unlikely to abandon this fundamental long-term goal.

The North Korean nuclear issue also remains a barrier to long-term regional stability. Although there are recent signs that the North is reaching out to the ROK and the United Nations for dialogue, there are no signs that the DPRK is prepared to abandon its nuclear and missile program.

Finally, and most important, U.S.-China relations remain the single most consequential relationship in the region. There are pressures both for cooperation and competition. Among the encouraging recent trends are: the growth of economic relations and trade, the strengthening of the military-to-military relationship, the frequent meetings at senior levels, increased people-to-people exchanges, and the clear desire of both governments to manage differences and increase areas of cooperation on common interests such as climate change, anti-terrorism, nuclear proliferation, and regional and global stability and prosperity. At the same time, there are worrisome problems. The most recent such problem concerns what the U.S. regards as China's aggressive and bullying tactics in both the East China and South China seas. The two sides also have growing differences over cyber-security and although the recent summit meeting created a senior experts group to discuss these differences, the implementation of the agreement remains to be monitored. In addition, the U.S. and China have fundamental differences over regional security architecture in East Asia. While the U.S. continues to regard its alliances with the ROK and Japan as a fundamental pillar of regional security, Beijing regards these and other U.S. alliances as a legacy of the Cold War and directed against China. Over the longer term, the two sides will have to manage a growing number of differences over such issues.

Managing these five issues will require extraordinary leadership skills and a serious effort to develop an inclusive Pacific Community.

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**ITINERARY FOR THE NCAFP TRIP TO ASIA  
OCTOBER 14 – 26, 2015**

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<b>OCTOBER 13-16, 2015 – TAIPEI, TAIWAN</b>
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**WEDNESDAY, OCTOBER 14**

- **Meeting at the American Institute in Taiwan/Taipei Office (AIT)**
- **Meeting with H.E. David Y.L. LIN**, Minister of Foreign Affairs
- **Luncheon hosted by H.E. David Y.L. LIN**, Minister of Foreign Affairs
- **Meeting with The Hon. Timothy Chin-Tien YANG**, Senior Advisor to the President, Republic of China
- **Meeting with President MA Ying-jeou**
- **Meeting with Dr. Wen-Je KO**, Mayor of Taipei City
- **Dinner hosted by The Hon. Timothy Chin-Tien YANG**, Senior Advisor to the President, Republic of China

**THURSDAY, OCTOBER 15**

- **Breakfast Meeting with Dr. HO Szu-yin**, Professor, Graduate Institute of International Affairs & Strategic Studies, Tamkang University
- **Meeting with Dr. James SOONG**, Chairman of People First Party
- **Meeting with Dr. TSAI Ing-Wen**, Chairperson of Democratic Progressive Party (DPP) and Candidate for the 2016 Presidential Election nominated by DPP
- **Luncheon Hosted by Dr. CHU Yun-han**, President of Chiang Ching-Kuo Foundation for International Scholarly Exchange
- **Meeting with H.E. Vincent SIEW**, former Vice President of the Republic of China
- **Dinner hosted by H.E. Vincent SIEW**, former Vice President of the Republic of China

**FRIDAY, OCTOBER 16**

- **Breakfast Meeting with Dr. Joseph Jaushieh WU**, Secretary- General of the DPP
- **Luncheon hosted by The Hon. Andrew Li-Yan HSIA**, Minister of Mainland Affairs Council (MAC) of the Executive Yuan
- **Meeting with Dr. Morris CHANG**, Chairman of Taiwan Semi-Conductor Manufacturing Corporation Limited (TSMC)

**OCTOBER 16-22, 2015 – BEIJING**

**SATURDAY, OCTOBER 17**

- **Xiangshan Forum conference sponsored by the China Institute for International Strategic Studies (CISS)**

**SUNDAY, OCTOBER 18**

- **Xiangshan Forum conference sponsored by CISS**
- **U.S.-China-Japan trilateral conference hosted by China Institute of International Studies (CIIS)**
- **Dinner hosted by Amb. SU Ge**, President and Senior Research Fellow, CIIS

**MONDAY, OCTOBER 19**

- **U.S.-China-Japan Track 1.5 Trilateral conference, co-hosted by the Institute of Peaceful Development, Chinese Academy of Social Sciences (CASS)**

**TUESDAY, OCTOBER 20**

- **Breakfast Meeting with Ms. Lisa TAM, Mr. Dan BIERS, and Mr. Charlie DAVIS**, U.S. Embassy Beijing
- **Meeting with Assistant Minister Zheng Zeguang**, Ministry of Foreign Affairs
- **Workshop and lunch with Amb. SU Ge and scholars**, President and Senior Research Fellow, CIIS
- **Meeting with Vice Minister LI Jun**, International Department of the Communist Party of China

**WEDNESDAY, OCTOBER 21**

- **Breakfast Meeting with Ms. Kaye A. LEE**, Charge d'Affaires, U.S. Embassy Beijing , **Mr. Charlie DAVIS** and **Mr. Jonathan FRITZ**, U.S. Embassy Beijing
- **Workshop and lunch with Prof. ZHOU Zhihuai**, Taiwan Studies Institute, CASS
- **Meeting with Minister ZHANG Zhijun**, Taiwan Affairs Office (TAO)
- **Workshop and dinner hosted by President JI Zhiye and Vice President YUAN Peng**, China Institute for International Studies (CICIR)

**THURSDAY, OCTOBER 22**

- **Workshop and lunch hosted by Maj. Gen. (Ret.) Gong Xianfu**, Vice Chairman, China Institute for International Strategic Studies (CISS)

**OCTOBER 22-24, 2015 – SEOUL**

**FRIDAY, OCTOBER 23**

- **Breakfast Meeting with Mr. Marc KNAPPER**, Deputy Chief of Mission, U.S. Embassy Seoul
- **Meeting with The Hon. HONG Yong-pyo**, Minister of Unification
- **Meeting with Mr. KIM Hong-kyun**, Deputy Minister for Political Affairs
- **Dinner hosted by Amb. HWANG Joon-kook**, Special Representative for Korean Peninsula Peace and Security Affairs

**SATURDAY, OCTOBER 24**

- **Breakfast Meeting with The Hon. HAN Sung Joo**, former Foreign Minister to the ROK and former ROK Ambassador to the U.S.
- **Meeting with Professor CHUNG Jae Ho**, Professor & Director, Program on U.S.-China Relations, Seoul National University
- **Luncheon Meeting with Amb. Chong-Wook CHUNG**, Vice Chairperson of the Presidential Committee for Unification Preparation (PCUP)

**OCTOBER 25-27, 2015 – TOKYO**

**SUNDAY, OCTOBER 25**

- **Dinner Meeting with Mr. Kiyoyuki SEGUCHI**, Research Director of the Canon Institute for Global Studies

**MONDAY, OCTOBER 26**

- **Breakfast meeting with Mr. Jason HYLAND**, Deputy Chief of Mission, U.S. Embassy Tokyo
- **Meeting with Vice Minister Akitaka SAIKI**, Vice Minister for Foreign Affairs
- **Dinner with The Hon. Yoriko KAWAGUCHI**, former Minister for Foreign Affairs; **and Professor Yoshihide SOEYA**, Professor of Law, Keio University