



## A U.S.-China-Republic of Korea-Japan Quadrilateral Dialogue

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### Executive Summary

On May 20, 2015, the National Committee on American Foreign Policy (NCAFP) hosted opinion leaders from the United States, China, South Korea, and Japan to discuss major regional security challenges, such as North Korea, the rise of China, and efforts to forge cooperation in Northeast Asia. Major conclusions from this dialogue included:

- North Korea's persistent development of nuclear weapons capability poses a growing threat to the region, providing a powerful motivation for coordinated action to halt and reverse North Korea's efforts. But differences remain among the four powers over whether the level of pressure sufficient to drive North Korea to denuclearize might lead to instability.
- China's growing concerns about the ramifications of North Korea's commitment to nuclear development are centered on: 1) safety concerns about North Korean nuclear facilities; 2) the perception that North Korea's nuclear program is increasingly intertwined with the prestige and legitimacy of its leadership; 3) the need to maintain peace and stability, even if regime change becomes inevitable; 4) the necessity of closer international coordination on sanctions implementation and intelligence sharing; and 5) the geopolitical implications of sudden change or collapse in North Korea.
- North Korean efforts to achieve a long-range nuclear strike capability and to develop a nuclear deterrent that can survive a first strike may complicate and raise questions among U.S. allies about the credibility of America's extended deterrence commitments.
- The Obama administration continues to focus on enhanced pressure, diplomacy, and deterrence as the main elements of a strategy designed to force North Korea's strategic choice to denuclearize. The current course requires patience, but it also circumvents North Korean attempts to force the administration to interact with Pyongyang on its terms. However, the U.S. administration's strategy has not slowed or stopped North Korea's nuclear and missile development.

- The challenge of adapting to China's rise continues to draw mixed reactions in the region. For instance, the divided response to China's initiative to establish the Asian Infrastructure and Investment Bank (AIIB) and other regional leadership initiatives reveals uncertainty as to whether China is trying to responsibly exert international leadership or reorder the international system according to its own needs.
- There is a major need to strengthen regional institutional capabilities to overcome strategic mistrust in Asia, including efforts to enhance functional cooperation around specific issues. Failure to do so could lead to greater strategic mistrust and even confrontation.

## **I. Introduction**

Drawing on its long and successful experience in hosting such dialogues, the NCAFP assembled key opinion leaders from the United States, China, Japan, and South Korea in New York on May 20, 2015, for an exchange of views on challenging regional security issues, including how to deal with North Korea, the implications of China's rise for the region, and the challenge of building more effective security cooperation so as to bridge differences in Northeast Asia. A list of participants in this valuable dialogue appears at the end of this summary report.

## **II. Dealing with North Korea**

The North Korean challenge appears to be increasingly intractable, yet it serves as an ironic catalyst for neighboring countries to set aside existing differences and prioritize regional cooperation in response to a steadily expanding North Korean nuclear and missile threat.

The speakers outlined the dimensions of the North Korea problem, discussed the challenge of coordinating tools for managing North Korea, and weighed the implications of North Korea's continued push to consolidate its capabilities as a nuclear weapons state. North Korea's persistent and unchecked efforts to enhance its nuclear capabilities have united observers across the region in their concern that North Korea's capability to threaten shared regional security interests is growing. But concerned governments have failed to translate their rhetorical opposition to North Korea's pursuit of nuclear weapons into a set of coordinated steps sufficient to dissuade North Korea from its current path. The result is that, despite the best of efforts, the policies of regional actors, including the United States, have failed to prevent North Korea from developing an increasingly credible nuclear strike capability.

## *North Korea's Nuclear Strategy*

North Korea's nuclear strategy has shifted from ambiguity surrounding the scope and intent of its nuclear program to clarity. Kim Jong Un has made nuclear capability a part of the domestic foundation for his rule by crediting development of the nuclear program to his father, enshrining it in the preamble of a revised North Korean constitution, and establishing nuclear development along with economic development as the top priority of the DPRK government since March 2013. Under Kim Jong Un, the Pyongyang regime has also stated its intentions to use nuclear weapons.

North Korea has taken steps to expand its fissile material stockpiles by restarting its 5-megawatt reactor that produces weapons-grade plutonium and its ongoing production of weapons-grade uranium, the pace and scope of which are not fully understood by external observers. Current estimates of North Korea's nuclear stockpile range from 10 to 20 weapons, and there are projections that its stockpile could grow to 20-100 weapons by 2020. The country continues to insist on a right to peaceful space exploration despite restrictions that have been placed on North Korea's long-range missile program by a series of UN Security Council resolutions. North Korea also continues to pursue warhead miniaturization and missile launch technologies that would enable Pyongyang to deliver a nuclear weapons to an array of regional targets using its medium-range missiles. In addition, North Korean efforts to enhance the survivability of a first strike on North Korea's nuclear capabilities include the establishment of a road-mobile capability for its KN-08 missiles and its aspiration to develop submarine launched ballistic missiles (SLBM), as shown through a demonstration test in May of 2015.

The steady and unchecked growth of North Korea's nuclear and missile capabilities suggests that eventually North Korea will have an Inter-Continental Ballistic Missile (ICBM) able to directly strike the United States. Admiral William Gortney, head of the NORAD, stated in April of 2015 that the United States must plan to defend against a potential North Korean strike on its soil. Within five years, North Korea is projected to have a fissile material stockpile sufficiently large to both survive a first strike and to proliferate its capabilities to state and non-state actors. There have been ongoing exchanges of technology and personnel with Iran and Syria that are particularly worrisome in this regard. In short, North Korea's expanded capabilities will expand the country's threat capacity and will complicate efforts to contain destabilizing actions, nuclear blackmail, or the proliferation of deadly technologies beyond the region.

North Korea's persistent nuclear development has been accompanied by mixed signals regarding its nuclear doctrine. On one hand, the DPRK has underscored that it regards its nuclear capabilities as a deterrent that is critical to the country's national defense and that is not for sale; on the other hand, North Korea has also declared an intent to conduct a nuclear strike on the United States that is not yet matched by current capabilities. Such a capability may already be within North Korea's reach or it could be in the not-too-distant future, underscoring the urgency of the need for U.S. policymakers to find ways to halt North Korea's ongoing nuclear development.

## *Confronting the Dilemma*

All of these developments intensify the policy dilemmas facing North Korea's neighbors as well as the broader international community. These trends underscore and magnify a sense of failure for the United States, which has led two-plus decades of efforts to prevent North Korea's nuclear development in cooperation with allies South Korea and Japan and in partnership with China and Russia. The past record of failure highlights the magnitude of the challenge of convincing North Korea to reverse course at this late stage.

North Korea's nuclearization creates new challenges for the United States, South Korea, and Japan and drives a wedge between these countries and China. It has necessitated repeated pledges and accompanying actions by the United States to reassure South Korean and Japanese counterparts of the credibility of its security commitments to defend these two countries from North Korean aggression.

In this context, there is pressure on the United States to resume diplomatic dialogue, even though the main source of the problem lies with North Korea's unwillingness to denuclearize or normalize relations with its neighbors, creating a sense of semi-permanent crisis. North Korea's purges, executions, and churn within the top leadership exacerbates this sense of crisis, while further undermining the prospect that diplomacy can be effective while North Korea's primary attention is focused internally on political control. This dynamic and the peculiarities of the psychology of North Korea's leadership seem to preclude the prospects for a lasting diplomatic solution, no matter how desirable. This is a reality that increasingly necessitates effective regional coordination on non-diplomatic measures.

North Korea's own internal stability and strategic direction have a direct influence on prospects for progress. Since 2013, North Korea has made simultaneous pursuit of nuclear and economic development its primary strategy, complicating the challenge for the U.S. and other parties to use economic pressure to achieve the goal of denuclearization. North Korea's internal economic improvement is a positive development but since the policy of the state links economic and nuclear development to each other in a "have its cake and eat it, too" approach, external pressures and sanctions must be aimed at forcing a policy change in North Korea if the goal of denuclearization is to be achieved. Differing perspectives between the United States and China on North Korea's economic situation, viability, and the utility and success of sanctions are all factors that inhibit the effectiveness of a coordinated approach that can achieve North Korea's denuclearization.

As North Korea's capabilities expand, it sharpens the international coordination challenge of finding effective instruments to pressure North Korea into cooperation without inducing instability that all parties would prefer, if possible, to avoid. But North Korean intransigence and enhanced capacities may lead its neighbors to the conclusion that instability is unavoidable, and the rising threat from the North's capabilities may compel the United States and others to adopt a considerably tougher approach towards the North to compel Pyongyang's cooperation.

International policy coordination dialogues continue to seek the sweet spot between effective pressure and its potentially negative consequences such as further instability and widespread humanitarian suffering in North Korea. Dialogues such as this Quadrilateral grouping attempt to identify measures sufficient to pressure North Korea back to dialogue and the path to denuclearization without resulting in the instability or chaos that North Korea's immediate neighbors desire to avoid. Measures on the table to step up pressure on Pyongyang include tougher sanctions, possibly targeting the North Korean banking system; reinforced defense and deterrence measures; and stronger application of UN Security Council resolutions, including more thorough inspections of North Korean ships suspected of engaging in illicit nuclear or fissile materials trade. All these measures would be intended to raise the costs to North Korea of its current path and to delay North Korea's efforts to expand its nuclear and missile programs.

The dilemma, however, is that it is likely that no pressure short of an existential threat to the North Korean leadership will be sufficient to induce a change of direction now that the leadership has built its claims to legitimacy on the nuclear program. And yet, a threat to North Korea's existence carries with it the risk and even likelihood of the very instability that neighboring parties hope to avoid. Thus, North Korea's nuclearization forces its neighbors to face a strategic choice between acquiescence to a nuclear North Korea and the prospect of concerted action to induce regime change. North Korea's gambit appears to be that China will hold to the view that the risks of instability are so great that there is no choice but to live with a nuclear North Korea.

Given these conditions, one American participant suggested that to be successful, renewed American diplomacy needs to include eliciting a credible declaration from North Korea on its willingness to give up nuclear weapons. Such diplomacy with North Korea requires not only domestic political support but also close cooperation with China. American diplomatic goals should include reunification, counter-proliferation, and war avoidance, but in light of past diplomatic failures and continued North Korean provocations, it will not be easy to achieve these goals. In the absence of conditions that enable the resumption of diplomacy, a policy of containment toward North Korea would also require enhanced Chinese cooperation. Meanwhile, the prospect of further proliferation of North Korean nuclear materials to other actors will only grow as North Korea's stockpiles expand, especially if North Korea feels a sense of desperation resulting from rising pressure designed to squeeze it economically.

*Japanese, ROK, Chinese Perspectives*

A Japanese participant in the dialogue stated that North Korea remains the biggest security threat to Japan and that Japan's efforts to re-engage with North Korea diplomatically on the abduction issue appear to have stalled. North Korea's agreement to reopen an investigation into the whereabouts of Japanese abductees was greeted with a measure of skepticism by Japanese analysts, some of whom thought that North Korea's real purpose was to use engagement elsewhere to attract renewed attention from China during a period of distance between Pyongyang and Beijing. So there were doubts in Japan from the beginning about North Korea's sincerity in reopening the investigations. Another Japanese participant added that the abductee issue, by its nature, requires it to be dealt with as a bilateral rather than as a multilateral issue. Also, the apparent stalemate on abductees in recent months has translated into a seemingly tougher position by the government of Japan toward North Korea.

A South Korean participant observed that in the event of an internal contingency in North Korea, the outside world will face an intelligence "black hole," underscoring the need for enhanced coordination and information sharing among North Korea's neighbors.

China arguably faces the most serious dilemmas and difficulties in promoting denuclearization within the bounds of its priority to maintain stability in the North. But the Chinese preference for stability at all costs also reinforces the likelihood that China could be the weak link that ultimately prefers acquiescence to, without formal recognition of, a North Korea that retains a nuclear capability.

A Chinese observer stated his belief that eventually, Kim Jong Un will have no choice but to return to talks, probably with both China and Russia. In the absence of talks, this participant asserted that North Korea will make further progress in its nuclear development and that the regime could last for a very long time, especially if the leadership follows through on nascent efforts to improve the economic situation inside North Korea. Given these developments, the Chinese presenter argued, more talks and fewer military exercises might actually help to tilt the internal balance toward a better situation, rather than focusing exclusively on North Korea's denuclearization. The Chinese presenter argued that South Korea was overemphasizing military exercises at the expense of the search for renewed diplomacy, a suggestion which one South Korean strongly challenged.

An American participant acknowledged the seriousness of the stalemate and the lack of diplomatic options, but put forward the proposition that there is more to be done to induce social change inside North Korea through the facilitation of information flows to change the country. There is already evidence that the influx of South Korean DVDs and USB drives may be making a difference inside North Korea and that this is an area where more active coordination efforts, including cooperation with the PRC government, might constitute a positive step forward. In addition, there remains a pressing need for governmental dialogue among the United States, China, South Korea, and Japan on how to deal with instability in North Korea, including the issues of loose nukes, refugees, post-conflict stabilization issues, and the long-term military arrangements designed to preserve stability on the Korean peninsula. A South Korean participant added that such a strategy should comprehensively address the nuclear, economic, social, and human rights dimensions of stabilizing the Korean peninsula as part of a process that would ultimately lead to Korean reunification.

Chinese participants added the following important observations. First, China is concerned about North Korea's internal situation, but distinguishing short-term issues such as the safety of North Korean nuclear facilities from longer-term issues involving the disposition of the Korean peninsula might be a more constructive initial agenda item for multilateral coordination. Second, a status-conscious and personality cult-led North Korea derives prestige benefits as well as security benefits from its nuclear program; these benefits are particularly important and sensitive given the nature of the North Korean system. Third, China is not opposed to regime change as long as such changes are done in a fashion that maintains peace and stability. ("North Korea is not only the worst country in Asia and the world, but also the most dangerous.") Fourth, the scope of the North Korean problem is growing and the regime is in an unpredictable phase, so there are compelling arguments for improved coordination on sanctions implementation and cooperation on intelligence sharing. Fifth, the geopolitical dimension is critical. China needs to be reassured that a unified Korea is not a threat and the United States should be more forthcoming to address Chinese concerns on issues such as THAAD deployments. Also, discussion of contingencies can be a helpful step forward in addressing geopolitical issues that might emerge in the event of North Korean instability.

An American participant observed that North Korea appears to be having some success in its current approach of outlasting the international community by insisting that it make the strategic choice to acquiesce to the reality of a nuclear North Korea rather than being forced to denuclearize. In addition, he observed that in the event of North Korean instability, any state that moves first to intervene must face the paradox that the legitimacy of such intervention will likely be contested by other parties, even while it might be tempted to move first to lock in gains associated with the opportunity to create facts on the ground. This is an issue that would benefit from further multilateral discussion among the governments of the United States, China, and South Korea.



A South Korean participant noted that much could be done to improve the adherence of states to their obligations under the UN security council resolutions to enforce sanctions. He noted that North Koreans have established effective relationships with Chinese companies or pseudo-Chinese companies in Northeastern China to evade sanctions enforcement. He argued that governments should consider more flexible conditions as a threshold for resuming diplomatic dialogue while also stepping up human rights pressure bilaterally and multilaterally on North Korea in light of the apparent success of the UN Commission of Inquiry's report on North Korean human rights, which drew North Korea's attention and active response in late 2014.

An American participant suggested that compared to violent and deadly crises in other parts of the world, concerned governments should at least be satisfied that current measures have contained open conflict, even if renewed diplomacy aimed at solving the North Korea situation is currently stalled. A Japanese participant agreed that current policies are moving in the right direction and that they should be continued and strengthened. China should strengthen its cooperation. We should hold to the view that North Korea's nuclear program is unacceptable and insist that the only alternative option for North Korea should be for the country to reaffirm its commitments to the NPT and pursue denuclearization.

However, an American participant observed that the next stage in North Korea's creeping nuclear development involves development of strike and survivability capabilities that would have serious strategic implications for the United States, Japan, and South Korea. North Korea is making steady progress in both of these areas. This means that the American extended deterrent commitments to its allies Japan and South Korea will be under even greater pressure. This is a challenge that the next U.S. administration is likely to face.

A Japanese participant noted that the North Korean nuclear issue requires steady attention, but that the attention gap is increasing as strategic attention shifts from the Korean peninsula to the East and South China Seas. This shift of attention is occurring in Tokyo as well as in Washington and Beijing; if the priority on North Korea diminishes as attention to other issues grows, does this not also decrease our ability to deter North Korean provocations?

An American participant argued that the likelihood of North Korea's continued provocations will draw international attention back to the peninsula; also, there are more active non-official discussions such as this one where there is a deepening exchange of views among South Koreans, Americans, and Chinese on the dimensions of the North Korean challenge and how to address the issues that derive from it.



A Chinese participant offered the following concluding observations: 1) Korean unification is a foregone conclusion that is irreversible, but will take time; 2) There are plenty of Chinese discussions, but no good conclusions, regarding the necessary strategy and instruments to induce changes in the approach of the North Korean leadership; 3) One cannot rule out the possibility in the event of regime change in North Korea that nuclear weapons would be deployed on North Korean territory; and 4) The objective of maintaining order and stability in North Korea is not only in the interests of China—post-conflict stabilization and reconstruction in North Korea in the event of instability would entail potentially enormous costs to all parties.

### **III. North Korea: A View from the United States**

A second session explored U.S. government policies and options toward North Korea. This session built on the previous session with a presentation from an Obama administration official that explained in greater depth the Obama administration's thinking on policy toward North Korea. The presentation developed the following major themes:

Contrary to popular belief, the U.S. government does not face an “intelligence problem” with North Korea. The administration has sufficient information and understanding of North Korea's past behavior and inclinations to have a “big picture” view of North Korean capabilities and intentions. This is a realistic view that is not based on fantasy or misperception about what North Korea is doing.

Second, the administration's so-called “strategic patience” approach does not reflect a lack of engagement. The administration has probed, prodded, and allowed North Korea to prove its lack of interest in dialogue. It is not for lack of interest or effort on the Obama administration's part that diplomacy is stalemated; rather, the administration has done its best with the limited opportunities it has been given.

Third, the administration distinguishes between “mysteries” that are unknowable regarding future North Korean leadership intentions and the “secrets” North Korea tries to keep about the dimensions and progress of its own program. The administration has made efforts to engage Pyongyang, but they cannot succeed if North Korea is unwilling to cooperate toward achieving shared objectives such as those codified in the September 19, 2005 Six-Party Joint Statement.

Fourth, North Korea's policy of simultaneous nuclear and economic development (*byungjin*) clarifies North Korea's intentions and must be reversed if denuclearization is to be achieved. Kim Jong Un's impulsive behavior and poor decision-making amplify this challenge. A successful U.S. policy must counter these efforts with increased pressure and build a coalition to prevent North Korea's successful breakout as a prosperous nuclear state.

Fifth, the Obama administration is fully aware of North Korea's intent to improve its nuclear capabilities and U.S. policy is built on the assumption that North Korea's program is headed in this direction; however, we can't allow North Korean efforts to create a false sense of urgency or to allow North Korea to claim a false resolution to this issue. Some North Korean demonstrations, such as the KN-08 or North Korea's submarine launch, seem designed to project a capability that is greater than our current assessment of what we actually face. In fact, it is the Obama administration's high regard for and value for the accomplishments of the Six-Party process that enables the administration to have a high bar for restarting the talks. North Korea appears to have lost interest in a relationship with the United States on terms acceptable to Washington.

Sixth, the Obama administration will not substitute a proliferation-focused approach for its fundamental denuclearization-focused approach, although a freeze would certainly be the first step on the road to denuclearization. Instead, the Obama administration will continue to pursue diplomacy alongside pressure and deterrence, keeping in mind that while talks themselves won't solve the problem, they are important as a means of understanding North Korea's thinking. However, the administration is ultimately looking for an authentic and credible sign of North Korea's intent to return to talks that are designed to achieve denuclearization. Pressure and sanctions have slowed the pace of North Korea's nuclear development and reduced prospects for outward proliferation. The Obama administration resists North Korean coercive diplomacy through deterrence, including U.S.-ROK exercises that are crucial for stability maintenance.

The Obama administration will maintain a multilateral approach to North Korean denuclearization so that the North understands that these issues are not primarily bilateral in nature, but are based on the consensus of the international community. The administration will continue to sharpen North Korea's choices, counter Pyongyang's *byungjin* strategy, and continue to foster change in North Korea. Addressing North Korean human rights concerns is a moral imperative and a reminder of the nature of the regime.

In response to a question about whether U.S. policy could survive domestic political shifts in South Korea or reversion in Seoul to an administration that sought to implement "Sunshine Policy 2.0," the speaker argued that there cannot be true inter-Korean reconciliation without denuclearization and that such an approach would only be credible with a non-nuclear North Korea.

A second participant asked about China's role vis-à-vis North Korea. In response, the speaker stated that North Korean intransigence had reduced gaps between the United States and China in understanding North Korea.

A third set of questions addressed the issue of financial pressure on North Korea, the validity of Chinese missile defense concerns, and the status of preparations for Korean reunification. In response to these questions, the speaker described Banco Delta Asia as a one-off opportunity that was focused more on illicit banking practices than on North Korea and asserted that similar opportunities to pursue this strategy to the same effect do not appear to exist. On missile defense, North Korea's expanded threat, rather than regional perceptions, is the main driver that the ROK must consider in meeting its own defense needs. The speaker also endorsed information inflows into North Korea as well as the UN Commission of Inquiry report as areas that legitimately challenge North Korean regime practices. Another participant added that the North Korean reaction to the adoption of the human rights issue on the UN Security Council agenda is the single issue that has drawn an active response from North Korean diplomats at the UN.

#### **IV. The Rise of China**

Beyond the growing concerns surrounding the North Korean nuclear stalemate, the region is gradually adapting to the rippling security consequences of China's rise. China's rise has had clear trade effects as China has become the number one trading partner of most of its Asian neighbors. Economic interdependence has meant that China's economic rise has had a positive impact on the prosperity of the entire region, but it also links China, its neighbors, and the United States in a fashion that engenders real complexity for security planners. This means that to a certain extent the world has a stake in China's economic success precisely because China has become a major player and source of economic growth in the global economy.

One of the effects of China's rise is that it positions China to challenge the dominant security role that the United States has played in the Asia-Pacific region for decades and that is arguably one of the fundamental sources of Asia's longstanding stability. However, as China challenges the longstanding U.S.-centered status quo that has endured for so long on the security front, this creates ripples and even waves of volatility and insecurity around the region. No actor in the Asia-Pacific wants to see Sino-U.S. conflict, yet China's rise and accompanying need for greater strategic space has also created tensions and occasional confrontation between the United States and China. These tensions require redoubled efforts if they are to be managed effectively.

In addition, China's rise has generated new internal challenges to China's single-party Communist system and leadership. Specifically, China's economic rise has enabled wealth increases among some, but it has also resulted in dramatic growth of income inequality, wealth imbalances, and social conflicts that must be managed effectively within China, especially because there is no internal mechanism by which to channel domestic discontent other than through opposition to the political powers-that-be.

The regional dimension of China's rise has manifested itself in relations between China and Japan, especially as China has surpassed Japan in economic size and has displaced Japan's previously central economic role in the region. A Japanese participant noted the contradictory challenge posed for Japan by China's rise—the reality of economic interdependence is that Japan needs China as a source of economic growth and China needs Japan as a source of investment, but the psychological and political aspect of China's surpassing of Japan is primarily presented in zero-sum terms.

This divergence between the economic and political aspects of interaction will also play out in terms of multilateral cooperation, particularly as Japan negotiates as a member of the Trans-Pacific Partnership (TPP) and China appears to challenge Japan's role as a leader of regional multilateral institutions through the establishment of the AIIB. The AIIB overlaps in its role and jurisdiction with the Japan-dominated Asian Development Bank. Political leadership is necessary to manage these issues through promotion of exchange programs between and among Asian countries, effective management of public opinion, and efforts to cooperatively address common issues and challenges through functional cooperation on environmental, energy, and other issues. Elaborating on this point, another Japanese participant noted that anti-Chinese sentiment is larger than anti-Korean sentiment among youth in Japan and that greater education correlated with a lower likelihood of identifying China as an enemy.

A Chinese presenter suggested five priority items for China as its regional and global influence expands: 1) the need to establish a partnership with the United States; 2) the need for a stable neighborhood relationship; 3) the need to deal with non-traditional challenges (new for China); 4) the need to protect China's overseas national interests; 5) the need to establish China as a more responsible stakeholder. In terms of regional issues, he presented Korea, China-Japan relations, and the South China Sea as the major challenges. With regard to the Korean issue, he counselled South Korean colleagues to be patient on Korean unification, to understand that Beijing now prefers Seoul to Pyongyang and to understand that Beijing uses sticks and carrots in pursuit of denuclearization. He said also that Beijing's hope for Pyongyang is no longer centered on encouraging reform but is now limited mainly to the expectation that North Korea will not make trouble. Another Chinese participant expressed concerns about a strategic showdown and competition of wills between the United States and China.

A Korean presenter provided a balance sheet for assessing China's rise that weighted the opportunities associated with economic growth against the political and military aspects of China's rise, including China's double-digit increases in defense spending and its strategies to diminish U.S. military dominance in a wide range of domains such as ballistic and cruise missiles, bombers, submarines, satellites, and cyberspace weapons systems. While noting the mounting interest from both China and the United States in strengthening of multilateral institutions, he expressed concern about rising Sino-U.S. maritime competition, deteriorating China-Japan relations, and divisions within Korea over whether to pursue cooperative security or collective security approaches through alliance-based cooperation with the United States.

An American participant suggested the following formula to describe China in three dimensions: 1) a rising China, as portrayed through China's technological advancement, leadership in global institutions and creation of new ones, and aspirations to enforce its sovereignty claims more clearly; 2) a risen China that is in the process of economic and political consolidation, faces cutting edge challenges in managing its capitalist megacities, a China that is transforming tourism with so many going abroad, and a China that is restoring its centrality in Asia; and 3) an arrested China that defines its security concerns predominately internally. China's rise overshadows to some degree a Korea that is itself rising in soft power but uneasy in its position and facing remnants of national division. There is a risk that legacies of mistrust will persist, especially given America's persistent failure to understand China in the past and historical miscalculations that the United States has made in its respective strategic assessments of both China and Japan. An American participant added that we face the revival of the cross-strait/Taiwan issue on the regional security agenda, a topic that has been covered in detail in other recent NCAFP dialogues.

Chinese participants stated that Beijing's approaches to TPP and AIIB emphasize the importance of peace and stability. As for management of cross-Strait issues, Chinese participants asserted that the Mainland feels time is on Beijing's side. While Chinese participants emphasized peaceful development and renounced military coercion as unnecessary and counterproductive, they also suggested that Taiwan itself would suffer if there are additional challenges to the status quo. An American participant expressed concerns about growing Taiwan identity, reverberations from events in Hong Kong, the fact that China's own tightening domestic environment makes association with the Mainland less attractive, and China's own domestic challenges as complicating factors that could bedevil cross-strait relations.

A Japanese participant asked about the impact of domestic pressures on China's external policies and expressed concerns about Chinese populism.

A Korean participant questioned China's intentions in undertaking large building projects in the South China Sea. He noted that these actions were mobilizing resistance by China's neighbors, including Vietnam, the Philippines, and Japan.

A Japanese participant raised questions about the intentions and economic rationale behind China's "One Road, One Belt" initiative, which appears to involve heavy infrastructure investment that is not always backed by evidence that there will be returns on investment. A Chinese participant responded by asserting that Japan's investment in Southeast Asia is also a lost investment and that the Silk Road project will help balance China's past investment in coastal areas while connecting central industrial cities across Eurasia and by linking Europe and China.

## V. Seeking a Way Forward: Managing Differences and Building Cooperation

An American presenter suggested that in light of Henry Kissinger's observation that present-day relations in Northeast Asia could be compared to European strategic rivalries on the eve of World War I, it is useful to take into consideration European experiences with institution-building to discern possible lessons for Asia. Just as competing nationalisms provided the tinder for an accidental conflict in Europe that escalated into World War I, the prospect of rising rivalries between Japan and China and territorial disputes involving several states across the region suggests that these disputes could escalate as a result of accident or miscalculation into tensions or conflict, with disproportionate effects on regional peace and stability.

Likewise, the post-World War II European experience provides lessons that might be constructively applied as vehicles for effectively managing Asian relations, especially given the striking lack of institutions that might otherwise be useful in mediating regional misunderstandings and containing possible escalation of tensions. In particular, the European Cold War experience suggests that multilateral cooperative and collective security frameworks are able to coexist with each other, providing a variety of mechanisms for communication and management of conflict based on its nature and causes.

In addition, the development of European multilateral institutions was catalyzed as much by the need to respond to serious bouts of rising tensions and recurrent clashes between superpowers as by any sort of grand strategic design. For instance, the establishment of the Council for Security Cooperation in Europe (CSCE) and the Helsinki Final Act were arrived at during the height of bipolar confrontation between nuclear powers: the United States and the Soviet Union. These mechanisms were sought as means by which to modulate or reduce tensions, but their particular forms, and the substantive issues that the forums addressed, constituted a broad-based response to Europe's particular needs. But in contrast to the European experience, Asia's experience over the last few decades has been characterized by the absence of conflict, which ironically may help explain the relative lack of development of multilateral institutions in the region. As tensions rise in Asia in coming decades, especially around intractable maritime conflicts and sovereignty disputes, European lessons may provide relevant reference guides for the development of both multilateral collective security frameworks and cooperative security frameworks in Asia.

A Japanese presenter derived optimism from the fact that functional cooperation is active in East Asia, but there is a growing need for a risk-management system as well as for the development of a collective stake in the well-being of the region. In addition, there remains a strong consensus across the region on the necessity of continued U.S. regional engagement. The Asian region should take heart from its successful experiences with conflict management and conflict resolution, including the effective resolution of the dispute between Indonesia and East Timor and the resolution of a decades-long internal conflict in Sri Lanka. But the rising tensions over territorial disputes in East Asia remain worrisome.

A Chinese participant noted that in today's world, interdependence is inescapable and limits the scope of action of every international actor, including both the United States and China. It is desirable for countries to take a moderate, balanced approach to various issues. The role of diplomats and scholars should be to promote mutual understanding rather than to exploit existing hostilities. China's leadership in particular has been clear on the desirability of measures that will uphold peace and promote win-win solutions in the region. China clearly wants to maintain and strengthen the international order, as evidenced by its stepped-up efforts to contribute to global governance through establishment of the AIIB.

A Korean participant noted that the vision for regional architecture in East Asia should be characterized by several important characteristics: multipolarity, a continued role for the United States, and cooperation among major powers. However, lack of trust and lack of strategic understanding in the region have contributed to Chinese doubts, for instance, regarding the intentions behind the U.S. rebalance and to doubts by others on whether or not China's rise will indeed be accomplished peacefully. Especially concerning are emerging nationalist sentiments among the youth. There is a need for a commonly shared vision for the region, an established code of conduct that all nations adhere to, and deeper adoption of transparency and confidence building measures in the security realm. Adoption of these measures will enhance international contributions to peaceably share the regional commons. Additionally, public diplomacy activities and fostering of international exchange should be helpful in promoting a sense of regional cohesion in East Asia. There is a need to look forward toward the future rather than be hampered by historical differences.

A Japanese participant discussed the challenges associated with extremist views and the need to keep talking to the other side as an important means by which to mitigate the deleterious effects of extremism. He also observed that there are many visions and many lessons from the European experience, but that ultimately it was small, pragmatic steps on which European cooperation was originally built in a step-by-step fashion. Both Korean and Japanese participants acknowledged the difficulties posed by rising nationalism and by ongoing differences over history, comfort women, and territorial issues.

A Korean participant acknowledged the relative vibrancy of functional trilateral coordination among South Korea, Japan, and China, and the importance of these exchanges to the establishment of a new Asian identity. Another Korean participant observed that values, confidence-building, and interests are three essential building blocks for promoting regional cooperation. Additionally, he noted that difference over historical issues show where there is a need for further confidence-building efforts, both among decision-makers and at the grassroots level. The international agenda provides many opportunities for functional cooperation. This Korean participant closed by affirming the importance to the region of a continued constructive role by the United States and his hope that Korean reunification might also mark a positive step forward in reducing regional tensions and promoting stability, prosperity, and regional security.



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A U.S.-CHINA-JAPAN-ROK QUADRILATERAL CONFERENCE

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