

# BUILDING A REGIONAL ORDER IN EAST ASIA:

## Community, Competition, Conflict



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# *Our Mission*

The National Committee on American Foreign Policy (NCAFP) was founded in 1974 by Professor Hans J. Morgenthau and others. It is a nonprofit policy organization dedicated to the resolution of conflicts that threaten U.S. interests. Toward that end, the NCAFP identifies, articulates, and helps advance American foreign policy interests from a nonpartisan perspective within the framework of political realism.

American foreign policy interests include:

- Preserving and strengthening national security;
- Supporting the values and the practice of political, religious, and cultural pluralism;
- Advancing human rights;
- Addressing non-traditional security challenges such as terrorism, cyber security and climate change;
- Curbing the proliferation of nuclear and other unconventional weapons; and
- Promoting an open and global economy.

The NCAFP fulfills its mission through Track I½ and Track II diplomacy. These closed-door and off-the-record conferences provide opportunities for senior U.S. and foreign officials, subject experts, and scholars to engage in discussions designed to defuse conflict, build confidence, and resolve problems.

Believing that an informed public is vital to a democratic society, the National Committee offers educational programs and issues a variety of publications that address security challenges facing the United States.



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# Introduction

by Donald S. Zagoria

“(Any system of order) bases itself on two components: a set of commonly accepted rules that define the limits of permissible action and a balance of power that enforces restraint where rules break down, preventing one political unit from subjugating all others. A consensus on the legitimacy of existing arrangements does not—now or in the past—foreclose competitions or confrontations, but it helps ensure that they will occur as adjustments within the existing order rather than as fundamental challenges to it. A balance of forces in itself does not secure peace, but if thoughtfully assembled and invoked, it can limit the scope and frequency of fundamental challenges and curtail their chance of succeeding when they do occur.”

*The Honorable Henry A. Kissinger, World Order, Penguin Books, 2014, p.9*

## Three Potential Scenarios for East Asia

**T**here are three broad divergent scenarios at work in East Asian international relations today and each suggest different outcomes.

A Pacific Community is the most hopeful scenario, though not without some inevitable continuing challenges and tensions. In this vision, which is that of Henry Kissinger and many others, the major powers, including the United States, China and Japan, work actively together to build a cooperative Pacific Community. They do this by developing a common set of rules and building a sustainable power equilibrium—as the quotation above suggests. The second scenario is that of competition between the United States and China. This is what many would argue is the existing situation. It is a mix of some cooperation, some tensions and a competition for regional influence. Although this situation is sustainable for a while, tensions are rising and could eventually lead to conflict. The third scenario is outright conflict, e.g. on the Korean Peninsula, in the South China Sea, or in the Taiwan Strait, with or without a direct U.S.-China clash.

## Essays

The essays in this volume offer a broad and diverse analysis of the conflicting interests and forces at work in East Asia today and they offer a number of policy recommendations for developing a more cooperative relationship among the key actors. Unless policymakers take more active steps towards developing an East Asian community, the trends towards competition, confrontation and conflict are likely to grow.

The first five essays are by Americans. Evans Revere, a former high-ranking State Department official, ranges over the major challenges he sees for U.S. policy with a particular focus on the rise of China and North Korea's nuclear weapons program. With regard to China, Revere senses “deep anxiety” among China's neighbors, as well as in the United States, because the “intentions and ambitions of a strong, revitalized and militarily powerful China remain unclear....” The “core task” in responding to this challenge is “how to accommodate China's determination to play a greater role while simultaneously reassuring allies and partners that Beijing will not be allowed to become the regional hegemon.” With regard to North Korea, Revere recommends stronger sanctions, enhanced deterrence and a variety of other steps while simultaneously placing a “renewed emphasis on dialogue” in order to give the North Koreans an “off-ramp” from present policies.

Stephen Young, a retired U.S. diplomat, focuses on the broad range of issues involved in U.S.-China relations: bilateral relations, the Korean Peninsula, territorial disputes between China and its neighbors, freedom of navigation, human rights, Taiwan and Hong Kong. He provides a rich list of policy recommendations.

T. J. Pempel, a political scientist at the University of California, Berkeley, explains why power transition theory, with its emphasis on the “Thucydides Trap” and likely conflict between a rising and an established power, is not the correct paradigm for understanding current U.S.-China relations. Pempel outlines five major factors which undermine the applicability of this theory to U.S.-China relations and argues that conflict between the two powers is not inevitable so long as each side does not “impute the worst intentions to one another....”

Gerald Curtis, a Japan specialist at Columbia University, in an interview with Japanese journalist Yoichi Kato, offers sage advice both on U.S.-Japan relations and on how the U.S., Japan and other countries in East Asia should deal with China. They should “engage China and give it a larger stake in the governance of the international system while at the same time balancing against it in order to maintain a political equilibrium.”

Michael McDevitt, a retired admiral at the Center for Naval Analyses, provides a comprehensive and nuanced analysis of China's island building in the South China Sea and the U.S. reaction to it. He urges the U.S. to “keep the South China Sea in perspective” and to recognize that it is not the “central strategic element” in the overall U.S.-China relationship. At the same time, the U.S. should remain sensitive to the claims of the littoral states and assist them in balancing China.

Professor Chu Shulong, a Chinese academic at Tsinghua University, provides a comprehensive analysis of China's interests and policies vis-a-vis North Korea and he explains why Beijing is not in line with current U.S. and ROK policy.

Professor Sun Zhe, Adjunct Senior Research Scholar & Co-Director of the China Initiative at the School of International and Public Affairs, Columbia University, asks how China can contribute to the building of a “security community” in the Asia-Pacific region and he offers a number of thoughtful suggestions.

Noboru Yamaguchi, a retired Lieutenant General in the Japanese Self-Defense Forces, and now a Professor at the International University of Japan, assesses Japan-China relations. After a broad and comprehensive overview of the recent downturn in these relations, he offers five policy recommendations for developing a more constructive Japan-China relationship.

Yuichi Hosoya, Professor of Law at Keio University, assesses Japan's new security legislation and concludes that its approach remains “incrementalist” and that there is no drastic change to its traditional “pacifist” trajectory.

In sum, as a recent NCAFP trip report concluded, the United States, China and Japan are still far from establishing a Pacific Community and the complex relationship among the three great powers will need to be properly managed over the years ahead if regional stability is to be maintained.

# U.S. Policy and East Asian Security: Challenge and Response

by Evans J.R. Revere

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**Note:** This article is based on a presentation given by Evans J.R. Revere at the 4<sup>th</sup> Korea Research Institute for National Strategy-Brookings Joint Conference on “Policy Directions of the ROK and the U.S. for Regional Stability in East Asia” in Seoul, Korea on January 25, 2016. It is also published online by The Brookings Institution and is available at <http://www.brookings.edu/research/presentations/2016/01/25-policy-and-east-asian-security-revere>. Provided courtesy of Evans J.R. Revere.

## Summary

East Asia today faces a number of difficult challenges, beginning with that posed by a dynamic, militarily powerful China whose ambitions and intentions are far from clear. As U.S. policy makers deal with this challenge, their main task will be to try to accommodate a more activist China while simultaneously reassuring allies and partners that Beijing will not be allowed to become the regional hegemon or to supplant the United States as the region’s preeminent actor.

The challenge of China has major implications for the region’s economic and trade institutions, as well as East Asia’s military balance. The military dimension is particularly important, since Beijing has demonstrated that it is prepared to use military muscle to enforce its territorial claims. China’s actions have serious implications for the United States, which is committed to ensuring freedom of navigation and commerce in these vital waters and to supporting its regional allies and partners.

Regional concerns about China are being exacerbated by Beijing’s ongoing crackdown on human rights and individual freedoms, as well as its campaign to perpetuate the rule of an increasingly authoritarian Communist Party. For all these reasons, U.S.-China relations are certain to remain highly complex, difficult, and sensitive for the foreseeable future, even as U.S. policy makers seek a *modus vivendi* with China based on managing major differences and expanding areas of cooperation with Beijing.

North Korea’s development of nuclear weapons and the means to deliver them is an increasingly urgent regional challenge. Years of exhaustive diplomatic efforts by the United States and others have failed to prevent North Korea from becoming a de facto nuclear-weapons state. North Korea is today on the brink of being able to threaten the region, and U.S. territory, with nuclear weapons delivered by ballistic missiles. The January 6 nuclear test shows Pyongyang is making important strides in achieving this capability. Once it does, it will fundamentally alter security dynamics in East Asia and elevate regional concerns about peace and stability to a new level. Unless a way can be found to end North Korea’s nuclear and missile programs, Pyongyang’s nuclear threat could be here to stay, fulfilling North Korea’s goal of becoming a permanent nuclear power.

Faced with this challenge, U.S. policy makers are looking at a range of difficult options as they try to thwart North Korea's ambitions. They are likely to settle on an approach that greatly increases pressure on the Pyongyang regime, threatens the North's economic viability, intensifies the DPRK's isolation, and makes the regime's choices as stark as possible—all in order to compel Pyongyang to resume carrying out its denuclearization commitments. Such an approach is long overdue, but it should also provide North Korea with an “off ramp” if the regime shows an interest in a diplomatic solution.

Until now, U. S. policy makers have put off making tough decisions to deal with the threat of a nuclear-armed North Korea in the hope that patience and quiet determination could solve the problem. The result has been an increasingly nuclear-armed North Korea and a rising threat to the region. The time for urgent action has now arrived.

## **Introduction**

East Asia is undergoing a dynamic transformation. Propelled by a risen China, power relationships among regional actors are shifting, creating anxiety among China's neighbors, as well as in the United States. The intentions and ambitions of a strong, revitalized, and militarily powerful China remain unclear, contributing to these concerns and providing a rationale for worst-case planning by the United States and others.

Meanwhile, North Korea's determined pursuit of nuclear weapons and the means to deliver them has introduced a major, perhaps game-changing, factor into regional security calculations. Today there is a real prospect that, unless a new mechanism can be found to denuclearize North Korea, Pyongyang's nuclear threat will be here to stay—a reality that would fundamentally alter the region's security environment.

These challenges exist in a region that is famously plagued by territorial disputes and the weighty legacy of colonial occupation, conflict, and tragic history. These factors contribute to lingering intra-regional animosity and resentment and could someday provide fuel for confrontation. Meanwhile, regional political developments, for example the outcome of Taiwan's presidential election, remind us that we cannot assume that past flashpoints will not erupt again.

At a time of rising security concerns, it is no surprise that regional actors are increasingly uncertain about the future. Also no surprise is the fact that the demand signal emanating from America's allies and partners for U.S. engagement, activism, and leadership is stronger than ever.

The so-called “rebalance”—the elevated diplomatic and military profile that the United States has adopted in Asia during the Obama Administration—has provided valuable reassurance of America's commitment to friends and allies. But as regional threat perceptions evolve, and as the region's political, diplomatic, and security dynamics shift, calls for an enhanced policy response to ease rising regional concerns by this and the next U.S. administration are bound to increase.

The ongoing U.S. presidential campaign has thus far seen little considered focus on the concerns mentioned here. This is unsurprising, since much of the foreign policy rhetoric in the campaign is aimed at scoring points and appealing to political bases, not advancing serious solutions to serious issues.

But soon the campaign sloganeering, rhetorical bombast, and one-upsmanship will be over, and a new U.S. president will have to deal with the reality of a transforming East Asia—a region filled with nervous allies and partners.

Among the many challenges facing the region and the new president, this paper will focus on two—China and North Korea—and outline the major policy tasks and priorities facing the current administration, and to which a new administration will necessarily devote its attention. This paper will also suggest new approaches for policy makers to consider as they face the task of responding to the challenges of a region in flux.

### **The China Challenge**

Without question, the preeminent geo-strategic challenge facing the United States in East Asia is the one posed by an economically and military powerful China eager to establish itself as a dominant—perhaps the predominant—actor in the region. For U.S. policy makers, the main task in responding to this challenge is trying to accommodate China’s determination to play a greater role while simultaneously reassuring allies and partners that Beijing will not be allowed to become the regional hegemon. In doing so, Washington must also tackle the challenge of keeping U.S. relations with China on a positive plane and establishing a *modus vivendi* with a Beijing whose intentions are opaque, whose ambitions are multi-dimensional, and whose ideological underpinnings run counter to core U.S. values.

China seeks a central role in regional institution building and intends to bring its considerable economic power to bear to ensure its voice is heard. Beijing’s establishment of the Asia Infrastructure Investment Bank (AIIB) and its “One Belt, One Road” initiative, together with its activist membership in Asia’s Regional Comprehensive Economic Partnership (RCEP), reflect both its ambitions and its increasing clout.

As long as these efforts remain transparent and open to broad participation, and as long as they adhere to globally accepted standards and do not undercut the role of existing institutions, they are to be welcomed. After all, the United States has long urged China to be a “responsible stakeholder,” and it is to be expected that a more economically powerful China would want to have a say in making the rules and shaping the institutions in which it participates.

But as China’s power and influence grow, U.S. policy makers are increasingly focused on how to ensure that China does not rewrite the rules of the regional economic and political order in a way that damages the status quo or enables Beijing to dominate regional institutions to the detriment of the United States and its interests—and to the consternation of America’s allies and partners.

Washington’s response to China thus far in this area has been problematic. U.S. rejection of AIIB membership sent the wrong signal to Beijing about U.S. willingness to cooperate with a more activist China. It also appeared to contradict Washington’s longstanding “stakeholder” argument. Washington’s decision not to join meant that the United States would not be a part of the decision-making fabric of the organization—preventing the United States from exercising leverage and from helping to shape the organization’s development. One task for future policy makers will be to revisit this ill-advised decision.<sup>1</sup>

Similarly, the U.S. argument that the Trans-Pacific Partnership (TPP) is aimed at preventing China from “making the rules” on trade in the Asia-Pacific region has served to cast the TPP in a negative, anti-China light in the eyes of the PRC.<sup>2</sup> Such an approach should be reconsidered and replaced by one that stresses that the door to membership will be open to China if and when Beijing is able to meet the TPP’s high standards. And it goes without saying that U.S. ratification of the TPP would be a major geopolitical and economic step forward for the United States and would send a strong signal of U.S. leadership to the region.

A much more problematic policy challenge is that being posed by China’s growing military power.

China is rapidly developing the capacity to advance its regional interests using its armed forces. Some of those interests do not correspond with those of its neighbors. At the same time, the speed and scope of China’s military buildup has raised questions about whether China’s ultimate goal is to achieve military dominance over the region and replace the United States as the leading military power in East Asia.<sup>3</sup>

Chinese leaders regularly declare that their intention is not to supplant the United States or to push America out of the region. They frequently assure the United States that the Pacific is “big enough” for both powers.<sup>4</sup> But the double-digit growth of China’s defense budgets, the acquisition of sophisticated systems that could offset longstanding U.S. military advantages in the Asian littoral, the development of a blue-water navy, and China’s focus on an anti-access/area-denial strategy on its periphery suggest that, at a minimum, the PRC intends to keep its options open.

The planned major reduction in the size of the PLA underscores China’s determination to improve its ability to engage in modern warfare. By streamlining regional military commands, shifting the center of gravity of the military from ground forces to higher-tech air and naval capabilities, by emphasizing joint command structures, and by moving the savings gained by demobilizing ground troops into improving combat technology and systems, China is building a military based on the U.S. model—a model that has shown considerable success in power projection and conducting offensive military operations.

China’s attention to a more modernized military reflects in part a legitimate desire to defend its territory, sovereignty, and interests. As China has become an increasingly prominent actor on the world stage, the range of these interests has naturally expanded, requiring corresponding attention to the means to defend them.

But China’s approach to its interests includes a vigorous assertion of territorial claims that has put the PRC at odds with many of its neighbors, including U.S. allies like Japan and the Philippines, and also contributed to an escalation of tensions in the region.

China’s claims in the South China Sea raise particular concerns. Some of these claims contravene or exceed what is permitted under the U.N. Convention on the Law of the Sea (UNCLOS). And because China often uses military and paramilitary assets to enforce or assert its claims, they pose a potential threat to freedom of navigation and access in these strategically important waters.<sup>5</sup>

Meanwhile, China’s use of its naval, air, and Coast Guard assets around the disputed Senkaku Islands (called “Diaoyu” by the Chinese) has heightened Japanese concerns about China’s intentions. In a new development, the PRC has begun to send armed warships into the waters near the Japanese-controlled islands, increasing tensions and creating the possibility of a miscalculation or accidental confrontation.<sup>6</sup>

While experts frequently argue whether China's military growth and modernization will ever pose a serious threat to the United States, whose military capabilities are hardly declining, China's actual use of military assets in dealing with several of its neighbors shows that Beijing's threat is hardly a theoretical one. This challenge is made all the greater by China's ongoing land reclamation and island-building in the South China Sea and the militarization of newly created land—steps that will inevitably give China new power projection capabilities in these sensitive waters.

The Obama Administration has responded to this situation with increasing intensity, using a range of policy tools, including:

- Vigorously asserting freedom of navigation rights in the South China Sea and the importance of maintaining the full range of customary high seas freedoms provided for under UNCLOS.
- Conducting freedom-of-navigation operations to challenge some of China's (and others') territorial claims and assertions where these do not comport with international law.
- Working with like-minded countries like Japan and Australia to build naval and air surveillance capacity to allow affected states to better monitor their waters and air space.
- Calling on all parties to resolve disputes peacefully and in accordance with relevant international law.
- Urging the adoption of a concrete code of conduct among disputants.

And with respect to the East China Sea, the United States has assured its Japanese ally that the U.S.-Japan Mutual Security Treaty covers the Japanese-administered islands.

The United States' unambiguous support for its Japanese ally and Washington's high-profile operations in the South China Sea have sent clear messages to Beijing. But if Chinese land reclamation and island building continue, or if there is further militarization of these islands or more Chinese military challenges to its neighbors, the United States will be compelled to take additional steps. These could include an expanded U.S. military presence in the waters and airspace of the South China Sea, more challenges to China's territorial assertions, and further support for efforts by regional claimants to boost their military capabilities.

It remains to be seen whether Beijing will moderate its behavior in light of the current U.S. approach, or in response to the increased willingness of the countries on its littoral to push back when challenged. In the meantime, barring new developments, the waters of the East and South China Seas can be expected to remain areas of contention, possible miscalculation, or even confrontation. It is in this context that U.S.-China relations are expected to remain complex, difficult, and sensitive for the foreseeable future.

No less problematic for U.S.-PRC relations are internal developments in China. Domestically, China is cracking down on intellectuals, NGOs, lawyers, and human rights advocates. The ongoing crackdown in China also threatens the vast educational, cultural, and people-to-people exchanges that serve as important ballast for U.S.-PRC relations.

In China, there has been a significant tightening of controls on the Internet and suppression of dissent and criticism, all in support of a major effort to revitalize the leading role of the Party. Even the Party itself, including its elites, are being targeted by a rigorous campaign led by Xi Jinping to stifle dissent and prevent “factionalism,” among other sins.<sup>7</sup> These trends bear witness to a growing trend towards illiberalism in China.

Longstanding expectations in the United States that reform, opening, and the incorporation of China into the world order would transform China’s authoritarian political system into something more benign have not panned out. This has led to growing concern, even among some long-time American China hands, about China’s prospects, about the limits of reform, and the impact of a more authoritarian domestic approach on U.S.-China relations.

These developments highlight the fundamental differences between today’s PRC and the liberal international order advocated by the United States. Some experts have even predicted that China’s more authoritarian trajectory, coupled with its rising military and economic power, portend inevitable confrontation or conflict with the United States.<sup>8</sup>

Chinese and American leaders have rejected this notion, emphasizing instead their determination to build a more cooperative relationship and to work together in dealing a range of bilateral and global issues. The September 2015 summit between President Obama and President Xi produced a number of agreements, including on the cessation of cyber-theft of intellectual property and an understanding that could lead to new rules of the road for conduct in cyberspace. The summit also saw progress on a bilateral investment treaty, climate change cooperation, and enhanced military-to-military communication.

But even a quick glance at the two leaders’ remarks at the summit’s concluding press conference found frank references to problematic issues that continue to plague bilateral relations, including human rights, the South China Sea, and cyber warfare.<sup>9</sup> Nevertheless, the act of highlighting the gaps was a useful acknowledgement of the reality that there are important differences that require serious attention and hard work by the two governments.

Going forward, a key task of U.S. policy makers will be to develop a mechanism for managing relations with China in a way that advances cooperation and prevents differences from damaging ties. Towards this end, several principles may be helpful in guiding U.S. policy makers (and their Chinese counterparts) as they seek to develop a more cooperative relationship:

- First, the two countries should continue to acknowledge their differences, including those of fundamental values and ideology, and accept the fact that some of these differences may be irreconcilable, although they may be able to be managed.
- Second, the U.S. and China should acknowledge areas where their respective interests and goals create the potential for strategic rivalry and should seek to prevent these from negatively affecting areas of ongoing or potential cooperation. However, the United States should make clear its determination to abide by its principles, including by vigorously and coherently defending freedom of navigation.
- Third, both countries should make avoidance of military confrontation between them a central goal of their relationship and agree that a confrontation between the two would be disastrous and difficult to control.

- Fourth, Washington and Beijing should increase military transparency through exchanges, dialogue, and cooperation. Such cooperation should include a formal, high-level dialogue on nuclear weapons and strategic stability.
- Fifth, expanding the zone of cooperation between the U.S. and China should be a core goal of the relationship, and both sides should identify a range of issues on which they see real potential for enhanced bilateral cooperation.
- Sixth, the two sides should identify one or more areas that are particularly ripe for cooperation and use upcoming summits or other high-level leadership meetings as action-forcing events to energize their respective bureaucracies to develop plans for cooperation.

On the last point, the U.S. insistence that the cyber issue needed to be addressed at the September 2015 summit resulted in an unprecedented bilateral understanding on this sensitive issue. Needless to say, the proof of the value of this understanding will be in insuring that it is fully and faithfully implemented. Building on this experience, a valuable issue for future high-level focus should be the challenge posed by North Korea, which is today greater than it has ever been.

### **The North Korea Challenge**

North Korea is an urgent and dangerous problem for the United States and East Asia. It is the main challenge to regional peace and stability today.

Perhaps no regional foreign policy or security challenge has absorbed as much attention and effort as North Korea in recent years. The United States and like-minded countries have tried diplomacy, economic and political sanctions, informal dialogue, isolation, threats, and accommodation as they have sought to end North Korea's pursuit of nuclear weapons. All these efforts have failed, and the danger posed by North Korea is growing.

It is now seven years since the Six-Party Talks—the multilateral forum designed to achieve North Korea's denuclearization—last met. It is more than a decade since the conclusion of the September 19, 2005 agreement—the Six-Party agreement in which North Korea explicitly committed itself to denuclearization in return for an array of benefits and a fundamental transformation of relations with the United States and the international community.

Today, the Six-Party Talks and the September 19 agreement seem like distant memories as the region watches North Korea developing its nuclear and missile programs to newer and more sophisticated levels, virtually unrestrained by anything other than its own resources and ambitions. And the North's ambition to become a credible nuclear power is on its way to being achieved. Pyongyang made this point suddenly and dramatically when it conducted its fourth nuclear weapons test on January 6, 2016.

While the test may have been of a fission bomb, not the fusion weapon that Pyongyang claimed, the successful test of a nuclear weapon by Pyongyang and the strong North Korean statement that announced it demonstrated that the North Korean regime has not slowed in its determined pursuit of nuclear weapons.<sup>10</sup>

North Korea has perfected two paths to fissile material production for nuclear weapons—uranium enrichment and plutonium reprocessing. By now, the North Korean regime may have new uranium enrichment capabilities in addition to the known facility at Yongbyon. Pyongyang is building a light-water reactor that would give it additional capacity to produce fissile material.

North Korea has also developed intermediate-range, road-mobile missiles that, when deployed, would give it the ability to strike a range of regional targets, including targets on U.S. soil, with nuclear warheads. Senior U.S. experts have stated that North Korea has probably succeeded in developing miniaturized and shielded nuclear warheads—a key requirement if Pyongyang is to be able to attack targets as far away as the United States.<sup>11</sup> The test on January 6 could have been of such a warhead.

Nuclear weapons constitute, together with economic modernization, the twin pillars of the North's *byungjin* national development policy. Reliance on nuclear weapons is the centerpiece of North Korea's plan for regime survival in the face of what Pyongyang perceives to be a "hostile" international environment and the "threat" posed by the United States. These points were explicit in the January 6 statement.

We should also not underestimate the degree to which nuclear weapons and ballistic missiles have become symbols of the regime's power and prestige as Pyongyang tries to gain the respect and attention of the international community.

For Kim Jong Un, who came to power four years ago with a need to demonstrate both that he was up to the task of ruling North Korea and that he was a force to be reckoned with, nuclear weapons have become a valuable, even indispensable, tool. And as Kim prepares to chair the first Korean Workers' Party Congress in 35 years this spring, he will be able to point to nuclear weapons development as one of the successes of his leadership.

North Korea has declared itself a nuclear weapons state. This principle is now enshrined in its constitution. Pyongyang's rhetoric and actions today treat its nuclear capabilities as a "given"—not a subject for concession or negotiation. While the United States and its partners may declare that they "will not accept North Korea as a nuclear state," the reality is that the regime is well on its way to becoming just that.<sup>12</sup>

It came as no surprise that an important overture by President Obama to engage North Korea in a dialogue on denuclearization was ignored by Pyongyang.<sup>13</sup> Instead, Pyongyang proposed "peace talks" and the conclusion of a peace treaty with the United States. This proposal is consistent with a pattern of North Korean rhetoric that seeks to change the subject of any future dialogue with the United States from denuclearization to peace talks and "arms reduction," the latter a now-familiar euphemism for the end of the U.S.-ROK alliance, the removal of U.S. troops from the Korean Peninsula, and the end of the U.S. nuclear umbrella over Korea and Japan.

For decades, U.S. efforts to engage North Korea sought to test Pyongyang's sincerity and its interest in denuclearization. North Korea has failed this test. As a result, the United States and the international community face tough choices ahead as they deal with the reality of a North Korea that has no intention of giving up what it sees as the key to its survival.

After all that has been offered to Pyongyang over the years to convince it to denuclearize, it is hard to imagine what else might be used to induce the regime to give up its nuclear program. Experience has taught us that it not overly cynical to think that any renewed negotiations to end Pyongyang's nuclear pursuit would have little chance of succeeding.

This dismal situation faces the current U.S. administration and will confront the next team of U.S. policy makers as they contemplate how to deal with the challenge of a nuclear North Korea. And as they weigh their options, they are likely to come to the same conclusions many non-government U.S. experts have, including that:

- Reliance on conventional diplomacy and existing sanctions is unlikely to compel the North Korean regime to resume implementing its denuclearization commitments or stop its nuclear program.
- Military action or forcible regime change are likely to remain unacceptable or unrealizable means for achieving the denuclearization of North Korea.
- A nuclear-armed North Korea with the ability to strike or threaten regional targets with nuclear warheads will generate profound concern among U.S. regional allies and partners, particularly Japan and the Republic of Korea;
- It will raise questions about the U.S. commitment to defend its allies using its strategic arsenal;
- It will create demands for more explicit U.S. commitments and extended deterrence assurances by the United States;
- And it will fundamentally alter security dynamics in the East Asia region.
- Additional U.S. steps to reassure and defend its allies, particularly new deployments of missile-related defenses and the designation of additional military assets to deal with Pyongyang's threat are likely to complicate relations with the PRC, which will see these steps as devaluing China's own strategic arsenal.

U.S. policy makers will probably also conclude that Pyongyang would not use its nuclear arsenal for fear of massive retaliation by the United States. For the United States, the greatest danger in the coming years may not be that North Korea would use nuclear weapons against these targets, even though Pyongyang has said that it would. Nevertheless, policy makers would be deeply remiss in not taking into account the possibility that North Korea might miscalculate and do what it has promised to do.

In addition, North Korea's possession of deliverable nuclear weapons would enable it to engage in nuclear blackmail in the event of a regional crisis. It would increase significantly the possibility of proliferation by the North and could prompt North Korea's non-nuclear neighbors to consider developing their own nuclear deterrent. Op-Ed writers and some political leaders in South Korea are already calling for this.

As they look to the rising challenge posed by North Korea, American policy makers are certain to conduct a reassessment of U.S. policy. Their review will be necessitated by the realization that the North's acquisition of nuclear weapons and missile delivery systems is creating a new and dangerous situation in East Asia.

The policy choices that grow out of this review should be driven by the conclusion that only by escalating pressure on North Korea, narrowing the regime's choices, and enhancing regional and international cooperation to deal with the threat can the United States hope to convince Pyongyang to reconsider its development of nuclear weapons. Policy makers may also conclude that only by threatening what the North Korean regime holds most dear—the stability and survival of its system—can the United States hope to change Pyongyang's policy and priorities.

The tool kit that the United States could draw on to carry out such an approach might consist of some or all of the following:

- Tougher, targeted economic sanctions, including on the North Korean banking system and on financial flows that sustain the regime.
- Economic and financial measures, implemented with the support of North Korea's trading partners, designed to limit Pyongyang's access to foreign exchange, fuel, and other essential commodities.
- Enhanced deterrence steps, including the deployment of missile defense assets to the region, increased force deployments to counter the North's nuclear and conventional threats, more explicit public warnings to the North, and high-profile public statements of assurance to U.S. regional allies.
- An increase in the tempo and scope of joint and combined military exercises on and around the Korean Peninsula.
- Expanded efforts to interdict North Korean ships and aircraft suspected of sanctions violations or trafficking in WMD.
- An increased focus on the North's dismal human rights record in the United Nations and other international fora.
- More efforts to increase the flow of information into North Korea by radio broadcasts, DVDs, and other means.
- Covert steps designed to undermine North Korea's ability to support financially its WMD-related programs.

At the same time, U.S. policy makers might conclude that such an approach should usefully be accompanied by a renewed emphasis on diplomacy to give the North Korean regime an "off-ramp" to re-engage in dialogue.<sup>14</sup>

Policy makers will also recognize that securing Chinese cooperation will be critical if increased pressure is to succeed. A single-minded focus on pressure alone is unlikely to win Chinese support. However, if combined with a serious effort to restart bilateral (U.S.-DPRK) and multilateral dialogue, Beijing's support might be obtained, although we should not underestimate how difficult this will be.

The PRC's relationship with North Korea has become increasingly complex and difficult. In the past, Beijing's approach to dealing with Pyongyang was driven by a desire to maintain stability on the peninsula and avoid conflict on its Northeast border. Other concerns, even those created by Pyongyang's acquisition of nuclear weapons, have usually been subordinated to the priority of stability.

However, with North Korea's continued military provocations, threats to use nuclear weapons, and with Pyongyang approaching the point at which it will pose a credible nuclear threat to its neighbors, Beijing may be inclined to reconsider the wisdom of its past approach.

The January 6 nuclear test was nothing if not a slap at China, which had tried to improve relations with the DPRK in late 2015 and dispatched a senior member of the CCP Politburo to Pyongyang with the understanding that North Korea would forego provocations, including nuclear and missile tests. Beijing was almost certainly stunned and humiliated when North Korea began 2016 with a nuclear weapons test near the Chinese border.

But despite China's ire, we should not expect China would abandon its only treaty ally. Importantly, many in China remain convinced that the United States bears as much responsibility as North Korea for the current situation.

Despite China's reluctance to increase pressure on North Korea, concerns are rising in China about North Korean behavior. It remains to be seen whether the recent nuclear test will prompt Beijing to work with the United States and others in developing a strong common response to this latest provocation.

But if the latest nuclear test and the insult it conveyed to China do not convince Beijing that the time has come to use its leverage against North Korea, than nothing is likely to do so. Should China not be prepared to cooperate in putting in place additional sanctions and other measures to deal with the emerging North Korean threat, the United States and its partners must be prepared to work without Beijing's support, but leave the door open to Chinese participation if the PRC reconsiders its position.

Meanwhile, Beijing understands that North Korea's development of nuclear weapons and missile delivery systems provide a powerful rationale and justification for U.S. military deployments and exercises on and around the Korean Peninsula—with implications for China's own security. If anything, the recent test increases the likelihood that the United States will ramp up its military posture on and around the Korean Peninsula.

Quiet, official, high-level dialogue between the United States and China (a dialogue that should also bring in the Republic of Korea) will be crucial to the development of a common approach to deal with the emerging threat from North Korea. Importantly, Chinese experts are increasingly willing to acknowledge privately that Beijing's policy approach has also failed and is in need of reassessment. And with the North's nuclear weapons and missiles on the verge of changing security dynamics in the region, China has an incentive to reconsider its traditional support for the North.

American policymakers should encourage such a reassessment and underscore U.S. preparedness to work more closely with China, together with the ROK, in shaping the future of the Korean Peninsula in ways that would eliminate a source of regional instability and accord with the aspirations of the Korean people, as well as with the interests of both the United States and the PRC.

Towards this end, U.S.-PRC-ROK discussions should ultimately include frank and quiet dialogue about issues connected with Korea's eventual reunification, including the status of U.S. troops in a reunified Korea, a united Korea's military capability, the management of refugees, and the disposition of the North's nuclear weapons and other WMD. The resolution of these issues could provide important reassurances to China about the future of the Korean Peninsula.

In the absence of Chinese willingness to be more cooperative in applying pressure on the North Korean regime, dealing effectively with the North will be difficult. Pyongyang understands this and is likely to seek to manage relations with China, as it has in the past, in a way that ensures continued PRC tolerance for its behavior and support for its existence.

If Pyongyang succeeds in doing so, the regime will continue to make significant strides in developing nuclear weapons and missiles, and pose an even greater challenge to the United States and like-minded countries. The current U.S. administration has been able to defer making the tough decisions to deal with the regional implications of a nuclear-armed North Korea. The recent nuclear test has now made clear that putting off these decisions is no longer an acceptable option.

### **A Final Word—"Wildcards"**

China and North Korea may be the most prominent policy challenges facing the United States, but they are by no means the only ones. U.S. policy makers face the prospect of sudden developments—"wildcards"—that could roil the region and increase regional tensions.

One of these is Taiwan, where a victory by the opposition, pro-independence Democratic Progressive Party (DPP) in the January 16, 2016 presidential election has unsettled the PRC. How will Mainland China respond to the DPP victory? Will Beijing continue to think that time is on its side and that eventual unification is in the cards, despite the DPP victory, growing Taiwan identity, and increasing mistrust of the Mainland in Taiwan?

Will China's leaders accept an alternative to the "1992 Consensus"—the artfully ambiguous one-China formula that has bridged cross-Taiwan Strait differences, but which is not accepted by DPP leader and President-elect Tsai Ing-wen? Could growing economic and social difficulties in the PRC prompt Xi Jinping to distract a restive population by using nationalistic fervor over Taiwan? The answers to these questions will determine whether Taiwan once again becomes a flashpoint in East Asia.

Elsewhere in East Asia, what about Japan-Korea relations? Will they continue to improve, building on the recent breakthrough agreement on the "comfort women" issue? Or will either Seoul or Tokyo retreat from their commitments in the agreement and cause this emotional issue to once again damage bilateral ties and undermine trilateral cooperation with the United States?

And what of Japan-China ties and their dispute over the Senkaku/Diaoyu Islands? Does China's military challenge to Japan's control over the islands and Japan's determination not to yield on sovereignty mean that the two powers are inevitably headed for confrontation? Or will the fact that the two sides have been taking halting steps to improve ties lead to an agreement to disagree on the islands and a reduction in tensions?

For East Asia, a region being transformed, the issues addressed in this paper represent formidable concerns. For U.S. policy makers, they are important challenges, the successful management of which will provide an opportunity to demonstrate American leadership in a region eager to see America play the role that only it can.

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# U.S.-China Relations

*by Stephen M. Young*

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## Introduction

Contemporary history of U.S.-China relations dates back over four decades, beginning with President Richard Nixon's historic visit to Beijing in 1972. The key motivation back then was to make common cause against the Soviet Union, which seemed intent on projecting its global ambitions in opposition to both Washington and Beijing.

Relations developed slowly, with diplomatic recognition occurring only late in the Carter Administration, following protracted wrangling particularly over the controversial issue of America's historic relationship with Taiwan. Deng Xiaoping's economic reforms allowed bilateral trade and investment to begin taking off in the eighties. But the shock of Tiananmen in 1989 setback political ties, even as the Soviet threat that initially drove Nixon's and Carter's overtures was evaporating with the collapse of the USSR two years later.

Deng's shrewd focus on continued economic liberalization through the 1990's and into the new century saw rapid expansion of bilateral trade ties, even as the political chill lingered on for several years. The 21<sup>st</sup> century has seen Sino-American ties expand in both economic and political terms, despite the continuing fundamental differences in our two political systems.

We have now seen remarkable continuity in U.S. policy toward the People's Republic of China (PRC) through eight presidents, with the theme of active engagement and careful management of our differences characterizing the relationship. Yet each presidential election cycle, the debate over just how to deal with China is renewed by the candidates.

Both candidate Bill Clinton in 1992 and candidate George Bush in 2000 took a tough line on China, only to shift to a policy more grounded in engagement and promotion of economic and trade ties once they took office. The fact is that every one of our recent leaders has embraced the fundamental necessity of forging good ties with the PRC.

This has by no means meant ignoring fundamental differences in our systems. But it has become almost gospel that China is too big and important to ignore, both economically and politically. Thus the task at hand has been to carefully manage our differences but also speak to our values when necessary. Yet in the balance, the decision has always been to continue to work closely with those in power in Beijing on a whole range of bilateral and international issues.

As the year 2016 begins, U.S.-China relations face several pending challenges, even as the overall tenor of this key relationship remains in generally good health. The successful exchange of State visits by Presidents Xi Jinping and Barack Obama in the past year and a half put a healthy stamp on what is generally acknowledged as the single most important bilateral relationship in the world. Yet a number of question marks hang over the relationship going into our election year.

One key shared security concern is the growing threat posed by North Korea's accelerating nuclear programs. Another centers on the South China Sea, and American concerns that China has introduced an element of militarization to that critical center of global navigation. Finally, there is the perennial issue of Taiwan, where China's threat of potential military action clashes with America's commitment to the use of peaceful means only in resolving cross-strait issues.

### **Managing a Complex Relationship**

Despite the effort to put a positive gloss on the relationship, the American side has demonstrated growing concern over Beijing's aggressive assertion of sovereignty rights to both the South and East China Seas. A November 2015 "innocent passage" exercise by the USS *Larsen* near an island in the South China Sea claimed and occupied by Beijing demonstrated the stakes involved. This followed earlier public American support for Japan's claim to islets in the East China Sea. Together, these two issues have laid down a marker of Washington's growing concern over the tenor and substance of Beijing's controversial territorial claims.

Concern over China's suddenly shaky economic prospects has been sparked by recent jitters in the Shanghai Stock Exchange, as well as government-driven devaluation of the RMB. Analysts have long anticipated the slowdown of annual PRC growth rates from their unsustainable double-digit growth of the past 25 years. The recent slump there has added to global concerns over an economic slowdown, driven in part by dropping demand from the world's second largest economy for commodities from Africa and the Middle East to Australia and Canada.

Despite an overall positive tone to President Xi's Washington visit last fall, the Obama Administration finds itself quarreling with Beijing over continuing allegations of hacking and cyber warfare. There has also been growing concern over Chinese attempts to capture intellectual property rights or IPR from U.S. corporations doing business in China.

The next U.S. president, especially if he is a Republican, will likely lead with some fairly blunt criticism of China on such key topics as trade, territorial issues and human rights. Yet if history is any guide, these tensions will eventually morph into the commitment to engagement and mutual benefit that has consistently characterized U.S.-China ties. But this transition may take place only after an initial stage of traded accusations and vague Presidential promises to the electorate to "get tough" with China.

The current situation is clouded by new signs of a shift toward more hardline politics within China. Since taking office in 2012, President Xi Jinping has in general evinced a tougher stance on a variety of domestic and foreign policy issues, as he has steadily solidified his leadership position back home. He appears to have declared war on efforts within China to broaden the scope of civil society, through a domestic crackdown of broad proportions. Xi's aggressive assertion of Chinese maritime sovereignty has also led to particular frictions with Japan, the Philippines and Vietnam over territorial disputes. That said, after a few rocky years, the tenor of Sino-Japanese relations recently seems to have quieted down a bit.

At the same time, North Korea's continuing development of its nuclear and rocket programs has alarmed both the United States and many of the Hermit Kingdom's neighbors in Asia. The North's January 2016 "hydrogen" bomb test has heightened concern about the rogue state's military capabilities, even if some of its claims are disputed. China has demonstrated its verbal annoyance with erratic DPRK leader Kim Jong-un, but has been seen as reluctant to back this rhetoric up with concrete sanctions that might bring Pyongyang to bay.

Curtailling shipments of energy products to the North would elicit the most pain, but this measure has thus far been taken off the table by China. Beijing seems worried that a destabilized North Korea would trigger refugee flows and a possible reunification under South Korean leadership should the North collapse. Conventional wisdom holds that China would find such a situation unacceptable, fearing that a united Korea under Seoul's leadership—with a possible continued American military presence—would represent a major security threat to the country. As this is being written, attention turns to upcoming United Nation Security Council deliberations aimed at addressing the DPRK's continuing provocative acts as it pursues a nuclear status no major power is willing to accept.

China's tolerance of Vladimir Putin's aggressive policy toward his neighbors—particularly the seizure of Crimea in early 2014 and the continuing bullying of Ukraine, the Baltic States and Georgia—has angered both Europe and the U.S. What seems to hold the two Asian neighbors together is a sense of ideological affinity (they are both decidedly hostile to democratic processes at home) and a shared concern over the United States' "hegemonic" behavior in the world. That said, Moscow currently needs China more than Beijing needs Russia, so one should anticipate some tension in that relationship going forward.

At the same time, we should not underestimate the many areas of common interest between the U.S. and China. The two countries have made notable progress in embracing the need for more forceful policies addressing climate change, with a Chinese commitment to cap its carbon emissions by 2030, if not sooner, as one major area of continuing cooperation. This decision is seen by many as a factor encouraging other major powers to take global warming more seriously.

Yet should the Republicans regain the White House in 2017, the next President may be less eager to address this issue, given the domestic politics of climate change. Such a development could shift the current positive dynamic of U.S.-China cooperation on climate change in a less positive direction.

The economic ties between our two countries make this bilateral relationship the most consequential in the world in the area of trade and investment as well. That said, the latest indications are that China's economic juggernaut is beginning to slow down considerably after a couple of decades of double-digit growth.

The volatility of Chinese stock markets is a byproduct of this recent shift, though considerably less of the Chinese market is reflected in the Shanghai Exchange than is the case in America, where our exchanges are more closely linked to the overall economy. Protectionist efforts by China to depreciate the RMB are also a concern to its global trade partners, even as its currency has recently become a part of the IMF global currency mix.

Efforts to negotiate a Bilateral Investment Treaty (BIT) have been proceeding, despite broad U.S. concerns over cyber-security and trade balances that trouble economic ties. The U.S. has thus far pointedly not invited China to become a member of the Trans-Pacific Partnership (TPP), arguing that it would not meet the high standards of this emerging trade agreement. Meanwhile China has created new groupings like the Asian Infrastructure Investment Bank (AIIB) to which Washington has adopted an aloof stance.

Human rights and democracy have long been a sore point in U.S.-China relations, and this is unlikely to change anytime soon, no matter which party wins the American presidency this fall. President Xi has demonstrated a strong authoritarian streak in his domestic policies, even as he has concentrated more power into his hands.

Xi has further curbed any expression of opposition to party rule or attempts to advance the rights of women, minorities (e.g. Tibetans and Uyghurs) or other disadvantaged groups. Xi has made clear his opposition to any relaxation in freedom of the press in the PRC. All of these disturbing trends have unfolded in the face of consistent American calls for improvements in this area.

More broadly, Xi has shown no interest in opening up the stifling political system to any challenges, either within or outside the communist party he rules. Moves to sideline any rivals to his own personal rule have made Xi Jinping both the strongest and most hardline Chinese ruler since Deng Xiaoping over 25 years ago. He seems to take Mao Zedong as his inspiration, despite still raw memories among the older generation of the Chairman's disastrous policies during the Great Leap Forward and Cultural Revolution.

A concrete example of this oppressive policy direction has been President Xi's tough stance toward Hong Kong. Any hint that the former British colony could utilize the concept of "one country, two systems" to broaden its own system of governance was quashed in 2014. This occurred as Beijing narrowly defined the concept of "universal suffrage" in the process of selecting the territory's legislative or executive bodies.

President Xi seems unconcerned both by international criticism over this situation, or by the chilling message it sends to Taiwan over its own democratic system. All of which makes real progress in cross-Taiwan Strait relations rather doubtful in the near-term.

President Xi gained some positive press for his November 2015 Singapore meeting with Taiwan President Ma Ying-jeou. But as widely expected, Ma's Kuomintang party was thoroughly thrashed in Taiwan's January 2016 elections, and his lame duck presidency will end on May 20 of this year. President-elect Tsai Ing-wen gained a strong mandate to rule the island, with her party winning control of the Legislative Yuan for the first time ever.

While she will be careful not to gratuitously anger her large neighbor, neither will Madame Tsai or her party be eager to explore closer political links to the Mainland anytime soon. It remains to be seen whether Xi Jinping might seize upon Taiwan's elections to curtail or reverse the current vigorous pursuit of economic engagement between the two sides.

This could do some damage to Taiwan's economy, but might also have a deleterious effect on China trade as well, and would likely further the disillusionment of the Taiwan electorate over cross-Strait relations. Support from America, Japan and other trade partners would go some way toward blunting the impact of any slowdown in Chinese trade and investment. Even without this complication, should China's economy continue to falter, all its Asian—and global—partners would feel the impact of a cooling PRC economy.

China's aggressive behavior in the South and East China Seas has alarmed many of its Asian neighbors. This anxiety has bolstered President Obama's "Asian Pivot," launched back in 2012 in no small part as an attempt to curb a rising China's regional ambitions.

Vietnam has reacted by seeking to draw closer to Washington. U.S.-Japan relations remain solid, with Washington making clear its defense commitments to Tokyo would come into play should China overplay its hand in the Senkaku/Diaoyu Islands. The Philippines has abandoned its earlier ambivalence toward close defense ties with America as a result of Beijing's ham-handed efforts to intimidate Manila over territorial disputes. Seoul may reconsider its warming trend with Beijing if China shows little willingness to respond in concrete and tough terms to North Korea's accelerating nuclear program.

Other Asian powers are also concerned by Chinese aggressiveness, on territorial and economic issues. This includes countries as far afield as Australia and India. But none of our Asian partners wants to see Washington's relations with Beijing deteriorate significantly. Our friends throughout the Asia-Pacific area will be anxious not to get too caught up in Sino-American tensions if they can, given their dependence on China for trade and America for security assurances.

Hopefully regional fora like APEC, ASEAN-plus, the East Asia Summit (EAS) and the Asian Development Bank (ADB) will provide venues for constructive exchanges on these issues, and ameliorative actions where warranted. The emergence of China-centric organizations like Shanghai Cooperation Organization (SCO), AIIB and the Regional Comprehensive Economic Partnership (RCEP) offers Beijing new platforms to emphasize its growing influence in the region.

But thus far none of these newer groups seems capable of replacing the dominant role of earlier established regional fora mentioned above. Some issues may gravitate to the United Nations, but that seems less likely as a forum for resolving emerging regional disputes than bilateral and regional channels of communication.

In sum, there is no shortage of regional and global issues, both economic and security, which could pit the U.S. against China in the coming months. China looks likely to remain an issue in the American presidential competition through much of 2016, and will present the next U.S. President with some clear challenges.

Yet the history of Sino-American ties since 1972 suggests a solid bipartisan consensus in American politics that constructive relations should be maintained, even as differences will test the resolve of leaders in both nations. China has become accustomed—even if it doesn't like it—to the perennial questioning of the basis of our bilateral ties by ambitious presidential candidates.

Experience suggests that whoever takes the oath of office before the Capitol next January will embrace the broad contours of U.S.-China relations as he or she surveys the global situation. Even if the next American President enters office espousing a tough approach to China, the past record has shown that the need to engage Beijing will far outweigh any temptation to pull back on bilateral ties as a result of continuing differences.

The bigger challenge ahead to both sides may not be the familiar list of bilateral irritants (trade deficits, human rights, regional disputes, etc.) Rather, it could be a major global economic slowdown, whether triggered by Beijing, Washington or other players that threatens all concerned. Global acts of terrorism also come to mind, as do further aggressive efforts by North Korea to threaten regional security.

Following this broad overview of the relationship, here is a recap of the major diplomatic, security and economic issues confronting the U.S. on China, along with some specific policy recommendations.

## Policy Recommendations

### *I. Overall relations*

Looking ahead to this fall's U.S. elections, whoever emerges as the next American president must enter office in January 2017 understanding how critical it will be to continue careful management of our ties with Beijing. This will include both regional peace and stability in the Asia-Pacific, and global tranquility. He or she can obviously put their stamp on the relationship, but one must hope there will also be adequate appreciation of the importance of continuity.

This management begins and ends with a commitment to deep engagement and robust dialogue. There will be many players on both sides, but with the most important are the two nations' leaders. The next American president can draw on the experiences of past administrations, but should look for early opportunities to put his/her own spin on the management of the relationship.

Hopefully the next occupant of 1600 Pennsylvania Avenue will seek early opportunities to interact with the PRC leadership, including in both bilateral and multilateral fora. He/she will set the tone for lower-level engagement by our diplomats and the many departments of the U.S. government that have a role in today's complex bilateral relations with China.

#### Recommendations:

- It may sound simple, but dialogue, dialogue, dialogue! Communication at the top levels is essential. The next U.S. president should send an early signal to President Xi, laying out his/her commitment to certain principles and concepts for managing the bilateral relationship. An early visit to Beijing, as well as to our key allies in Seoul, Tokyo, Manila and Canberra, by the new Secretary of State would make sense.
- Continued participation at the highest levels in Asian gatherings, including APEC, EAS and ASEAN-plus, not only allows Washington to show the flag but also provides opportunities for quiet bilateral exchanges with key players from throughout the region, including President Xi and his top officials.
- This should also involve continued mil-to-mil contacts, in both directions, as well as visits by key cabinet-level officials in the economic, trade and finance departments.
- Receiving key PRC counterparts in Washington is all part of this same process. It can also involve side meetings at any variety of international fora, including the UNGA, IMF, ADB and the proliferating number of international gatherings that warrant participation by top governmental officials.
- Previous administrations have embraced annual bilateral meetings like the U.S.-China Strategic and Economic Dialogue (S&ED) and the U.S.-China Joint Commission on Commerce and Trade (JCCT) to permit senior officials to engage in discussions on a whole range of political, security, economic and trade issues. The next president should consider continuing this engagement in some form, adjusting to the incoming administration's top priorities. Whatever the format, the goal is to preserve the practice of regular high-level engagement between our two countries.

## *II. The Korean Peninsula*

North Korea continues to stand out as the “bad boy” of the region, under the opaque but troubling rule of Kim Jong-un, the third generation of a one-family dynasty that has kept this nation in the crosshairs of American and global concern now for nearly seven decades. Despite longstanding efforts by the major parties of the Six-Party Talks (China, the U.S., Russia, Japan, North and South Korea), Pyongyang has continued to pursue aggressive efforts to develop nuclear weapons and long-range missile systems to deploy them.

The January 2016 underground test of a “hydrogen” bomb is just the latest stage of disturbing North Korean efforts. (Note: most experts dispute that the North has the technological know-how to build or test a hydrogen bomb, but acknowledge that the recent test was of a larger magnitude than earlier such tests.)

The world has also been concerned by advances in DPRK missile technology, with the avowed aim of securing ICBMs that could directly threaten the U.S. mainland, as well as North Korea’s Asian neighbors. There is also widespread concern that North Korea may be sharing its technology with other rogue states around the world.

All of this is happening against the backdrop of misrule by young Kim that most outside analysts believe has left the country destitute and impoverished. Pyongyang remains dependent on energy imports as well as other supplies from the PRC, given international sanctions that curtail most other strategic imports to the country.

The question now is whether China is willing to further tighten shipments of energy to North Korea, or will insist that this would result not in improved DPRK behavior, but systemic collapse that would destabilize Northeastern China and thus be unacceptable to Beijing. Seoul, Tokyo, Washington, and possibly Moscow, would probably be willing to tighten the screws on Pyongyang. Continued talks through the United Nations Security Council (UNSC) will soon explore concrete ways to make the North understand its nuclear ambitions will never be acceptable, and will continue to exact a heavy price on the outlaw nation.

### Recommendations:

- Quickly develop a concrete set of tougher sanctions through the UNSC in response to Pyongyang’s January nuclear test. This should include a push to have China sharply reduce the shipment of vital energy supplies to the DPRK.
- In connection with this UN action, convene an early gathering of the Six-Party members (minus North Korea) to consider the best strategy for arresting North Korea’s nuclear program in the future.
- Working with our global partners, look for other steps that could raise the price on the North’s rogue behavior.
- Seek to engage China, Russia, South Korea and Japan in discussions of how to manage a possible implosion of the DPRK economy, with an eye to providing rapid assistance and managing refugee flows into China and other neighboring countries.

### *III. Territorial Disputes and Freedom of Navigation*

Beijing's more assertive tone with its neighbors in the East and South China Seas has been seen by our many partners in the region as threatening the shared goal of a tranquil and prosperous Asia-Pacific region. President Obama has highlighted the centrality of freedom of navigation in these regions, and has made clear Washington's concern over assertive unilateral claims by China to territorial waters and their islands.

When China began pushing a confrontational approach to the long-simmering dispute with Japan over the Senkaku/Diaoyu Islands in the East China Sea, a critical moment was reached as Washington made clear its treaty obligations. These included a commitment to come to Tokyo's assistance in the event of any external threat to territories occupied by Japan. Beijing may not have been happy with this declaration, but it almost certainly contributed to the subsequent lowering of tensions between China and Japan.

Similar attempts by Beijing to bully other claimants to the vast waters of the South China Sea also seemed headed toward greater confrontation with the several claimants to some or all of this strategic area. Yet President Obama and his senior advisers clearly enunciated the U.S. stance: all such disputes should be addressed through dialogue, not confrontation. They further urged that deliberations on their use should be grounded in freedom of navigation and the tenets of the UN Convention on Law of the Sea (despite Washington's failure to join this grouping itself).

China has subsequently appeared to be trying to lower temperatures in the region, but the record here is spotty. Beijing has been more assertive with the Philippines than any other claimant. Multiple attempts to deploy an oil rig into waters claimed by Vietnam have likewise posed real risks of renewed strife between Hanoi and Beijing. Malaysia, Brunei and Indonesia share serious concerns over China's hardline approach to the South China Sea that we should factor into our own overall approach.

#### Recommendations:

- Bilateral and multilateral dialogue between our political and military leaders on this and other security issues should continue, with new avenues for discussion considered as appropriate.
- An expanded format for senior military contacts should be instituted, some of which can be adopted from fora established with Moscow during the Cold War and carried on more recently between our military and the PLA. There is no better method for understanding one another's intentions than having the experts sit down together.
- This improved communication can also involve enhanced military hotlines to allow our two militaries to quickly detect and resolve incidents, whether in the sea, air or (less likely) on land.
- The U.S. should continue to champion freedom of navigation and respect for international law in Asian waters, and back that up with the maintenance of adequate military forces—particularly naval and air—deployed to the Asia-Pacific region.

- This military presence should include appropriate demonstrations of our stance through freedom of navigation exercises by our navy and flyovers of disputed claims by our air force. We should also encourage our Asian allies to follow suit, in challenging unilateral Chinese claims to sovereignty in disputed waters.
- We should also caution our friends and allies in the region to maintain their own capabilities, and provide appropriate military assistance toward this end.
- Optimally, the U.S. would back up our strong support for its tenets by ratifying the UNCLOS, though such action would require active cooperation across party lines in the Congress, something that has been difficult to achieve in recent years.

#### *IV. Human Rights*

American championship of fundamental freedoms, enshrined in international documents, has long characterized our broader dialogue with the People’s Republic. It has never been easy, and the Chinese have sought to assert cultural and societal differences to turn aside our concerns over the past 40-plus years. Yet over time, we have managed to institutionalize our contacts on this important topic.

These specialized exchanges must be reinforced at the highest political levels, including through raising our concerns at the Presidential and Secretary of State levels, as well as in working-level exchanges. Recent Chinese crackdowns on human rights activists, journalists, feminists, lawyers and other elements of the PRC’s nascent civil society, suggest President Xi’s redoubled efforts to push back on what most evolving societies accept as important channels of state-civil society dialogue.

Campaigns to suppress dissent in Tibet and Xinjiang have been particularly egregious in recent years. With 8 percent of China’s population representing non-Han minorities, it is critical that the United States continue to speak out when evidence of discrimination and repression of minorities is documented.

#### Recommendations:

- We should continue to publicly champion universal values to protect the dignity and integrity of the individual, and call China out when—as it has increasingly been doing under President Xi—it violates universal standards for the protection of individuals, communities and religious groups.
- From the President and Secretary of State on down, we must insist on raising our concerns when universally recognized standards of human rights protection come under assault in China.
- The next administration should also continue the longstanding practice of conducting regular human rights exchanges with relevant Chinese officials.
- We should draw attention to documented cases of Chinese human rights abuses wherever they occur. Special attention should be paid to the treatment of ethnic groups and territories, like the Tibetans, Uyghurs and other communities at risk.

- We should urge China to open a dialogue with the Dalai Lama on conditions in Tibet and other ethnically Tibetan regions of China.
- We should also throw a spotlight on documented incidents of suppression of Uyghurs, particularly in Xinjiang, including their freedom of expression and freedom to exercise their religious beliefs.

## *V. Taiwan*

Taiwan's democratic elections on January 16, 2016, could introduce new tensions in a long-dormant bilateral issue. Many worry that the PRC might decide to launch a new campaign of hostility at the island over its election of the Democratic Progressive Party's Tsai Ing-wen as President. Madame Tsai's party has long been associated with a quest for independence, though this has been downplayed in recent years. And while her recent statements have highlighted a desire to work constructively with the mainland, we can expect some heightened tensions in the run-up to Tsai's May 20 inauguration.

China has long objected to U.S. support for Taipei, and in particular to continued arms sales to the island. Yet American support has been consistent through multiple presidents of both parties, buttressed by the passage of the Taiwan Relations Act (TRA) in 1979 which followed the shift of U.S. diplomatic relations to the government in Beijing. Congress has been a special supporter of the island, and both Democratic and Republican administrations have also championed the safety and security of Taiwan and its 23 million people.

President Xi Jinping has suggested some desire to accelerate efforts to reunify Taiwan with the Mainland. That said, if anything the current attitude of Taiwan citizens, particularly younger ones, suggests less a sense of identification with either the Mainland or "Chinese-ness," in favor of a sense of being "Taiwanese."

The growing military capabilities of the People's Liberation Army (PLA) have alarmed most of its neighbors, but hold particular concern for Taiwan. Thus the American commitment to provide suitable defensive weaponry to the island has become, if anything, more urgent in current conditions.

The island's recent elections highlight the deepening split between Beijing's rhetoric and the attitude of the people of Taiwan. China is insisting that the Tsai Government, which takes office May 20, 2016, adhere to the "one-China principle" and the related "1992 consensus," which the current KMT Government under President Ma Ying-jeou has long embraced.

It remains possible that Xi will choose to exert greater pressure on Taiwan on the timetable and rhetoric of reunification in coming months. This will play directly into U.S. relations with the Mainland, as any sharper rhetoric or actions toward the island will become both a security and a political issue for the Obama Administration over the next twelve months.

Overhanging all of this is the American election process, which will yield a new President by the beginning of 2017. As usual, many candidates have been speaking in general terms of the need to take a harder line toward China on a variety of issues. While this has long been a staple of American political campaigns, the list of potential grievances seems longer than usual.

## Recommendations:

- The U.S. should continue the careful management of this sensitive issue by cautioning our friends on both sides of the Taiwan Strait to carefully weigh both their words and actions. That is, for China to adhere to strictly peaceful means of pursuing the cross-Strait relationship, while Taipei must avoid pushing the envelope on sovereignty issues that could cross a red line with Beijing.
- At the same time, respect for Taiwan's strong democratic system should continue to be a major part of our relations with the island.
- Continuing provision of suitable defensive weaponry to Taiwan, as mandated by the TRA, should continue.
- The U.S. military should also maintain its strong presence in the Asia-Pacific region.
- Washington must continue to speak plainly to Beijing about our long-term insistence that cross-Strait ties can only be pursued in the absence of the use or threat of force. A clear understanding that America stands by our friends in Taiwan on this issue must continue to be a central tenet of Sino-American dialogue.

## *VI. Hong Kong*

America has long taken an interest in the treatment of this former British colony, which the UK committed in the 1980's to return to PRC sovereignty in 1997. This is reflected both in the Hong Kong Relations Act (passed by Congress in 1992) and U.S. support for Hong Kong's continuing special status under the rubric "one country, two systems." This pledge covers the fifty-year period specified by both the UK-PRC agreement on Hong Kong and the Basic Law, promulgated by Beijing with active Hong Kong participation, in the run-up to 1997.

Controversy arose in 2014 after Beijing narrowly interpreted its own pledge to allow the former colony to select its legislature and top executive official (Chief Executive) under the principle of universal suffrage. Beijing insisted on a narrow selection process, governed by an Election Commission of 1,200 generally pro-Beijing businessmen and other representatives.

The widespread assumption has been that this process would yield only reliably pro-Beijing candidates, and therefore that the popular pro-democracy camp in Hong Kong would be shut out of the selection process. This led to a popular protest movement that fall, known as the "Umbrella Movement."

Students, young people and the general population joined in protesting the Beijing decision by occupying space in downtown Hong Kong, adjacent to the Hong Kong Government headquarters. In the face of Beijing's refusal to reverse its decision, the protests petered out in late 2014. However, the raw sentiments continue to fester today, and are unlikely to disappear in the absence of a shift in Beijing's current hardline stance.

A similar controversy will sharpen as elections for the Legislative Council approach later in 2016, since universal suffrage was likewise promised for that body's members, no later than the 2020 elections. As was the case with the Chief Executive, one can expect that China's definition of universal suffrage will not satisfy the many advocates of genuine democracy in Hong Kong.

The U.S. has consistently supported a broad definition of universal suffrage, one that encompasses both popular selection of candidates and an open and inclusive definition of the electorate. Thus mismanagement of the issue by Beijing could introduce another significant irritant into U.S.-China relations.

Any attempt to use force to suppress peaceful demonstrations would invoke memories of Tiananmen in 1989, particularly if PLA troops or other Mainland forces were part of the crackdown. In theory, such action would not be necessary, since Hong Kong has its own police forces. But there are also some 8,000 PLA troops garrisoned in the territory, and they could be mobilized in a pinch to support local forces.

Any major flare-up in either Hong Kong or Taiwan could quickly become a major problem affecting broader U.S.-China relations, something both Washington and Beijing fully understand. Hopefully that recognition will inject a great deal of caution into the treatment of these issues as part of the broader U.S.-China relationship.

#### Recommendations:

- The U. S. should continue its broad presence in Hong Kong, supporting both the large U.S. commercial sector there and the more than 10,000 American citizens who live and work in the territory.
- Washington must join other members of the international community in highlighting the importance to Beijing of respecting its commitment under the Sino-British Agreement and the Basic Law to permit a broad level of autonomy under its rule until 2047.
- There should also continue to be regular high-level U.S. visitors to Hong Kong in active support of the territory's broad autonomy, as well as the robust American business community there.



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# Thucydides (Clap) Trap: U.S.-China Relations in a Changing Asia-Pacific

by T.J. Pempel

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Viewing contemporary U.S.-China relations through the prism of “power transition” is dangerous and wrong. Nonetheless, “power transition” is a paradigm which has achieved high levels of popularity within both countries among international relations analysts as well as in the popular media.<sup>1</sup> It has become a predominant lens through which to view the evolving relations between China and the U.S. as well as the Asia-Pacific order more broadly.

Power transition theory draws from historical examples of conflict-riven shifts among major powers starting with that between Athens and Sparta in the Peloponnesian War and including subsequent transitions such that from Spain to the Netherlands, the Netherlands to France, France to Britain and eventually the challenges posed to order dominated by Britain and the U.S. by the rising power of Germany and Japan that culminated in World War II. Popularized as the “Thucydides Trap,” power transition theory draws on such historical experiences to argue that almost every declining regional or world hegemon, anxious about its impending loss of influence will be ‘trapped’ into military conflict with the rising power in pursuit of an alternative regional or global agenda. Each side is impelled to combat the other either to protect the preeminence under challenge or to gain a preeminence denied. Applied to East Asia today, this logic envisions China as the ascendant young chest-beater challenging America, the aging silverback long past its peak of power, no longer capable of retaining its prior supremacy over food and females. Military conflict and a dramatic power shift between them thus becomes largely a matter of time.

Most recently, Graham Allison, referencing the Thucydides Trap and drawing on sixteen historical examples of power transitions over five centuries, declared that “...war between the United States and China in the decades ahead is not just possible, but much more likely than recognized at the moment. Indeed, judging by the historical record, war is more likely than not.”<sup>2</sup> Slightly more tentative and hinging his predictions on Chinese domestic political developments, Aaron Friedberg contends that “If China stays on its current path...without becoming a liberal democracy, the present, muted, rivalry with the United States is likely to blossom into something more open and dangerous.”<sup>3</sup> Michael Pillsbury argues that the militaries of both countries are already preparing for war against one another.<sup>4</sup> John Mearsheimer is particularly blunt: “China’s rise... is likely to lead to an intense security competition between China and the United States, with considerable potential for war....China cannot rise peacefully.”<sup>5</sup>

Like many widespread views, power transition theory is not devoid of supporting evidence. Without question the speed with which China has closed the economic gap with the United States has been staggering; in 1980 China's GDP (as measured by purchasing power parity) totaled 10 percent that of the United States; today China's GDP has surpassed that of the U.S. Simultaneously China has been expanding its military capabilities at rates far outstripping those of the U.S. or its regional neighbors. It has announced ambitious plans to exert a larger influence over global finance and regional infrastructure developments; it is promising to create China's first world-class blue water navy; and of late the country has been particularly vigorous in asserting irredentist territorial claims in the East China Sea and the South China Sea.

The U.S. in turn no longer occupies the peak perch of economic and military superiority that it did soon after World War II. Lately, it has been embroiled in a draining series of military conflicts in the Middle East and Central Asia while its domestic casino capitalists were triggering a major collapse in the global financial system in 2007-2008. The U.S. economy has only recently begun to recover from both. Meanwhile, domestic ideological antagonisms have paralyzed Washington's ability to reach policy decisions on critical items like budgets and infrastructure repair or less cosmic requirements such as confirmation of government officials or the science of climate change. Any government that cannot govern itself will find it impossible to lead the world.

Of immediate relevance to American influence in East Asia, since as early as 1992 the Pentagon has been pursuing a grand strategy of preventing the emergence of any "peer competitor" in the region. Its *Defense Planning Guidance* for 1994-99 declared that the United States "must maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional or global role."<sup>6</sup>

Even political leaders from both countries periodically season their rhetoric with flourishes suggesting that each is operating from an implicit, albeit reluctant, embrace of 'power transition' logic. Easy recent examples would include President Obama's justification of the Trans-Pacific Partnership agreement as "writing the rules of global trade before China does"<sup>7</sup> while President Xi Jinping for his part speaks of seeking an "Asia for the Asians," i.e. one in which U.S. power and influence is absent or significantly degraded.<sup>8</sup>

On its surface therefore power transition might appear compelling. Why then is it wrong? At least five major factors undermine the applicability of the conflict-riven power transition paradigm to US-China relations. The first refers to the basic claims of the power shift; the next four deal with the presumed inevitability of U.S.-China conflict.

The first point concerns whether or not an actual power transition is taking place. While the differences in relative military and other material strengths of the U.S. and China have indeed been narrowing, and despite the Pentagon's concerns over the Chinese military's potential for A2AD capabilities that could deny the U.S. military free and easy access to China's perimeter, it will be decades before the Chinese military can remotely gain regional, let alone global, parity with its American counterpart, let alone when that U.S. strength is considered in conjunction with the military muscularity of its regional allies. Similarly, China's GDP may have surpassed that of the U.S. on a PPP basis and will do so in nominal terms in 10-11 years. Yet China's population remains four times larger than America's leaving the United States with a still much superior per capita GDP, the real measure of a country's economic achievement. Being the world's *largest* economy is by no means synonymous with being the world's *most affluent* nation. Impressive as China's technological improvements have been since its 1979 reforms began, America's innovative edge and its lead in information technology and human resources remains considerable. Furthermore, the international political, social, educational, and cultural

appeal of the Chinese system beyond its borders remains scant while those of America, despite its many obvious flaws, retain considerable global appeal. In short, measured across multiple dimensions, China's overall material and cultural power in no ways poses a realistic challenge to the complex webs now supporting U.S. global and regional superiority. Any genuine power transition between the two is inconceivable for decades to come.

If a comprehensive power transition remains well over the horizon, multiple forces also mitigate against any "inevitability" regarding military conflict between the two. Endemic to the power transition logic is the high probability of a military clash between the declining hegemon fighting to maintain the "status quo" and a challenger anxious to upend it. This leads to a second point. There should be no presumption of clarity about any pre-existing status quo in today's Asia-Pacific. Nor are the U.S. and China are respectively locked into identifiable roles as defender versus challenger of that presumed status quo.<sup>9</sup> To date both countries have instead shown far more fluidity in adapting to changing realities.

The U.S. may seem rigid in its defense of such things as human rights, its "Cold War" alliance structure, and freedom of navigation. In turn, China, with its Asian Infrastructure Investment Bank (AIIB), may appear to be challenging the long established global financial structure centered around the World Bank, the International Monetary Fund (IMF) and the Asian Development Bank (ADB); or attempting to undercut existing maritime administrative controls with its nine dash line and its salvos in contested maritime space; or it may be denying the premises of an open internet through its domestic restrictions on citizen access.

Offsetting American efforts to safeguard a number of longstanding practices and principles, however, is the fact that the U.S. has long welcomed and contributed to China's economic development, just as it did that of Japan and Germany decades earlier. Equally, Washington has encouraged China's participation in numerous multilateral institutions from the World Trade Organization (WTO) to the International Atomic Energy Agency (IAEA) while also cooperating with China to forge new institutions such as the Six Party Talks or their own bilateral Strategic and Economic Dialogue. As well, Washington has accepted rules it did not set by joining organizations initiated by others including APEC and the East Asia Summit as well as the G-20 and the North Pacific Coast Guard Forum as easy examples.

Equally, China has eagerly joined and actively participates in countless multilateral bodies such as the WTO and the IMF, which required major accommodations within China's domestic financial and economic system in favor of rules the country had little role in shaping. China has been an engaged and rule abiding member of numerous other regional and global institutions while also being the world's most selfless provider of troops to international UN peace keeping missions.

What we see, instead of two scorpions eying each other warily from opposite ends of a bottle, are two countries in a continual and complex dance of pragmatic adaptation to changing realities. There is little evidence of unbending positions favoring continuity or change. Without a doubt the two countries' self-defined interests often clash. Such clashes will, like disagreements between any two countries, require acknowledgment and sometimes painful and uneasy accommodation but they need not result in military conflict. Two countries can be at odds without being at war.

Still a third counter to the logic of a conflict-laden power transition concerns the non-overlapping nature of the two countries' military and economic interests. Unlike prior historical transitions marked by wars, whether that between Athens and Sparta 2400 years ago or the U.S. and Japan in the 1940s or by the Cold War standoff between that marked U.S.-China relations of a few decades ago, the economic and security interests of today's China and the United States are divergent rather than mutually reinforcing. Their military postures may hint at a renewed Cold War bipolarity. China remains a protector of the DPRK and its relations with Russia have warmed, extending to the two countries' cooperation in the Shanghai Cooperation Organization (SCO) which some label an "anti-NATO."<sup>10</sup> The U.S. in turn continues to strengthen its security alliances with South Korea, Japan and throughout the Asia-Pacific.

Yet any such geostrategic bifurcation is offset by a thick network of financial, trade and monetary interdependencies that include investments, regional production networks, bond markets and trade ties. These weave close linkages that counterbalance separations in defense and security. Paradoxically, each country's ability to compete with the other now depends to a considerable degree on the other's sustained economic success. Where their respective militaries envision adversaries, their business leaders see profit-generating partners.

This economic interdependence leads to a fourth factor militating against conflict. Just as the two countries now are linked through complex interdependence, particularly in the economic arena, so have they found common grounds for collaboration in multiple arenas such as counter piracy actions in the Gulf of Aden, the Iran nuclear deal, economic responses to the Lehman Shock of 2007, cooperation through the Six Party Talks and recent bilateral agreements on cybersecurity and climate change abatement to mention only a few situations where mutual cooperation has trumped competition. The two countries' interests episodically clash, but equally noteworthy they frequently align. There is no reason to presume that going forward this mix will not continue. If the recent sailing of the USS Lassen near China's new maritime reclamation activities in the South China Sea, for example, suggests classic confrontational behaviors by both sides driving toward a power transition, the less well-publicized friendly visit by the USS Stethem to Shanghai a week later underscores the positive and ongoing military-to-military cooperation the two pursue on an ongoing basis.

Fifth and most importantly, the logic of power transition rests heavily on structural changes, primarily in the material power balance between two pivotal nation-states. Power transition's predictions of conflict afford little influence to the significance of agency (i.e. human choice). Under power transition logic "leaders" in each of the contesting powers emerge as little more than sock puppets responding to manipulations in service of shifts in material power. The appeal of parsimony offered by a theoretical perspective like power transition carries with it the drawback of teleology. Human beings can learn; they are more than lemmings compelled by some materialist DNA to march blindly off the same cliff as their historical predecessors. An awareness of the devastating consequences of the two world wars and the even more ominous destructive power of nuclear weapons helped keep the US and the USSR from direct military confrontation for over forty years. Equally, few political leaders in any of today's major powers, including China and the United States, envision war with one another as a viable mechanism by which to advance their nations' well-being.<sup>11</sup>

All of these factors weight strongly against the logic of power transition and its presumptions of probable, if not inescapable, conflict. Future relations between China and the United States, as well across the Asia-Pacific more broadly, are more likely to be characterized, neither by rigid defense of existing security and economic arrangements, nor by their obliteration at the hands of a rising power. More likely will be the less dramatic but more salutary process of uneasy accommodation as each state adjusts to the evolving challenges created by multidimensional regional and bilateral interdependence as well as the undeniable shifts in conventional power resources such as wealth and military strength.

This unfolding dynamic will unquestionably require adaptations—often painful adaptations—to new realities by all parties to that dynamic. However today’s extensive interweaving of military balances, complex interdependence, and overlapping spheres of cooperation are likely to deepen further, providing ongoing incentives to leaders in both China and the U.S. to continue their avoidance of military confrontations. “Uneasy accommodation” is far more likely to be a compelling course for leaders from both countries than is unrelenting animosity. But for this to happen, the leaders of China and the United States, along with those of other states in the region, must continue to enhance their cooperative and positive sum interactions while minimizing and managing interactions likely to be confrontational and zero sum.<sup>12</sup>

History defies teleology. Certainly that is also true of the theory of power transition. The future of U.S.-China relations and the future of East Asia are far from predestined. Rather the Asia-Pacific’s future will be created as the product of choices made by leaders today and tomorrow. Far-sightedness aimed at fostering a positive bilateral and regional order will be essential if such an order is to be forged. The first requirement of any such future however will be for leaders to avoid trapping themselves and limiting their creativity by presuming that their future is predestined to be conflictual. Only then can they avoid the strategic dilemma of imputing the worse intentions to one another and thus creating the downward spiral into mutual mistrust and conflict each allegedly seeks to avoid.

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<sup>1</sup> For the first major articulation of this theory, see: Organski, A. F. K. *World Politics*. New York: Knopf, 1958. Print. For a review of the theory and its potential application to China today, see: Lemke, Douglas and Ronald L. Tammen. “Power Transition Theory and the Rise of China.” *International Interactions* Volume 29. Issue 4. (2003): 269-271.

For an argument about the power transition beliefs among the militaries of both countries, see also: Pillsbury, Michael. *The Hundred-year Marathon: China's Secret Strategy to Replace America as the Global Superpower*. New York: Henry Holt and Company, 2015. Print.

<sup>2</sup> Allison, Graham. “The Thucydides Trap: Are the U.S. and China Headed for War?” *The Atlantic*. 24 September 2015. Web. 3 December 2015. <<http://www.theatlantic.com/international/archive/2015/09/united-states-china-war-thucydides-trap/406756/>>

A similar view is expressed by Christopher Layne: “Throughout the history of the modern international state system, ascending powers have always challenged the position of the dominant (hegemonic) power in the international system—and these challenges have usually culminated in war.” Layne, Christopher. “China’s Challenge to U.S. Hegemony.” *Current History* Volume 107. Issue 705: (January, 2008): 16.

<sup>3</sup> Friedberg, Aaron L., *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia*. New York: Norton, 2011. Print. 2.

<sup>4</sup> Pillsbury, Michael. “China and the United States Are Preparing for War.” *Foreign Policy*. 13 November 2014. Web. 4 December 2015. <<http://foreignpolicy.com/2014/11/13/china-and-the-united-states-are-preparing-for-war/>>

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<sup>9</sup> See: Johnston, Alastair Iain. "Is China a Status Quo Power?" *International Security* Volume 27. Issue 4: (2003): 5-56.

<sup>10</sup> Weitz, Richard. "China-Russia's Anti-NATO?" *The Diplomat*. 4 July 2012. Web. 4 December 2015.

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# Interview: Gerald L. Curtis—Japan’s ‘Coping’ Diplomacy, Challenged by Changing World Order

by Yoichi Kato

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The nature of Japan’s diplomacy can best be characterized as a “coping strategy,” according to one of the most distinguished experts on Japan in the United States.

“A coping strategy does not seek to set the international agenda; instead it takes the world order as given and focuses on how to respond,” Gerald L. Curtis, a political science professor at Columbia University, said in a recent interview with *The Asahi Shimbun*.

Curtis explained that Japan’s recently enacted national security laws, which expand the role of its Self-Defense Forces and enhance the alliance with the United States, is a case in point. But he warned that a “coping strategy” does not necessarily work well when “the world order is in flux,” as it is now.

He urged Japan and other regional states to use caution in responding to “what they perceive as the ‘new trends of the times,’” when the regional strategic balance is shifting from bipolar system with the United States unchallengeable supremacy to a more complicated multipolar world, in which China’s rise is an unpredictable but most influential factor.

Excerpts from his interview follow:

\* \* \*

**Question:** In September, Japan’s Diet passed a package of new national security legislations, which expanded the roles of the Self-Defense Forces for both defense of Japan and Japan’s contribution to the regional and global security. What is your assessment?

**Answer:** The legislation marks a further evolution in and not a dramatic departure away from Japan’s postwar security policy. Japanese policy has been evolving constantly, cautiously and pragmatically to respond to the changing realities of Japan’s international environment. Prime Minister Shinzo Abe has accelerated the process, but he has not changed the policy direction. I am quite certain that if he were to leave office tomorrow, that the next prime minister would continue the policies now in place.

However, there was a substantial difference in tone between what Abe said when he visited Washington in April and what he subsequently said when grilled about the legislation and new U.S.-Japan guidelines for defense cooperation in the Diet.

In Washington he characterized the agreement on the guidelines as the first of its kind, “a sweeping one in our post-war history.”

In his speech before Congress, he said, “We are resolved to take yet more responsibility for the peace and stability in the world. It is for that purpose we are determined to enact all necessary bills by this coming summer. And we will do exactly that.” And by saying that he seemed to affirm Secretary of State John Kerry’s comment two days earlier applauding, “the establishment of Japan’s capacity to defend not just its own territory but also the United States and other partners, as needed.”

After returning to Tokyo and finding himself confronted by a storm of criticism, Abe tried as hard to downplay the historic significance of the security legislation as he did to play it up in Washington. In the Diet debate Abe emphasized, “The use of force is strictly limited to measures for self-defense, not for the defense of any other country per se. Japan’s basic policy of defensive defense is not changed one iota.”

**Q:** Do you mean that Abe misled the United States?

**A:** No, I think he underestimated the intensity of public opposition to the legislation. I have no doubt that he believed what he said in Washington but that subsequently in the course of the Diet debate he realized that he had to reassure the public that Japan’s fundamental strategy would not be changed by the legislation.

Although the Diet session went on far longer than anyone had anticipated, the opportunity to have a substantive debate about security policy was never seized. The opposition parties used delaying tactics while they tried to goad the prime minister and the defense minister into saying something that would turn public opinion more strongly against them. Abe did not explain why the international situation required the policy changes he was championing in terms the general public could comprehend. Bundling 10 different legislative bills together made it virtually impossible to consider any one of them in sufficient detail. It is no wonder that the public ended up feeling confused and apprehensive.

**Q:** You once described Japan’s postwar “Heiwa Shugi” or pacifism as being “peculiar.” Do you think it has died out or has been further mutated through this process of legislating new security bills?

**A:** I don’t believe that Japan’s “Heiwa Shugi” has died out. Nor do I believe that it means pacifism as that word is generally understood. Pacifism means the rejection of the use of military force to defend the nation. Japanese for the most part accept that military force is needed for a credible defense. Otherwise there would not be widespread support for a security treaty with the United States that commits the United States not only to use its conventional military force, but to use nuclear weapons if necessary to defend Japan. “Heiwa Shugi” is opposition to having the Japanese military deployed overseas. It means that Japan should limit the role of the Self-Defense Forces to defending Japanese territory and that it should not use military power as an instrument for advancing its foreign policy goals. The public reaction to the security legislation is an indicator that “Heiwa Shugi,” or what I might call pacifism Japanese style, remains an important constraint on Japan’s use of military power.

**Q:** You have characterized Japan’s foreign policy as a “coping strategy.” Can you elaborate on that?

**A:** I have long believed that Japan’s foreign policy from the Meiji Restoration until now has been, for the most part, a kind of “coping strategy.” A coping strategy does not seek to set the international agenda, establish the rules of the game, or propagate a particular ideology. Instead it takes the world order as given and focuses on how to respond so as to minimize risks and maximize benefits for Japan.

A successful coping strategy requires an accurate assessment of the international situation and sound judgment about how to “cope” It is not surprising that the strategy was most successful when the world order was clearly defined, as it was during the latter part of the 19th century up to World War I and after 1945 during the Cold War years. Under the banner of “rich country, strong army,” Japan sought to meet Western imperialism on its own terms. After World War II, it rejected the Socialist Party’s call for unarmed neutrality and chose an alliance with the United States. During both periods Japanese foreign policy by any measure was remarkably successful.

Japan has gotten itself into trouble when the world order has been in flux, as it was during the period between the two world wars. The traditional language of Japanese diplomacy emphasizes the importance of aligning with “the trends of the times.” In the 1930s it fatally misread those trends, aligned with Nazi Germany and sought to move beyond coping to create its own order in East Asia. The result was the tragedy of the decade-long war with China and the Pacific War with the United States.

The world order is once again in flux. The new national security legislation reflects a coping strategy inasmuch as it is an effort by Japan to shore up the U.S. alliance to sustain a system that brought Japan security for so many decades.

**Q.** But isn’t Abe trying to grow out of this “coping strategy”?

**A:** Yes, the new national security legislation also hints at Abe’s desire to move beyond coping to craft a strategy that would give Japan a leadership role in shaping the evolving international system in East Asia. The challenge is to do that in a way that reduces rather than exacerbates tensions between Japan and its neighbors.

**Q:** In order to solve the history issues you pointed out that it “takes two to tango.” While Japan should face up to history, China needs to stop playing the history card. What’s the current status?

**A:** The situation today in Sino-Japanese relations is better than what it was a year ago. That is in part because Abe has not repeated the kinds of statements about Japan’s colonial and wartime history that angered people in China and Korea, and has avoided provocative actions like visiting Yasukuni Shrine again. It is also because Chinese leaders have concluded that their anti-Japan campaign had gone too far, contributing to a sharp decline in Japanese business investment in China, a sharp spike in negative views about China among the Japanese public and a strengthening of the U.S.-Japan alliance. But the changes for the better that we have seen this past year are the result of tactical decisions taken in both capitals. The central long-term strategic challenge Japan faces remains how to manage relations with an ever more powerful and ambitious China.

**Q:** And the Japan-Korea relationship?

**A:** Japan's colonial rule over Korea was both long and harsh. Memories of that period, passed down from one generation to the next in Korea, quickly produces an emotional outcry when provoked by comments by Japanese politicians and influential individuals that seek to deny government culpability in the management of the comfort women program or defend Japanese policy on the Korean peninsula in the first half of the 20th century.

In Japan the view that Koreans do not appreciate the efforts Japan has made to improve relations is popular not only on the right but more widely across the political spectrum. Koreans accuse Japan of lacking in sincerity; Japanese complain about the lack of clarity in what the Korean government expects Japan to do to improve relations and about Korean actions, such as the visit to the Takeshima islet by former President Lee Myung Bak, that are provocative. The emotional component in Korea-Japan relations, in other words, poses a major obstacle to the resolution of differences.

**Q:** If that is the case, when Korea achieved economic success, I thought they could overcome it, but the reality is they still can't.

**A:** I have been teaching about Japan for nearly 50 years, and never have I spent more time talking about historical memory of the colonization of Korea and the war with China than I have this year. The reason is clear. Japanese do not want to think about those terrible years and would prefer if they were not reminded of what Japan did to neighboring countries during that time. After the war Japanese turned their backs on the past and devoted themselves to rebuilding their country into a prosperous democracy. The result has been a veritable loss of memory of the realities of Japanese imperialism and war.

In Korea and in China, by contrast, there has been an intensification of memory of the wrongs committed by Japan more than 70 years ago. When Korea signed a normalization treaty with Japan in 1965, it was a desperately poor country. South Korea needed Japanese economic aid, and it also was under strong political pressure from the United States to normalize relations. Anti-Japanese sentiment was suppressed but it did not disappear. Years later, once Korea became democratic and economically successful, people could express emotions that had long been bottled up. And when they did so, they came up against a history invented by the right in Japan that denied the legitimacy of Korean views.

Nonetheless, I am hopeful that Korea-Japan relations are going to turn a corner in the coming year. I think the leaders of both countries recognize the importance of reversing the deterioration of political relations and the dangers inherent in having America's two most important allies in East Asia unable to get along well with each other. There is a dense network of personal ties and business relationships that bind these two countries. If President Park Geun-hye and Prime Minister Abe both demonstrate the political courage needed to resolve the comfort women issue, there is good reason to believe that rational considerations of national interest rather than emotional arguments about history will drive the relationship in the future.

**Q:** Judging from China's behavior in the East China Sea and the South China Sea, it seems apparent that China seeks hegemony. How should the United States and Japan respond?

**A:** It is far too early to assume that China's goal is to become the hegemon in East Asia. China, quite naturally enough considering its economic clout and its political weight, is determined to play a leadership role in international affairs. The United States, Japan and other countries in East Asia want to maintain a regional balance of power. This means that there is a need to engage China and give it a larger stake in the governance of the international system while at the same time balancing against it to maintain a political equilibrium. Effectively managing relations with China and avoiding military conflict is the challenge that is going to dominate international relations in East Asia for decades to come.

Dissuading China from believing that it should strive to be the hegemonic power in East Asia requires a continued strong U.S. presence in East Asia and also the acceptance of a greater role for China in managing the international system. The latter is what former Deputy Secretary of State Bob Zoellick meant when he spoke of China becoming a "responsible stakeholder." The kneejerk reaction both in Tokyo and Washington to reject the Chinese proposal to launch an Asian Infrastructure Investment Bank (AIIB) was shortsighted and ill-advised, especially once it became clear that every other country that was invited to join, including America's closest allies in Europe, had decided to do so. If we do not give China the space to be more responsible, Chinese will strive to carve out a space for themselves. That will make the relationship between China on the one hand and the United States and Japan on the other take on the character more and more of a zero-sum game in which one side's gain is necessarily perceived as the other side's loss. That is a future we must work hard to avoid.

**Q:** What do you think of the current status of Japan-U.S. relations?

**A:** I think U.S.-Japan relations are in very good shape. It is not just that we have a strong alliance. More important is that the relationship has impressive depth and breadth. Japan is a popular and respected country among Americans. Interest in Japan has been growing, not declining, among American college students. I have many students in my classes who became fascinated by Japanese popular culture--anime, food, manga, cosplay and so on--in high school who then come to Columbia and take advantage of the many courses we offer about Japan's politics, economy, society, literature, arts and history. The alliance and our economic relationship rest atop a wide and strong foundation.

**Q:** Then why has not the relocation of U.S. Marine Corps Air Station Futenma in Okinawa made progress? It has been almost 20 years since the return of Futenma was agreed upon. What went wrong?

**A:** I thought it was a mistake from the beginning in 1995 to build a new base anywhere in Okinawa. It would have been much better if the American government had pressed the Pentagon to place the Marine facilities at Futenma inside the Kadena Air Base or if the Japanese government had taken the political heat to move the base to another prefecture.

**Q:** But what do we do now?

**A:** That is more a question of the Japan national government-Okinawa relations than it is a matter to be resolved by the United States and Japan. The United States and Japan made an agreement two decades ago to build a base in the Henoko area. Abe has reaffirmed Japan's commitment to go forward with that plan. I do not see either side backing down. Abe may prevail but victory will exact a high cost in terms of Okinawan attitudes toward the national government and toward the Liberal Democratic Party (LDP). In the meantime the Okinawa base issue is like a ticking time bomb that were it to explode would cause immense damage to the U.S.-Japan relationship. The history of the way successive governments in the two countries mismanaged the Futenma relocation issue does not reflect well on either.

**Q:** The “pivot,” or “rebalance to Asia.” Is it working?

**A:** A lot of the talk about the pivot, rebalance, and America's return to Asia is based on a fundamental misconception. The United States never left Asia. It has not reduced its military forces in Asia. It has been and remains deeply committed to the security of its allies and friends in Asia. It has been expanding its economic ties to countries in the region and continues to do so.

I think President Barack Obama and Hillary Clinton when she was Secretary of State were trying to send a message to Asian countries, both friend and potential foe, that despite crises in the Middle East and problems elsewhere in the world, the United States has not forgotten the importance of Asia and is committed to sustaining the security role it had long played there. I wouldn't make more of it than that.

Unfortunately the rhetoric created unrealistic expectations in some quarters that that there was policy content to the pivot that simply wasn't there.

**Q:** You said, the U.S. power is relatively declining, and China is rising. If that is true then the United States cannot really engage in the Asia-Pacific region from a position of strength or primacy anymore. Then what's the new way of the United States exercising its influence and leadership in the region?

**A:** U.S. strategy in East Asia has to involve a commitment, and have it be perceived by countries in the region as being an unshakable commitment, to maintain a balance of power in the region. But balance is different than containment. The strategic objective of U.S. policy is not and should not be to contain China but to encourage China to assume a larger role within the existing international system and to respect international rules and norms. Chinese and American and Japanese national interests would be best served by a policy that seeks to deepen economic interdependence, increase people-to-people contacts, and construct it in as cooperative manner as possible a stable balance of power system in East Asia.

**Q:** But do they buy it?

**A:** That is the big, as of yet unanswered, question. But if they don't, if China tries to challenge the international order, then countries on China's periphery will lean more and more toward strengthening their security ties with the United States. We can see that happening already in the response of Southeast Asian countries to China's bullying and aggressive actions in the South China Sea.

**Q:** But can the United States maintain its primacy?

**A:** Primacy as we knew it in the Cold War is no longer an option. Although the United States will remain the strongest military power in the Pacific and in East Asia for many years to come, the era of unchallengeable American supremacy is over. We will never recover the position of being the dominant economic power in Asia, having ceded that position to China. Ever since Japan's attack on Pearl Harbor shocked it out of its isolationist mind-set, the United States has been the predominant global power. Now we are entering an era where America's power--that is, its ability to cause other countries to act as it wants them to act--is more limited. American primacy in a bipolar world order provided a framework of stability. The United States will now have to lead in a more unstable and much more complex multipolar system in Asia and globally.

We should not underestimate the potential dangers that lie ahead. That is why Japan and other countries need to be cautious in the way they respond to what they perceive as the new "trends of the times." Uncertainty and insecurity leads countries to strengthen their defense capabilities. This, in turn, leads other countries to suspect that the motivation for increased defense spending is aggressive rather than defensive so they do the same. To avoid this security dilemma requires transparency, confidence building measures, and the development of relationships of trust, something in all too short supply in East Asia.

**Q:** You stressed the importance of the U.S.-China relationship as an element to dictate the regional strategic environment and balance. How do you see the prospect, the prognosis, of the future of this bilateral relationship?

**A:** There is a temptation for some American leaders and for some Japanese leaders too, to argue that we face a China threat and need to adopt a confrontational policy. Similarly in China there is no shortage of people who denounce what they claim is America's containment policy and Japan's resurgent militarism. Economic interdependence is a moderating force but in the end security concerns will always trump economic interests. To find our way to a peaceful and prosperous future on both sides of the Pacific requires that the United States and Japan work more closely together than ever before. Together we need to welcome China to play a leadership role in the management of international institutions. Finally and most importantly, and this applies especially to the United States, we need to remind ourselves that the use of military power should always be the last resort to be employed when diplomacy has failed and not as a primary instrument of foreign policy.



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# The South China Sea: Island Building and Evolving U.S. Policy

*by Michael A. McDevitt*

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## Introduction

There should be no mistake: the United States will fly, sail and operate wherever international law allows...America, alongside its allies and partners...will not be deterred from exercising these rights...after all turning an underwater rock into an airfield simply does not afford the rights of sovereignty or permit restrictions on international air or maritime transit.<sup>1</sup>

Speaking at the high profile Shangri-La Dialogue in Singapore on May 30, 2015, U.S. Secretary of Defense Ashton Carter announced a new formulation to Washington's South China Sea policy occasioned by China's island building in the South China Sea (SCS). He made clear that its newly created SCS islands will not constrain legal U.S. maritime activity on, under, and over the high seas. While this was a new formulation, it was an expression of traditional U.S. policy associated with freedom of navigation. It was also a bit of preemptive diplomacy since China has yet to officially claim any maritime entitlements associated with its artificial islands that could potentially constrain America's exercise of its lawful high seas freedoms.

Coming from the Secretary of Defense, not the Secretary of State, the Carter statement was also the most public example of the growing involvement of the U.S. security establishment in declaratory SCS policy, a trend that has been building over 2014-15 because, frankly, China has elected to largely ignore Washington's pleas for restraint in the pursuit of what it considers its territory in the Spratly Island chain of the South China Sea.

Which country actually has sovereignty over the Spratly Islands is uncertain. China, Taiwan, Vietnam, Malaysia, and the Philippines all claim some or all of the Spratly's. Because the demonstration of effective administration is considered an act of sovereignty each country been hedging their claims by permanently occupying features in the Spratly group—and have done so for several decades. Vietnam occupies 29 features, China seven, the Philippines nine, Malaysia five and Taiwan one—the largest naturally formed feature. Importantly, creating artificial islands does not increase the maritime entitlements (territorial sea or EEZ) of those features beyond what they merited before reclamation.<sup>2</sup>

Despite a long standing claim, China was very late to what could be called the Spratly Islands "land rush" four decades ago. They were left with slim pickings, as all the "best" islands and rocks had already been occupied by Vietnam, the Philippines and Malaysia long before Beijing elected to act in 1988. Until 2014, China, like other claimants, modestly expanded its foothold on its seven very small features so that small military garrisons on these remote outposts could be more comfortably housed and communications equipment, radar, and defensive armament could be accommodated. Over the years all the claimants to the Spratlys managed to coexist in a "live and let live" environment.

That changed starting in 2014 when China quietly began dredging operations aimed at enlarging the three rocks and four low-tide elevations (a land feature submerged at high tide) it has occupied for over 20 years.<sup>3</sup> China changed its modestly developed holdings into *de facto* (not *de jure*) islands that are a several order of magnitude improvement over what existed before; these actions altered the previous years of geo-political stability by irrevocably upsetting the balance of power in the SCS. Beijing now has seven small island bases in the midst of the Spratly chain.

### **The Island Building Issue**

As the scale of this unannounced activity became publicly obvious thanks to commercially available satellite imagery, it triggered a spate of negative comments from the United States, ASEAN and, most vociferously, from the Philippines. China was accused of undermining trust by introducing a military power dimension to the already complicated sovereignty disputes in the Spratly Islands.<sup>4</sup>

These accusations are correct. The reality today is that China has changed the strategic balance in the Spratly Island chain by creating facilities on the new islands that will militarily overshadow the garrisons and defensive capabilities of the features occupied by Vietnam, the Philippines or Malaysia. Studying the satellite photos available online makes it obvious that China is creating well-designed military bases that will accommodate larger garrisons, more military equipment including defensive and offensive missile systems, with new harbors that will permit the features to be mini-bases for small warships and coast guard vessels.<sup>5</sup> It seems likely all of the newly formed islands will have expanded helicopter landing facilities and most significantly, on Fiery Cross Reef, Subi Reef and Mischief Reef, runways for jet aircraft. At least one of these, on Fiery Cross, has been constructed and is long enough to accommodate fighter-jets.<sup>6</sup> Despite publically downplaying the military utility of these man-made islands, Beijing has created seven island bases about 500 nautical miles (nm) away from China's mainland county of Hainan.<sup>7</sup>

### **What is China Up To?**

These expansions are the latest step by Beijing in what has essentially been a long-term campaign aimed at recovering *de facto* control over all the land features in the SCS.<sup>8</sup> Because Chinese sovereignty assertions are involved, it is not surprising that Beijing has not backed down despite sustained criticism. Its responses to criticism can be generally characterized as telling everyone, including Washington, to mind their own business—the Spratlys are Chinese territory and they can do what they like. Nonetheless, continued public pressure from Washington, Manila and ASEAN did cause Beijing to “offer multiple and sometimes contradictory explanations” as the reason for destroying tons of coral in the process of creating these islands. These include enhanced ability to provide disaster relief, environmental protection, search and rescue activities, meteorological and other scientific research.<sup>9</sup> Beijing has implied that military use is simply a secondary consideration, indicating the improved facilities would permit China to “better safeguard national territorial sovereignty [i.e., the Spratlys] and maritime rights and interests.”<sup>10</sup> This statement is certainly true.

The U.S. military has no doubts that the island building is designed specifically for use as PLA operating bases. According to the Commander of U.S. Pacific Command, Admiral Harry Harris, USN, these “...facilities are clearly military in nature.”<sup>11</sup>

## **Besides Island Building, There are Other Issues**

Washington also longstanding problems with Chinese behavior in the SCS related to the so-called nine-dash line (NDL) that encloses most of the SCS and appears on all of China's maps of the area. Beijing inherited this line from the Republic of China.<sup>12</sup> Is the line simply a cartographical annotation indicating China's claim to all the land features within it, or since it cuts through the EEZs of all of the South China Sea coastal states, is it also an attempt to claim a significant portion of the resources that, under the Law of the Sea, legitimately belong to the coastal states?

China has been crystal clear that it considers the entire Spratly group, along with the Parcels and Scarborough Shoal to be their territory, but beyond those assertions, China gives every indication that it is trying to rewrite "commonly accepted" international law in order to legitimize a Chinese claim to ocean resources inside the NDL. Despite years of asking, Beijing has refused to officially clarify what this line signifies. While officially mute on the topic, the actions its Coast Guard, maritime militia and state-owned oil company (CNOOC) have taken over the years indicate that Beijing thinks it has a claim on most of the fish and hydrocarbon resources in the SCS, including those belonging to Vietnam, the Philippines and Malaysia. The United States has already made clear that it thinks this line has no legal basis under the law of the sea.<sup>13</sup>

While the cartographic depiction of the NDL has existed on Chinese maps and charts for more than sixty years, it was not until December 2014 that the U.S. government finally conveyed an official position challenging the use of the NDL as way to indicate a claim beyond the land features inside the line.<sup>14</sup> It seems that Beijing's deliberate ambiguity preserves all of China's options without forcing it to make legally dubious assertions.<sup>15</sup> Ambiguity makes issuing protests that Chinese sovereignty is being compromised easy since the totality of the claim is unclear. Ambiguity also makes it possible for Beijing to rationalize employing a wide range of activities that harass and threaten maritime activity undertaken by other SCS littoral states in their own EEZ.

The NDL has been particularly vexing for Manila. China's harassment of contractors has effectively stymied Manila's attempts to exploit a gas and oil rich area known as Reed Bank.<sup>16</sup> Left with no other credible options, Manila took legal action permitted to United Nations Convention on Law of the Sea (UNCLOS) signatories and legally challenged China at the Permanent Court of Arbitration (PCA) in The Hague in January 2013.<sup>17</sup> The NDL as well as Chinese appropriation of low tide elevations on the Philippine continental shelf are at the center of its request for an arbitral finding.

China has opted not to participate in the arbitration, and indicated it would not be bound by any finding. It did however argue that the PCA should dismiss the Philippine case on the grounds that the PCA did not have jurisdiction because the Philippine arguments were really about sovereignty, and UNCLOS does not address sovereignty issues.<sup>18</sup> This legal strategy failed. The PCA found it did have jurisdiction.<sup>19</sup> The PCA is now focusing on the merits of the Philippine request for arbitration; the expectation is their decision should come sometime in mid-2016.<sup>20</sup> Washington, Manila, and presumably all of the other claimants, save China and perhaps Taiwan, hope that the PCA will bring clarity to what has been a legally ambiguous situation.

As a policy approach the United States strongly supports the use of arbitration as a way to resolve the overlapping claims in the SCS. This is not surprising, since U.S. policy is based on the notion that “following the rules” is the key to stability in East Asia. As Secretary of State John Kerry said during a December 2013 visit to Vietnam:

Claimants have a responsibility to clarify their claims and to align their claims with international law and to pursue those claims within international peaceful institutions. Those countries can engage in arbitration and other means of negotiating disputes peacefully.<sup>21</sup>

### **China’s Strategic Approach to Maritime Claims in the South China Sea**

As mentioned, island building is the next step in a patiently executed Chinese strategy aimed at gaining complete control over all the land features in the South China Sea; features that Beijing has long claimed and firmly believes are its territory. It has a long record of coercive behavior in the pursuit of this objective. It gained full control of the Paracel Islands following a 1974 invasion that defeated and expelled South Vietnamese garrisons. (South Vietnam at that time, and now the Democratic People’s Republic of Vietnam, claimed sovereignty over the entire Paracel chain.) In 1988, China occupied six features in the Spratlys and engaged in a bloody gun-battle with the Vietnamese (DRV) over Johnson South Reef. In 1994 it occupied Philippine-claimed Mischief Reef, ostensibly to build shelters for fishermen.<sup>22</sup> Of late, it has been more subtle in its coercion than in past decades; it effectively seized control of Scarborough Shoal from the Philippines in a non-violent *coup de main* in 2012.<sup>23</sup>

The reality in the South China Sea today is that China has occupied the entire Paracel group for over 40 years and, short of military action by Vietnam to try to recapture the archipelago, it will never leave. While its hold over Scarborough Shoal began only recently, there is no reason to expect China to lessen its grip unless some sort of bargain is reached with Manila that acknowledges Chinese sovereignty in return for access for Philippine fishermen. In sum, China has control of all the land features in northern half of the South China Sea; only the Spratlys remain beyond its physical grasp.<sup>24</sup>

### **Why is Sovereignty Over the Spratly Islands so Important?**

The interests of each of the Spratly sovereignty claimants include nationalism, economic gain and security. As we are witnessing today, a small number of the land features have strategic value as military bases because they will have harbors that can support warships and runways large enough to accommodate tactical jet aircraft. The Spratlys have the potential to become a foothold that could enable a country to interfere with trade, or host a hostile naval force, destined for China or the rest of Northeast Asia. In fact, the location of the Spratlys has been on the minds of Western geo-strategists since the end of World War I. It was worries about an aggressive Japan that triggered France to annex the both Spratlys and Paracels in the 1930’s.<sup>25</sup>

Today the proliferation of precision weapons and the ability to deliver them has reduced the wartime salience of military forces in the Spratlys as a threat to either maritime commerce or naval forces operating in the southern half of the South China Sea. But, in times short of war, controlling these islands is the best way for China to make certain no one else controls them, and to improve surveillance of its maritime approaches. Since China is hugely dependent on the maritime trade routes that pass to the west of the Spratlys, including trade associated with the much-touted 21st Century Maritime Silk Road, it is not a surprise that China blends strategic interest along with a nationalist narrative of recovering lost territory as the reason it wants to physically be in control of the Spratlys.

Another important reason why any of the other claimants care who “owns” the many largely uninhabitable above-water land features is that sovereignty carries with it certain rights to the resources of the surrounding waters—either 12 nautical mile territorial waters or, if the feature is deemed an island, a 200-nautical mile exclusive economic zone (EEZ). Maritime entitlements associated with land features above water at high tide yield ocean resources, including fish, hydrocarbons, and minerals on or beneath the ocean floor, to the sovereign state.

Finally, nationalism in and of itself is also very important for all the claimants. Public pressure to not concede “our sovereign territory” plays a very significant role in shaping government options, and makes compromise difficult.

### **Why Can’t a Negotiated Solution be Reached?**

Many outside observers argue that a resource sharing regime is the sensible way to end the confrontation over sovereignty.<sup>26</sup> Starting with Deng Xiaoping in the 1970’s, China has indicated that it is willing to discuss shared development; with the important caveat that China retains sovereignty.<sup>27</sup> So far no other claimant has been willing to deal with China on those terms.

China’s island building suggests that a status quo involving occupation of Spratly holdings by another country is not an acceptable long-term outcome, and has begun to publicly suggest that Vietnam and the Philippines abandon their outposts.<sup>28</sup> As a general observation, a permanent resolution to the issue of sovereignty in the Spratlys is likely to come about in only one of four ways:

- All parties agree to undertake judicial arbitration.
- All parties agree to freeze in place, tabling the issue of ultimate sovereignty indefinitely in favor of a cooperative regime for resource exploitation and management. (Something that Washington and the ASEAN claimants should vigorously pursue.)
- Individual claimants reach an agreement with China, to freeze in place, or possibly to renouncing sovereignty claims, in return for economic rights—to oil and gas from a specific area such as Reed Bank, for example.
- The most powerful claimant uses military intimidation or actual use of force to evict rival claimants.

Beijing appears to prefer a more gradual incremental coercive approach that stays below the threshold of a direct use of violence—an approach characterized as “grey zone” scenarios.<sup>29</sup> But given Beijing’s implacable approach to off-shore island sovereignty, one cannot rule out this possibility.

## **So, Why is the United States Involved? What are American Interests?**

Starting in summer 2010, the Obama administration clearly signaled that the United States considers establishing rule-based stability in the South China Sea to be an important U.S. national priority,<sup>30</sup> and to a degree a litmus test of the credibility of the so-called rebalance to Asia strategy. The United States, as Secretary Carter made clear at the 2015 Shangri-La dialogue, also has an abiding interest in “freedom of navigation” in the South China Sea, specifically in the EEZs of coastal states. Washington is convinced that UNCLOS permits any nation to exercise all of its “high seas freedoms” in the EEZ of any coastal state. These freedoms include, *inter alia*, peaceful military activities including surveillance. China disagrees. It claims that surveillance is not a “peaceful” activity.<sup>31</sup>

The U.S. defense treaty with the Philippines is an important interest and obligation. While the treaty does not specifically geographically cover the Philippines’ Spratly claims, it is relevant to the Spratly dispute because if China were to attack a Philippine naval or coast guard vessel, shoot down a Philippine military aircraft, or kill or wound members of the Philippine armed forces, treaty language related to attacks on “its [the Philippines’] armed forces, public vessels or aircraft in the Pacific” suggests that the treaty would apply. This is an important deterrent to violence against the Philippines, especially since it has been reinforced by public U.S. statements from the President, and more recently by the Secretary of Defense, that America’s commitment to defend the Philippines is “ironclad.”<sup>32</sup>

Finally, a very important U.S. interest is its bilateral relationship with China. Washington has been at pains to ensure South China Sea disputes do not hijack the overall U.S.-China relationship which is central to the resolution of other critical issues that matter to Washington, such as ending the Iranian and North Korean nuclear programs; addressing climate change; maintaining peace in the Taiwan Strait and East China Sea; and promoting trade, investment, and economic growth. This mix of significant interests forms the broader context for U.S.-China relations, and based on its approach to date suggests that the Obama Administration believes that the *South China Sea should not become the central element in the overall U.S.-China relationship*.

### **Existing U.S. Policy toward the South China Sea**

Based on public statements and Congressional testimony from serving U.S. officials, U.S. policy consists of the following key elements:

- No use of force or coercion by any of the claimants to resolve sovereignty disputes or change the status quo of disputed South China Sea features.
- The necessity of freedom of navigation, which includes unimpeded lawful navigation for commercial, private, and military vessels and aircraft. Coastal states must respect the UNCLOS language that all “high seas freedoms,” which include peaceful military operations, are permissible within coastal states’ EEZs.
- All maritime entitlements to any of the waters of the South China Sea must be based on international law and must be derived from land features in the South China Sea. China’s nine-dash line defined as a claim to historic rights over the enclosed waters does not meet these criteria.

- The United States takes no position on the relative merits of competing sovereignty claims. It does not favor one country's claim over another's. This is not the same as saying that the Spratlys do not belong to China, as the Commander of the U.S. Pacific Command has publicly opined.<sup>33</sup>
- An effective Code of Conduct (COC) that would promote a rules-based framework for managing and regulating the behavior of relevant countries in the South China Sea is essential. ASEAN normally does not welcome outside interference in what it judges are ASEAN diplomatic equities, but since the COC process is stalled by Chinese foot-dragging, U.S. policymakers should press ASEAN to conclude an agreed upon COC that can be presented to Beijing as an agreed upon ASEAN position.
- The U.S. government wants to improve access for U.S. military in areas proximate to the South China Sea, especially in the Philippines where an Enhanced Defense Cooperation Agreement (EDCA) with the Philippine government has been concluded.<sup>34</sup>
- There is a low-key but very visible hard power element to U.S. policy in Southeast Asia. Starting in August 2013, the U.S. Seventh Fleet stepped up its military capacity in the South China Sea by instituting full time U.S. Navy warship presence, along with periodic aircraft reconnaissance missions, somewhere in the South China Sea. On average there are two USN warships patrolling that body of water daily. (Unofficially, this compares with five to six PLA Navy warships plus some number of Chinese Coast Guard vessels operating in the SCS.)<sup>35</sup>
- And since July 2014, calling for a halt, or freeze, in land reclamation activities in the Spratlys; particularly by China.

In policy terms Washington has also been quick to capitalize on China's apparent blind spot—being tough with its neighbors simply incentivizes them to move closer to Washington.

China's behavior has energized Washington's security relationship with the Philippines, facilitating the access of U.S. forces back to bases in the Philippines, a development that probably would have never happened had China not so blatantly pushed the Philippines around. Chinese behavior has provided the pretext for Washington to waive requirements against selling maritime security-related equipment to Vietnam; it has energized Japanese and Australian efforts aimed at improving the maritime security of SCS littoral states, while gradually involving them both more directly in the South China Sea.

It has awakened Indonesia's concerns about the China's nine-dash line in the South China Sea as well as its maritime frontier, especially around its Natuna Island gas fields.<sup>36</sup> It has allowed Malaysia to become a "comprehensive partner" with Washington.<sup>37</sup> It has resulted in a Philippine-inspired legal arbitration case, which Washington supports and that China could easily lose, making it look foolish in the eyes of the world. In short, China's approach to its maritime claims, and more lately its island building activities, have frightened its neighbors into seeking closer ties with Washington.<sup>38</sup>

Beijing is aware of this and has been attempting to take the edge off its activities in the Spratlys with the promise of huge sums for improvements to regional maritime-related infrastructure. This return to economic diplomacy was first announced in Jakarta in October 2013 by President Xi and is known as "21<sup>st</sup> Century Maritime Silk Road Economic Belt," and then in 2015 with the establishment of a new international financial institution known as the Asian Infrastructure Investment Bank (AIIB).<sup>39</sup>

## So What Should Washington Do?

When it comes to the South China Sea, Washington should not announce policies it is not prepared to back up; in other words, no bluffing. It should also be very specific in publicly identifying where it believes China is in violation of the Law of the Sea. In addition, policy guidelines should include the following principles:

- The South China Sea is not the central strategic element in the overall U.S.-China relationship. Keep the South China Sea in perspective.
- Recognize that for all practical purposes the disputes in the northern half of the South China Sea are settled. China controls the land features and associated maritime entitlements. There is scant likelihood of ever turning the clock back regarding the Paracels or Scarborough Shoal. The focus now should be managing Spratly Islands developments by returning geostrategic balance as a way to buy time, awaiting a permanent solution.
- The U.S. government should remain sensitive to the efforts of littoral states to entangle the United States more deeply in supporting their claims—acting as their counterbalance to China.

Repeated exhortations from Washington did not stop China’s island building until reclamation activity was complete. This track record suggests it is not likely that a new spate of exhortations against militarization of the facilities will be effective. But since President Xi announced during his post-summit press conference in Washington that China is not going to “militarize” its Spratly holdings, Washington should press Beijing to explicitly explain what it thinks non-militarization means.<sup>40</sup> As discussed earlier, from a U.S. military perspective the facilities being built on the new islands are inherently military in nature. The only possible explanation for Xi’s pledge is that he meant China will not put weapons on these island bases. This is an important point to focus on when continuing to voice concern about the changes to the status quo that are being created by this activity.

The United States could also press ASEAN to take a serious look at how to reconcile the overlapping Spratly sovereignty claims among themselves in order to remove that stumbling block to a peaceful solution, and present a unified position to Beijing. It would be very difficult politically to accomplish this, but it is something ASEAN should at least explore. A strawman on how such an ASEAN-only deal might unfold has recently been suggested in print.<sup>41</sup>

Meanwhile, the only way to reintroduce some element of stability in the southern half of the SCS is to assist the other claimants who desire help to look after their own holdings. To this end Washington has decided to double down on its willingness to help improve the maritime security capacity of SCS littoral states. In May 2015, Secretary Carter used the Shangri-La venue in Singapore to announce a \$425M “Southeast Asia Maritime Security Initiative,” an initiative originated by Senator John McCain, chair of the Senate Armed Services Committee. Focused on Indonesia, Malaysia, the Philippines, Thailand and Vietnam, this program is designed to provide equipment, training, supplies and small scale construction. It needs to be executed as efficiently as possible.<sup>42</sup>

To ensure Beijing does not resort to military force to accomplish its objectives, a policy approach that puts more emphasis on deterrence also needs to be considered. In this regard, Secretary Carter's call for Hanoi to stop improving its facilities in the Spratlys, probably to appear even-handed, seems strategically misguided. The goal should be to return some sort of strategic equilibrium to the Spratlys; Vietnam is the claimant best equipped to accomplish that. Hanoi gives every indication it will fight to hang on to its holdings; this predisposition improves deterrence if China concludes it would face a difficult campaign in trying to force Vietnam out of the Spratlys. Vietnam should be encouraged to improve its defenses. The other aspect of deterrence that will hopefully keep the peace is the U.S.-Philippine Mutual Defense Treaty because of its potential applicability if Filipino servicemen are harmed.

The United States also needs to be completely committed to a very long-term and dedicated effort to improve the maritime capabilities of the armed forces of the Philippines. This will take patience and money. This assistance should also include the development or improvement of existing bases on the Philippine home island of Palawan, directly east of the Spratlys. For a long time to come, the Philippine's best deterrent is the security alliance with the United States, but Washington should resist pressure to expand the scope of the Mutual Defense Treaty to cover the contested (and legally suspect) Philippine claims in the Spratlys.

U.S. naval and air presence in the South China Sea is already a visible daily occurrence. To improve upon this presence the United States should increase the duration of its exercises with South China Sea littoral states and expand participation in these exercises by inviting participation from other Asian maritime states, such as Japan, Australia, South Korea, and possibly India. This will increase U.S. presence in the region and demonstrate that other maritime states are concerned about stability in the South China Sea.

China's island building activities have triggered greater U.S. involvement "on the ground," as it were. A tangible demonstration of the U.S. policy of "sailing wherever international law permits," led to the direct involvement of the U.S. Navy. On October 27, 2015 Washington directed a U.S. Navy destroyer to sail within 12 nm of one of China's reclaimed islands (Subi Reef). This was intended as a demonstration that the United States would not recognize any maritime entitlements associated with Beijing's island building.<sup>43</sup> Since Beijing has yet to make any claims to entitlements, such as a territorial sea that Subi Reef is not entitled to under UNCLOS, the legal reasoning behind this demonstration is convoluted. It is in fact so convoluted that the best way to explain it is to quote at length a letter from Secretary Carter to an unhappy U.S. Senator John McCain who was seeking an explanation of why the operation was characterized as "innocent passage." A passage from the Department of Defense response explaining the reasoning behind the involvement of *USS Lassen* follows:

With respect to Subi Reef, *the claimants have not clarified whether they believe a territorial sea surrounds it*, but one thing is clear: under the law of the sea, China's land reclamation cannot create a legal entitlement to a territorial sea, and does not change our legal ability to navigate near it in this manner. We [the Obama Administration] believe that Subi Reef, before China turned it into an artificial island, was a low-tide elevation and that it therefore cannot generate its own entitlement to a territorial sea. However, if it is located within 12 nautical miles of another geographic feature that is entitled to a territorial sea – as might be the case with Sandy Cay – then the low-water line on Subi Reef could be used as the baseline for measuring Sandy Cay's territorial sea. In other words, in those circumstances, Subi Reef could be surrounded by a 12-nautical mile-territorial sea despite being submerged at high tide in its natural state. Given the factual uncertainty, we conducted the FONOP [Freedom of Navigation Operation] in a manner that is lawful under all possible scenarios to preserve U.S. options should the factual ambiguities be resolved, disputes settled, and clarity on maritime claims reached.<sup>44</sup> (Emphasis added.)

While Senator McCain was not happy, the intended message was clearly received by Beijing. They too were not happy, but in this case that result was the objective of the operation—it was the operational equivalent of diplomatic protest.<sup>45</sup> In response, Beijing eventually used carefully chosen language that avoided making Washington's case that China was making an unlawful maritime claim associated with the newly created islands. In short, Beijing did not argue that the U.S. had violated Chinese sovereignty.<sup>46</sup> They did indicate it the U.S. had “harmed” China's security. This is not the last we will hear about South China Sea FON operations, since the U.S. Department of Defense apparently remains committed to periodic FON operations in 2016—activity that could result in a direct military confrontation between Washington and Beijing<sup>47</sup>.

One has to wonder whether the utility of the maritime equivalent of a diplomatic protest that runs the risk of a direct military face-off is worth the risk, since it will do nothing to neither change the reality of China's new island bases, nor China's interpretation of UNCLOS that requires prior permission for a ship sailing through its territorial sea on “innocent passage.” The United States already ignores that requirement, as well as China's prohibition against military activities in its EEZ by conducting frequent reconnaissance operations in China's EEZ. It is one thing to help nations that actually have claim in the Spratly's to improve capabilities; it is another to wave a red flag in China's face over maritime claims that have not made. It seems to violate the idea of keeping the South China Sea in perspective.

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<sup>1</sup> Secretary Carter, Ashton. “A Regional Security Architecture Where Everyone Rises.” *Presentation, IISS, Shangri-La Dialogue*. Singapore. 30 May 2015. <<http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1945>>

<sup>2</sup> Beckman, Robert C. “Large Scale Reclamation Projects in the South China Sea: China and International law.” *RSIS Commentary*. 29 October 2014. <<http://www.rsis.edu.sg/wp-content/uploads/2014/10/CO14213.pdf>>

<sup>3</sup> China has occupied the “rocks” Fiery Cross Reef, Cuarteron Reef, and Johnson Reef South along with the submerged at high tide (known as low tide elevations) features Gaven Reef, Subi Reef, Hughes Reef since 1988. China seized Mischief Reef, another low tide elevation in 1995. See: Roach, Ashley J., “China's Shifting Sands in the Spratlys.” *American Society of International Law: Insights* Volume 19. Issue 54. <<https://www.asil.org/insights/volume/19/issue/15/chinas-shifting-sands-spratlys>>

<sup>4</sup> Alexander, David and Rachel Armstrong. “U.S. Says China's Island Building Erodes Security: Beijing angered.” *Reuters*. 30 May 2015. <<http://www.reuters.com/article/us-asia-security-idUSKBN0OF01J20150531>>

<sup>5</sup> The Asia Maritime Transparency Initiative (AMTI) a website sponsored by the Center for Strategic and International Studies (CSIS) in Washington DC, has carefully documented China's reclamation activities with high resolution satellite photography. See: “Island Tracker.” *The Asia Maritime Transparency Initiative (AMTI)*. AMTI, n.d. <<http://amti.csis.org/island-tracker/>>

<sup>6</sup> For an excellent assessment of the implications of the new 10,000 foot runway on Fiery Cross Reef see: Erickson, Andrew. “Lengthening Chinese Airstrips May Pave Way for South China Sea ADIZ.” *The National Interest*. 29 June 2015. <<http://nationalinterest.org/blog/the-buzz/lengthening-chinese-airstrips-may-pave-way-south-china-sea-12736>>

<sup>7</sup> Beijing has announced that island building per se is complete, i.e., the destruction of coral and associated dredging, but the construction of buildings and other necessary facilities goes on. Keck, Zachery. “Exposed: China Did NOT Halt Island Building Project in the South China Sea.” *The National Interest*. 6 August 2015. <<http://nationalinterest.org/blog/the-buzz/exposed-china-did-not-halt-island-building-project-the-south-13512>>

<sup>8</sup> “Since 2014, China has reclaimed 2,000 acres -- more land than all other claimants combined over the history of their claims. When combined with a range of activities, including: assertion of its expansive Nine-Dash Line claim, relocation of oil rigs in disputed maritime zones, efforts to restrict access to disputed fishing zones, and efforts to interfere with resupply of the Philippine outpost at Second Thomas Shoal, we see a pattern of behavior that raises concerns that China is trying to assert de facto control over disputed territories, and strengthen its military presence in the South China Sea.” See: “Statement of David Shear, Assistant Secretary of Defense for Asian & Pacific Security Affairs, Before the Senate Committee on Foreign Relations.” *US Senate Committee on Foreign Relations*. 13 May 2015. <[http://www.foreign.senate.gov/imo/media/doc/051315\\_Shear\\_Testimony.pdf](http://www.foreign.senate.gov/imo/media/doc/051315_Shear_Testimony.pdf)>

<sup>9</sup> “Maritime Issues in East Asia: Daniel R. Russel, Assistant Secretary, Bureau of East Asian and Pacific Affairs, Testimony Before the Senate Foreign Relations Committee, Washington DC.” *U.S. Department of State*, 13 May 2015. <<http://www.state.gov/p/eap/rls/rm/2015/05/242262.htm>>

<sup>10</sup> China’s Foreign Ministry spokesman cited in *Ibid*.

<sup>11</sup> Baron, Kevon. “China’s New Islands are Clearly Military, U.S. Pacific Chief Says.” *Defense One*. 24 July 2015. <<http://www.defenseone.com/threats/2015/07/chinas-new-islands-are-clearly-military/118591/>>

<sup>12</sup> For decades the NDL only appeared on Chinese (and Republic of China) maps and charts. Beijing has apparently opted to interpret it more broadly than the Republic of China ever intended. Anecdotal evidence from Taipei strongly suggests it was only intended to indicate a claim to all the islands and features in the South China Sea. Since the NDL was created by the Republic of China it stands to reason that Taipei has the ability to search its archives and present a clarifying statement of what was intended when its predecessor government first created this cartographical annotation. So far the Ma Ying-jeou Administration has been unwilling to provide that clarity. That said, in a speech delivered on September 1, 2014, Ma Ying-jeou suggested that what is now known as the NDL was in fact a way for the ROC to claim the islands of the SCS. See: Taiwan Office of the President. “Ma Ying-jeou Attends Exhibition of Historical Records for South China Sea.” *Taipei Office of the President in Chinese*. <<http://www.president.gov.tw>>

<sup>13</sup> Assistant Secretary of State for East Asia Russel was blunt in his February 5, 2014, testimony, stating, “I want to emphasize the point that under international law, maritime claims in the South China Sea must be derived from land features. *Any use of the “nine-dash line” by China to claim maritime rights not based on land features would be inconsistent with international law.*” (Emphasis added.). “Maritime Disputes in East Asia: Testimony of Daniel R. Russel, Assistant Secretary, Bureau of East Asian and Pacific Affairs, Before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific, Washington, DC.” *U.S. Department of State*. 5 February 2014. <<http://www.state.gov/p/eap/rls/rm/2014/02/221293.htm>>

<sup>14</sup> The U.S. Department of State, Bureau of Oceans and International Environmental and Scientific Affairs. *Limits in the Seas, No. 143: China: Maritime Claims in the South China Sea*. 5 December 2014. <<http://www.state.gov/documents/organization/234936.pdf>>

<sup>15</sup> The January 2013 edition of the *American Journal of International Law* (AJIL) features an Agora on the South China Sea Disputes. The Beckman piece remains the single best short analysis of the LOS issues surrounding the various claims in the SCS. He explores Chinese “ambiguity” in detail. See: Beckman, Robert. “The UN convention on the Law of the Sea and the Maritime Disputes in the South China Sea.” *American Journal of International Law* Volume. (2013): 150-151. <<http://www.jstor.org/discover/10.5305/amerjintlaw.107.1.fm>>

<sup>16</sup> Chubb, Andrew. “China’s latest oil rig move: not a crisis, and maybe an opportunity?” *Southsea Conversations*. 27 June 2015. <<https://southseaconversations.wordpress.com/2015/06/27/chinas-latest-oil-rig-move-not-a-crisis-and-maybe-an-opportunity/#more-2189>>

For a thorough discussion of how China used economic leverage as well as aggressive use of fishing boats and constabulary vessels to frustrate Philippine and Vietnamese efforts to survey potential oil and gas fields, see also: Hayton, Bill. *The South China Sea: The Struggle for Power in Asia*. Yale University Press, 2014. Print. 121-150.

<sup>17</sup> The Philippines raised three central issues. The most important is whether China can lawfully make any maritime claim based on its nine-dash line, either to sovereignty over the waters or to sovereign rights to the natural resources within the waters. The Philippines requests the arbitral panel to rule that China can only claim rights to maritime space in maritime zones measured from naturally formed land territory, and that claims based on the nine-dash line are not consistent with Law of the Sea (UNCLOS.) The main purpose of the case is to challenge the legality of China’s claim to historic rights and jurisdiction inside the nine-dash line.

The second major issue raised is a Philippine request for ruling that all of the “islands” occupied by China (the naturally formed areas of land above water at high tide) are really only “rocks” entitled only to a 12 nm territorial sea because they cannot “sustain human habitation or economic life of their own”, as set out in Article 121(3) of UNCLOS. It also requests the Tribunal to declare that China has unlawfully claimed maritime entitlements beyond 12 nm from these features.

The third major issue raised addresses the geographic features currently occupied by China that do not meet the definition of an island as set out in Article 121(1) because they are not naturally formed areas of land above water at high tide (these being Mischief Reef, McKennan Reef, Gaven Reef and Subi Reef). The Philippines argues that such features are not subject to a claim of sovereignty and that China's occupation of them is illegal because they are part of the continental shelf of the Philippines.

Beckman, Robert. "The Philippine v. China Case and the South China Sea Disputes." *Asia Society: Lee Kwan Yew SPP Conference March 13-15 2013, New York, NY*. National University of Singapore: Center for International Law. <<http://cil.nus.edu.sg/wp/wp-content/uploads/2013/03/Beckman-Asia-Society-LKY-SPP-March-2013-draft-of-6-March.pdf>>

<sup>18</sup> Ministry of Foreign Affairs of the Peoples Republic of China. *Position Paper on the Matter of Jurisdiction in the South China Sea Arbitration*. 7 December 2014. Council on Foreign Relations. <<http://www.cfr.org/territorial-disputes/chinese-ministry-foreign-affairs-position-paper-matter-jurisdiction-south-china-sea-arbitration/p33978>>

<sup>19</sup> The Permanent Court of Arbitration. "Arbitration between the Republic of the Philippines and the People's Republic of China." The Hague: 29 October 2015. <<http://www.pcacases.com/web/sendAttach/1503>>

<sup>20</sup> Kraska, James. "A Legal Analysis of the Philippine-China Arbitration Ruling." *The Diplomat*. 2 November 2015. <<http://thediplomat.com/2015/11/a-legal-analysis-of-the-philippine-china-arbitration-ruling/>>

<sup>21</sup> "Joint Press Availability With Vietnamese Deputy Prime Minister and Foreign Minister Pham Binh Minh." *U.S. Department of State*. Hanoi, Vietnam: 16 December 2013. <<http://www.state.gov/secretary/remarks/2013/12/218747.htm>>

<sup>22</sup> For an excellent article on the Mischief Reef episode see: Dzurek, Danial J., "China Occupies Mischief Reef in Spratly Gambit." *IBRU Boundary and Security Bulletin*. April 1995. <<https://www.dur.ac.uk/ibru/publications/download/?id=58>>

<sup>23</sup> Castro, Renato Cruz De. "China's Realpolitik Approach in the South China Sea Dispute: The Case of the 2012 Scarborough Shoal Stand-off." *Center for Strategic & Interational Studies*. 6 June 2013. <[http://csis.org/files/attachments/130606\\_DeCastro\\_ConferencePaper.pdf](http://csis.org/files/attachments/130606_DeCastro_ConferencePaper.pdf)>

Bonnet, Francois-Xavier. "Geopolitics of Scarborough Shoal." *Research Institute on Contemporary Southeast Asia (IRASEC)*. November 2012.

<sup>24</sup> Taiwan (the Republic of China) controls the Pratas Island group located at the NE area of the SCS. No other country except China claims these features. Since the Peoples Republic of China is the legal successor state to the Republic of China, I choose to consider it legally China's. The fact it has not elected to evict the ROC garrison, something it could easily do, is caught up in the larger issue of the Taiwan-Mainland dynamic.

<sup>25</sup> Samuels, Marwyn S. *Contest for the South China Sea*. New York: Methuen, 1982. 4.  
Hayton, Bill. *The South China Sea: The Struggle for Power in Asia*. Yale University Press, 2014. 53-56.

<sup>6</sup> Beckman, Robert. "Legal Framework for Joint Development in the South China Sea." *National Institute for South China Sea Studies December 6-7, 2012, Haikou, China*. National University of Singapore: Center for International Law. 17. <<http://cil.nus.edu.sg/wp/wp-content/uploads/2012/12/Beckman-Paper-Hainan-Dec-6-7-submitted-Nov-22.pdf>>

See also: Freeman Jr., Chas W. "A New Set of Great Power Relationships." Remarks to the 8<sup>th</sup> International Conference on East Asian Studies. <<http://www.mepc.org/articles-commentary/speeches/new-set-great-power-relationships?print>>

Freeman argues, "In the end, therefore, resort to the well-established international legal principle of *uti possidetis* is the obvious solution. This Latin phrase means that, in the absence of agreement to the contrary, everyone is entitled to keep what they have regardless of how they got it. Agreement between the claimants to apply this principle and the law of the sea to the South China Sea would end their disputes over territory, quell concerns about armed conflict, and facilitate the legal apportionment of seabed resources."

<sup>27</sup> "The concept of 'setting aside dispute and pursuing joint development' has the following four elements: 1. The sovereignty of the territories concerned belongs to China. 2. When conditions are not ripe to bring about a thorough solution to territorial dispute, discussion on the issue of sovereignty may be postponed so that the dispute is set aside. To set aside dispute does not mean giving up sovereignty. It is just to leave the dispute aside for the time being. 3. The territories under dispute may be developed in a joint way. 4. The purpose of joint development is to enhance mutual understanding through cooperation and create conditions for the eventual resolution of territorial ownership."

Ministry of Foreign Affairs of the People's Republic of China. "Set Aside Dispute and Pursue Joint Development." n.d. <[http://www.fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_665547/t18023.shtml](http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18023.shtml)>

<sup>28</sup> Blanchard, Ben. "China fires back at South China Sea claimants with reclamation accusations." *Reuters*. 29 April 2015. <<http://www.reuters.com/article/2015/04/29/us-china-southchinasea-idUSKBN0NKOVB20150429>>

<sup>29</sup> "Low-level coercion, such as China's ongoing efforts in the East and South China Seas, sit between peacetime and wartime. Because low-level coercion does not fit cleanly into the black and white categories of war and peace, some experts refer to these conflicts as "grey zones."

Cooper, Zack. "America's Massive Military Dilemma in Asia: Visibility vs. Vulnerability." *The National Interest*. 15 January 2015. <<http://nationalinterest.org/blog/the-buzz/americas-massive-military-dilemma-asia-visibility-vs-12040>>

<sup>30</sup> For an authoritative discussion of the rationale behind this decision see: Bader, Jeffery A., *Obama and China's Rise: An Insider's Account of America's Asia Strategy*. Washington DC: Brookings Institution Press, 2012. Print. 104-105.

<sup>31</sup> This disagreement has resulted in two serious incidents: the 2001 mid-air collision between a U.S. Navy surveillance aircraft (EP-3) and an intercepting Chinese navy fighter, and the 2009 episode in which Chinese fishermen and paramilitary ships harassed USNS *Impeccable*. More recently, a dangerously close intercept of a U.S. Navy P-8 maritime patrol aircraft created another diplomatic dustup. At this stage both sides continue to vehemently disagree on this fundamental point, but have begun to put in place measures to ensure that encounters at sea or in the air are conducted safely. The goal is to reduce the risk of accidents.

<sup>32</sup> Felsenthal, Mark and Matt Spetalnick. "Obama says U.S. commitment to defend Philippines 'ironclad'" *Reuters*, 29 April 2014. <<http://www.reuters.com/article/2014/04/29/us-philippines-usa-obama-idUSBREA3S02T20140429>>

Balana, Cynthia and Nikko Dizon. "US affirms 'ironclad' support for Philippines." *Philippine Daily Inquirer*. 29 May 2015. <<http://globalnation.inquirer.net/123613/us-affirms-ironclad-promise-to-defend-philippines>>

<sup>33</sup> Center for Strategic & International Studies; Audio. "A presentation by Admiral Harry B. Harris, Commander, U.S. Pacific Command: Strategic Opportunities in the Indo-Asia-Pacific." 27 January 2016. <<http://csis.org/event/strategic-opportunities-indo-asia-pacific-admiral-harry-b-harris>>

<sup>34</sup> This is also true for Singapore. In April 2014, when President Obama and President Aquino signed an agreement that will improve US military access to the Philippines.

The White House Office of the Press Secretary. "Press Briefing by Deputy National Security Advisor for Strategic Communication Ben Rhodes and NSC Senior Director for Asian Affairs Evan Medeiros." Grand Millennium Hotel, Kuala Lumpur, Malaysia. 27 April 2014. <<https://www.whitehouse.gov/the-press-office/2014/04/27/press-briefing-deputy-national-security-advisor-strategic-communication>>

<sup>35</sup> "It is my belief that the consistent presence of the Seventh Fleet and our recent force posture movements have been significant factors in deterring conflict between claimants in recent years...a strong and sustained US military presence...is welcomed by the overwhelming majority of countries in the region... [however]... diplomacy will continue to be our instrument of first resort.

"Maritime Issues in East Asia: Daniel R. Russel, Assistant Secretary, Bureau of East Asian and Pacific Affairs, Testimony Before the Senate Foreign Relations Committee, Washington DC." *U.S. Department of State*, 13 May 2015. <<http://www.state.gov/p/eap/rls/rm/2015/05/242262.htm>>

Chatmas, Lauren. "USS Lassen Promotes Maritime Security in the South China Sea." *U.S. Navy News Service*. 9 July 2015. <[http://www.navy.mil/submit/display.asp?story\\_id=90056](http://www.navy.mil/submit/display.asp?story_id=90056)>

<sup>36</sup> Murphy, Ann Marie. "Jakarta rejects China's 'nine-dash line'" *Asia Times Online*. 3 April 2014. <[http://www.atimes.com/atimes/Southeast\\_Asia/SEA-01-030414.html](http://www.atimes.com/atimes/Southeast_Asia/SEA-01-030414.html)>

<sup>37</sup> The Obama administration established either strategic or comprehensive "partnerships" with Indonesia in November 2010, Vietnam in July 2013, Malaysia in April 2014 and ASEAN in November 2015. The United States has been a formal treaty ally of the Philippines since 1951, and is a "Strategic Partner" with Singapore; a relationship that was formalized in 2005 when the Strategic Framework Agreement with Singapore was signed.

<sup>38</sup> China's behavior has also had an impact in NE Asia. It caused Japan to revise its prohibition on collective self-defense, made it bureaucratically easy for Tokyo to undertake a wrenching change in its strategic center of gravity south to its Ryukyu Island chain, and begin the process of recreating for the first time since 1945 a Japanese amphibious assault capability with direct U.S. assistance. It made it politically possible for increase in the Japanese defense budget for the first time in over a decade. Significantly, it has provided the rationale for an update of the U.S.-Japan roles and missions for the first time since the mid-1990s, with China in the bulls-eye.

<sup>39</sup> Yale, William. "China's Maritime Silk Road Gamble." *The Foreign Policy Institute*. 24 March 2015. <<http://www.fpi.sais-jhu.edu/#!China's-Maritime-Silk-Road-Gamble/c1qvb/5511bfb60cf21e26baa971ab>>

<sup>40</sup> Page, Jeremy, et al. "China's President Pledges no Militarization in Disputed Islands." *Wall Street Journal*. 25 September 2015. <<http://www.wsj.com/articles/china-completes-runway-on-artificial-island-in-south-china-sea-1443184818?cb=logged0.8426927910956248>>

<sup>41</sup> McDevitt, Michael. "A modest proposal to help ASEAN reconcile their overlapping claims in the Spratlys." *PACNET* #40. 9 July 2015. <<http://csis.org/publication/pacnet-40-modest-proposal-help-asean-reconcile-their-overlapping-claims-spratlys>>

<sup>42</sup> The White House: Office of the Press Secretary. "FACT SHEET: U.S. Building Maritime Capacity in Southeast Asia." 17 November 2015. <<https://www.whitehouse.gov/the-press-office/2015/11/17/fact-sheet-us-building-maritime-capacity-southeast-asia>>

Mehta, Aaron. "Carter Announces \$425M in Pacific Partnership Funding." *Defense News*, 30 May 2015. <<http://www.defensenews.com/story/defense/2015/05/30/carter-announces-425m-in-pacific-partnership-funding/28206541/>>

<sup>43</sup> This was a Freedom of navigation operation, better known as a FONOP. According to the Department of Defense the FON program is, "actively implemented against *excessive maritime claims* by coastal nations in every region of the world, based upon the Department's global interest in mobility and access. The Program is principle-based, in that

it is administered with regard to the *excessive nature of maritime claims*, rather than the identity of the coastal nations asserting those claims. As a result, U.S. forces challenge excessive claims asserted not only by potential adversaries and competitors, but also by allies, partners, and other nations.” (Emphasis added.)

U.S. Department of Defense. “Freedom of Navigation Program, Fact Sheet” March 2015. <[http://policy.defense.gov/Portals/11/Documents/gsa/cwmd/DoD%20FON%20Program%20--%20Fact%20Sheet%20\(March%202015\).pdf](http://policy.defense.gov/Portals/11/Documents/gsa/cwmd/DoD%20FON%20Program%20--%20Fact%20Sheet%20(March%202015).pdf)>

<sup>44</sup> Carter, Ash. “To Sen. John McCain (R-Ariz.) On South China Sea Freedom of Navigation Operation.” 22 December 2015. *USNI News*. 5 January 2016. <<http://news.usni.org/2016/01/05/document-secdef-carter-letter-to-mccain-on-south-china-sea-freedom-of-navigation-operation>>

For reasons as to why the operation triggered many public questions see: Glaser Bonnie S. and Peter A. Dutton. “The U.S. Navy’s Freedom of Navigation Operation Around Subi Reef: Deciphering U.S. Signaling.” *The National Interest*. 6 November 2015. <<http://nationalinterest.org/feature/the-us-navy%E2%80%99s-freedom-navigation-operation-around-subi-reef-14272>>

<sup>45</sup>The State Department’s explanation of the Freedom of Navigation (FON) Program is as follows: “U.S. policy since 1983 provides that the United States will exercise and assert its navigation and overflight rights and freedoms on a worldwide basis in a manner that is consistent with the balance of interests reflected in the Law of the Sea (LOS) Convention. The United States will not, however, acquiesce in unilateral acts of other states designed to restrict the rights and freedoms of the international community in navigation and overflight and other related high seas uses. The FON Program since 1979 has highlighted the navigation provisions of the LOS Convention to further the recognition of the vital national need to protect maritime rights throughout the world. The FON Program operates on a triple track, involving not only diplomatic representations and operational assertions by U.S. military units, but also bilateral and multilateral consultations with other governments in an effort to promote maritime stability and consistency with international law, stressing the need for and obligation of all States to adhere to the customary international law rules and practices reflected in the LOS Convention. U.S. Department of State. “Maritime Security and Navigation.” n.d.

<<http://www.state.gov/e/oes/ocns/opa/maritimesecurity/>>

<sup>46</sup> Webster, Graham. “How China Maintains Strategic Ambiguity in the South China Sea.” *The Diplomat*. 29 October 2015. <<http://thediplomat.com/2015/10/how-china-maintains-strategic-ambiguity-in-the-south-china-sea>>

<sup>47</sup>In the last sentence of the letter Carter writes: “We will continue to demonstrate as much by exercising the rights, freedoms and lawful uses of the seas all around the world, and the South China Sea will be no exception.”

Carter, Ash. “To Sen. John McCain (R-Ariz.) On South China Sea Freedom of Navigation Operation.” 22 December 2015. *USNI News*. 5 January 2016. <<http://news.usni.org/2016/01/05/document-secdef-carter-letter-to-mccain-on-south-china-sea-freedom-of-navigation-operation>>



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# China's Perception and Policy about North Korea

*By Chu Shulong*

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The Chinese perception about North Korea has become increasingly negative in recent years; this can be seen from some official statements, news media and internet reports and discussions in China. The Chinese government firmly criticizes and opposes North Korea's nuclear tests, missile program, and its provocative actions against the South. However, neither the Chinese government nor its general public is hostile towards the North, and not many people in China regard the DPRK's (Democratic People's Republic of Korea) nuclear and missile programs as a threat to Chinese security. The Chinese government still wants to maintain a relatively close relationship with the North, including in trade, investment and other economic areas. China supports and joins the United Nations' sanctions against the North, it but does not support a total or a comprehensive sanction against North Korea.

## I. The Negative Perception

In recent years, the Chinese people, including scholars and the general public, have become more negative about the North Korean regime and some of its policies and actions, though not the country.

### *I-1. Negative on the Regime and Some of Its Policies*

Most Chinese do not endorse the "Socialist Monarchy" of North Korea. To the Chinese, if a nation is a real communist and socialist country, its leader should not come from one family. And if its top leaders only succeed from one family, then that is a typical feudalist country. Now, the North Korea regime has succeeded from one family for three generations for more than sixty years—this, to the Chinese, is nothing but a feudalist state, and feudalism was the backward system that the world saw one or two hundred years ago. According to the Chinese understanding, the fact that North Korea has this type of regime in the 21<sup>st</sup> century is ridiculous and backward.

Some of North Korea's internal and external policies have also caused the negative feeling of the Chinese. China's government still insists on "non-interference into other countries' internal affairs;" therefore, the Chinese government would not say anything about internal matters of North Korea, but most people in China do not agree with the execution of Mr. Jang Song Taek three years ago. After the Cultural Revolution, the Chinese believed that no person should be punished physically for her or his political views. In fact, China has not punished any of its politicians physically in recent decades; the worst is to sentence him or her to life in prison. Therefore, the Chinese government and people would not support the North Korean government killing of its politicians simply because there are political or policy differences.

And some of North Korea's provocative actions in Northeast Asia, including towards the South, are seen as quite negative to the Chinese. To the Chinese government and people, whether or not the Cheonan Incident was caused by the North has not been made clear, and North Korea has always denied responsibility; but the Yeonpyeong Island incident which killed four people of South Korea in 2011 is clearly a North Korean provocation, and the Chinese government and people strongly condemned it. China and the Chinese people have focused on economic development for the past more than three decades; therefore, they would prefer peace and stability anywhere in the world and also oppose any proactive action which will cause a chaotic situation and damage the stable environment of China's modernization.

### *I-2. Worry about North Korea's Nuclear and Missile Programs but not Perceive Them as a Serious Threat to China*

There are some Chinese who increasingly worry that North Korea's nuclear and missile weapons might cause some threat to China's security, because the Chinese remember the "friendly relations" with a Vietnam that turned out to be the enemy and with which there was a war in 1989. That history might happen again. Also, more Chinese worry that North Korean nuclear testing places are very close to the Chinese border. These tests might cause some radiation in China and affect the Chinese people, since the locations of those nuclear tests are less than 100 miles from China.

However, most Chinese do not share the feeling and perception with South Koreans, Japanese, and Americans that the increasing nuclear and missile weapons of North Korea causes an immediate and serious threat to national and regional security of China, because they understand that North Korean weapons are targeted at the South and the U.S., not at China.

And when worried about the security threat, most Chinese see the U.S. and Japan, rather than North Korea, causing a much more serious and immediate threat to China. American war planes and naval ships flying and patrolling in and near Chinese territorial air and water are certainly a more direct and serious threat to China's security, a challenge to China's national sovereignty and territorial integrity, and acts aimed at humiliating China, than are the North Korean weapons and behavior.

### *I-3. Looking at North Korea in a Related Larger Regional Strategic Framework and Picture*

The Chinese also look at North Korea through a regional strategic and geographic angle. Here the Chinese understanding is that in Northeast Asia, there have been basically two groups of nations: one is close American allies, the U.S., Japan, and ROK; and on the other side are loosely Russia, China, and North Korea. This is not a clear and close strategic structure, but it is basically a fact. Therefore, a lot of Chinese would worry that if China presses the North too hard, the North may further stray from the Russia-China-DPRK loose group and become "independent" or even go to the US-Japan-ROK side, thus causing further imbalance of the strategic structure in Northeast Asia.

## II. The Policy Implications

With the above perception and understanding of the national interests of China, the Chinese certainly share some common ground with the ROK, the U.S. and others in dealing with North Korean problems. At the same time, we have some major differences in interests and positions toward North Korea.

*II-1. Because China Opposes Some Actions/Policies but Not the Country, the Chinese Government is not Likely to Give up Its Close Relationship with the North and will not Abandon North Korea.*

There is fundamental reality between China and the U.S., ROK, and Japan in dealing with North Korea: China has relatively close relations with the North, while the U.S., ROK, and Japan have no normal relations with DPRK. In other words, relations between those three countries with North Korea are already at their worst, and they do not worry about further worsening relations with the DPRK, while China has to think about its relations with the North and consider what consequences China would have if relations become worse.

If China-North Korea relations become worse, then China will have a hostile country, or even an enemy on its immediate border area. What can China get from that situation? And why should China push itself into that worsened situation?

The U.S., ROK, and Japan should not assign blame and would not have any justified reason to blame China for some reservations toward the North, because every country's foreign policy in the world is first and foremost to serve its own interests, and not to serve another country's interests.

China stands against the nuclear and missile programs of North Korea, because those programs do not enhance the security of the North and the whole Korean Peninsula; instead they increase insecurity and instability. China opposes the provocative actions that North Korea takes against the South, including the Yeonpyeong incident in 2011, but China does not see clear evidence that North Korea has the responsibility for Cheonan incident in the same year. And though North Korea denies that it caused this tragedy, it does not deny its responsibility over Yeonpyeong.

*II-2. China Agrees on Some Sanctions but Not a Comprehensive Set. China is not Likely to Agree and Join Total Sanctions Against the North*

A total sanction, including cutting energy supply to the North, prohibiting Northern airlines from flying over the China's airspace, and prohibiting North Korean ships going through the ports of other countries, would prohibit more commercial goods and investment in and with North Korea and would damage China's economic interests. These economic interests may not be significant to China's national economy, but will be of some significance to those Chinese companies trading with and investing in the North, especially in economically difficult times. This trade amounts to several billion U.S. dollars.

Economic interests are not the major concern of the Chinese government; the major concern is the overall relationship with North Korea. A comprehensive sanction against North Korea is likely to be the end of diplomatic relations with the North, at which time North Korea may break its relations with China, and thus become a hostile neighbor of China.

China does not fear North Korea as a hostile neighbor, but China does not want that situation, nor does it want to create that kind of situation. Why should China desire this? What benefit can China gain from pushing the North to become China's enemy at its border?

For China, North Korea has been a clear neighbor with close relations for a thousand years, including the past more than sixty years after the end of the Second World War. Therefore, the Chinese government and people do feel that China has the responsibility to give some aid to the North when it is needed. This is not something special; it is the same feeling and attitude that the Chinese have towards their neighbors such as Pakistan, Nepal, Myanmar, Cambodia, Laos, and other neighbors who do not have negative relations with China and who are even poorer than the Chinese.

Lots of people, including the government and political parties in South Korea, oppose the North, but China does not stand against North Korea. The South wants to see regime change in North Korea, and China in fact does not care too much whether there will be regime change or not in the North. What China cares most about is stability, with or without regime change.

### *II-3. The Strategic Constraints of China's North Korean Policy*

North Korea is not alone in East Asia, and relations with it are not the only factor in China's overall foreign policy and relations with the rest of the region. China has to look at and deal with the relations with the North from a regional perspective.

In East Asia in recent years and right now, the most serious and urgent Chinese security challenge is not North Korea and its nuclear and missile programs, but the U.S. "Rebalancing Strategy" against China and its rise, especially the increasing and frequent invasion of China's territorial waters and air by American warships and planes, which is challenging China's sovereignty in South China and East China Seas and threatening China's national security. This is the biggest item in China's news media now; it is the biggest thing the Chinese people care about and that creates anger in public opinion; and it is the most serious and urgent national security threat that the Chinese leadership, government, and military have to address. To the Chinese, compared with this immediate and serious American military threat, the North Korean nuclear and missile programs are nothing.

And what would China get if China accepts American pressure to agree to harsh sanctions against North Korea? Well, American leaders and government officials would say and even promise that greater cooperation between the U.S. and China would make bilateral relations between the two major powers better, and that China would benefit from better relations with the United States.

Theoretically speaking, that argument is logical, but does not necessarily fit the reality that China has faced for years or decades. Without looking too far into the past, let us look at the recent years and current reality: greater Sino-U.S. cooperation on climate change and on the Iranian nuclear issues in recent years, including last year and now, has not brought anything so positive to China from the United States. What the Chinese leadership, government, and people see is that greater cooperation between the U.S. and China on climate change, Iran nuclear issues, and other issues have only brought more frequent and often invasion of China's territorial water and space by American warships and planes. This threatens China's security, challenges China's national sovereignty, and humiliates China's leadership and people in Asia and around the world. Therefore, it is quite ridiculous for American policy makers to demand that China cooperate more with America on its security problems, while at the same time engaging in obvious actions threatening China's security. China, and no other country in the world, would accept this hegemonic logic of the United States.

What China needs to think about now and in the future is how to deal with the increasing American threat to China's sovereignty and security, not just near China, but also coming into China. North Korea, including its nuclear and missile weapons, is not the major threat that China faces.

### **III. Korean Stability and Unification**

On the issue of all national interests and policy on North Korea and the Korean Peninsula, the central focus of China is the stability of the Korean Peninsula. China would like to maintain the stability on the Peninsula and in all of Northeast Asia so that China can continue to concentrate on its national economic development and modernization, which has been China's national priority for decades.

Stability does not mean no changes will occur, it only means that such changes happen stably and peacefully. In fact, China and the Chinese people do not worry about changes in North Korea and the whole Korean Peninsula, including regime change and inter-Korean relations. What China cares about is that those changes are better if they occur stably and peacefully, without threatening the general peace and stability on the Peninsula.

China has stated its support for Korean unification for many decades since the end the Second World War, and since the time at which Korea was divided. During his visit to the Republic of Korea in July 2014, President Xi Jinping of China restated this long-standing Chinese official position a couple of times, including during his talks with President Park Geun-hye of the ROK. In the Joint Statement between the ROK and China issued during the visit, China spoke highly of the Republic of Korea's active efforts in improving DPRK-ROK relations, supporting the two sides of the Korean Peninsula in their dialogue and reconciliatory cooperation: "China respects the will of Korean people for reaching the goal of peaceful unification of the Peninsula, and supports the Peninsula to realize its final goal of peaceful unification."<sup>1</sup>

In his speech at Seoul National University on July 5, 2014, President Xi said that China expects to see improved ties between the two nations on the Korean Peninsula and supports them in finally realizing independent and peaceful unification. He said that if the two sides of ROK and DPRK continue to push the process of improving their relations, the will of an independent and peaceful unification that the Korean people are eager to have would be realized. The Chinese people will always be the friends that the people on the peninsula can trust.<sup>2</sup>

What President Xi Jinping stated has been the formal and real position of China's government and people on the issue of Korean unification.

*The Chinese Own Experiences and Dream.* The reason that China understands and supports Korean unification is because the Chinese have the same interests, goal, and dreams of China's reunification with Taiwan. Since 1949 when China was divided between the Mainland and Taiwan as the outcome of the civil war, the Chinese has had a long-term national interest and goal of national reunification. Therefore, the Chinese leaders and people fully understand, respect, and support the Koreans' goal of national unification, because this is a normal, right, and great goal of every divided nation.

*The Economic Interests and Perspectives.* China has close economic relations with both parts of the Korean Peninsula. The Republic of Korea now is one of the closest economies with China. The ROK has been the third largest trade partner of China for years, next only to the U.S. and Japan. It has been one of the most important sources of foreign direct investment and one of the largest sources of international tourists and students in China.

When Korea is united, the Chinese believe and expect that the economic and social ties between China and a united Korea will be stronger. Because when Korea is united, there will be a boom of Northern reconstruction and modernization which would be a big economic opportunity for both the united Korean and Chinese economies. Second, because North Korea is now between the ROK and China, it is an obstacle to further integration between Korean and Chinese economies and societies. Because the North is geographically in the middle between ROK and China, the two countries cannot do some things they want to do to promote their economic and social cooperation, such as transportation linkage. When Korea is united, the united Korea and China can build highways and fast railways between them which will speed up the flows of goods and people between the two neighboring countries and promote economic and social cooperation between them.

*From the Point of View of Asian Rise.* A lot of Asians—including a lot of Japanese, Koreans, and Chinese—have not just a dream of their countries' rise, but also a dream of the rise of Asia in the world. To them, for thousands of years of human history, Asia was as developed as Europe. But in roughly the past five hundred years, Asia fell behind.

Now as Japan has risen, and China and Korea are rising, there is the hope and possibility that Asia can be great and glorious again in the foreseeable future. It will take more years for China to continue to rise, and Korea needs to rise further to achieve this goal.

Northeast Asia, especially the three nations of Japan, Korea, and China, is the power house of all Asia. It accounts for more than 80 percent of the total Asia economy (including Northeast Asia, Southeast Asia, Central Asia, and Southern Asia, but not including Western Asia, which is basically part of the Middle East). Therefore, the real Asian rise depends on the rise of Northeast Asia.

In Northeast Asia, China needs to complete its modernization and rise, and when Korea is united, the more than 70 million person population of Korea would be almost the same size as the respective populations of United Kingdom, or France, or Germany. It has the potential to become another major economy in the world. And when Japan, China, and a united Korea all become strong and major economic powers in the world, then the rise of Asia would come true; Asia would become another major and equal power in the world compared with a Western power, and Asia would have a greater role and more influence in the world, including its traditional culture and values.

*The Security Interest and Some Concerns.* The only worrisome issue and concern among some Chinese on Korean unification is the future security of China. The concern is not about a united Korea, but is about the United States and future security relations between a united Korea and the United States.

The concern, to some Chinese will be if a united Korea is likely to maintain the South's current security relations, including the security alliance with the U.S. Then the U.S. military bases and troops would be close to the border of China, and thus might cause a bigger threat to China's security in the future.

Many other Chinese, including me, do not share such a security concern, or do not worry that much.

Because first, from the history of thousands of years, we believe that the united Korea would have good relations with China. For thousands of years, Korea was a united nation, and the united Korea was always a friend of China.

Second, even if a united Korea maintains its security relations with the U.S. and American bases/troops continue to stay in the united Korea, they are not necessarily a threat to China. Whether or not the American military is a threat to China does not depend on where it is located, but depends on future Sino-U.S. relations. If relations go seriously wrong, the U.S. troops in Korea are certainly a threat to China. But if bilateral relations do not go seriously wrong, then the U.S. military forces will not cause a threat to China.

Right now and in the past forty years since the early of 1970s, the nature of Sino-U.S. relations has not been settled and has remained uncertain and undecided. In future decades, China-U.S. relations might worsen, but it is also possible they might improve. Therefore, whether a united Korea will be a security problem does not depend on Korea, but it depends on Sino-U.S. relations.

In another security arena, a united Korea would release China from the security burden of North Korea. North Korea has been a closed country to China for decades, but China has suffered greatly from such a close neighbor. It caused China to go into the war in the 1950s; caused the separation between Taiwan and China since then; and forced China into many crises over decades, including in recent years. Therefore, if the state of North Korea disappears, then China would rest more easily, and be much more trouble-free in Northeast Asia.

Many Koreans and other people believe China likes and needs the North as a buffer zone between China and the United States, or even between China and Japan. As was discussed above, North Korea gave China more troubles than benefits, and China-U.S. relations are okay now and will not necessarily be bad in the future, so China does not need that buffer zone in its relations with the United States. As for Japan, China now is stronger and will be much stronger than Japan in the future, as it was for most of the history of thousands of years; it does not need a North, South, or a united Korea to counter a Japanese problem.

The Korean issue has been a major issue that China has worked on together with the U.S., ROK and other countries for decades, and China has exercised some role and influence over the issue. So some people in the world argue that China needs North Korea, and a divided Korea to exercise its role and influence in Asia and the world.

Yes, the Korea issue has been an issue with which China has exercised some role and influence; but China is a big country, and a big country does not depend on one area or issue to maintain its regional and global role. Today and in the future, China can exercise a lot of influence over many areas and issues in Asia and the world. China does not depend on North Korea to exercise this influence, especially since that role has given China many more troubles than benefits.

While China has sincerely supported Korean unification, it can do little to work together directly with the ROK to promote unification. The reason is North Korea. If the North knows and believes that China is working with the South for the goal of unification, it would mean the end of China-North Korean relations because everybody knows that North Korea's regime's security is China's number one priority. And if North Korea believes that China is doing something with the South for unification, then North Korea would believe that China is working with the South, and perhaps also with the U.S., to try to end the regime in North Korea. This is against China's long-term position in which China supports Korean unification, but China does not oppose North Korea, nor its regime. China wants to maintain good relations with the North as much as possible. It does not want to be an enemy of North Korea.

In that sense, China does not want to engage in any kind of "counter-contingency" talk with South Korea and the United States, either now or in the future.

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<sup>2</sup>"Highlights of Xi's Speech." *China Daily*. 5 July 2014.

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# Building a Security Community in Asia-Pacific Region: Can China Contribute?

*by Sun Zhe*

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Looking back at the past decades, the Asia-Pacific region has, as a whole, been relatively peaceful and stable. Compared with what has occurred in the Middle East and Central Asia, such as the geopolitical rivalry between Russia and the West, the rise of ISIS, and the challenge of illegal immigrants to European unity, most countries in this region still place economic prosperity as one of their top national priorities. However, the Asia-Pacific faces a security dilemma, due to crises in this region that have escalated and intensified. Maritime disputes, the North Korea nuclear crisis, and a marked upturn in tensions between China and many of its Asian neighbors are just a few examples. Today, the common security challenges in the Asia and Pacific region can be summarized in three areas: Chinese military growth, the U.S. military dominance and strategic "rebalance," and conflicts or hot spots in the region. The prospect of an Asia-Pacific security community is still quite distant, although most countries in this region understand that they must work together to address the concerns of major powers and to cover bilateral, trilateral, and other multilateral configurations.

Conflicts or potential confrontation inside and outside the Asia-Pacific will produce deep and long-lasting impacts on the security situation in the region. Nonetheless, the future way out of the Asia-Pacific's current security dilemma depends heavily on how the U.S., China, and Japan can work together. As long as China's rapid economic and military rise continues to create threatening perceptions among its neighbors as well as in the U.S. and Japan,<sup>1</sup> a specific question related to the rise of Chinese military power must be explored in a more detailed fashion, that is, can China realize its military modernization while at the same time strengthen its security cooperation with the U.S. and Japan and thus make contributions to the common security framework of the region? To answer this question, three particular issues must be discussed: 1) The logic of China's military growth and how serious a threat it has posed to other countries in the region; 2) The major barriers that hold back the military exchange programs between China and the U.S.; 3) The intervening factor, the strengthening of a U.S.-Japan alliance and its repercussions for China. Once these three issues are analyzed, suggestions to establish a collective framework including more specific security dialogues and cooperation in this region will be provided.

## **China's Military Growth: A Security Shadow in Asia-Pacific Region?**

Has China's military development become a shadow for the region? Generally speaking, China has tried to take advantage of its "strategic opportunity" for a "peaceful rise" in the past decades, and it has emphasized non-military aspects of its comprehensive national power. Whenever China has disagreements with neighboring states, it usually attempts to adopt an approach to set aside areas of disagreement, focusing on confidence-building measures to promote ties, and engaging in economic integration as well as multilateral cooperation.<sup>2</sup> In this sense, China has always claimed that a proactive defense force combined with a more proactive foreign policy would not be aimed at creating a military buildup or an arms race in the region. Rather, it would be intended to help China establish its self-consciousness and reputation as a responsible power.

Indeed, over the last decade, the Chinese military was generally considered underdeveloped and under-supplied. It has had a large land-based military, substandard navy, and growing air force. China's military modernization, therefore, involves both the transformation of strategic thinking and the increase in military capability. Under Xi Jinping's rule, China has announced an ambitious plan to enhance battle effectiveness and defense capabilities. Mr. Chang Wanquan, Defense Minister of China, has given several concrete reasons, from both historical and contemporary perspectives, on why China has accelerated the modernization of its national defense and armed forces.<sup>3</sup> China indeed tried to be "low profile" to reduce suspicions from outside. However, China's posturing is not convincing to many other countries in the region. As a matter of fact, in recent years some of China's neighbors have substantially reversed their perceptions from seeing China as a friend and benign power to a competitor with uncertain goals or even a potential threat which could impinge on their national sovereignty.<sup>4</sup> Some countries have gone even further, beginning to seek the formation of a balancing coalition to counter China's influence, and this, as explained by Thomas Christensen, is a natural result of China's departure from the policy of reassurance that it adopted in the late 1990s.<sup>5</sup>

Christensen is right, but there are more complicated reasons behind China's change of its defense posture. At least one can argue that China's self-adjustment is an expected indirect outcome of America's "rebalancing strategy" in the Asia-Pacific region. Why so? As John J. Mearsheimer has argued, China's rise is likely to lead to an intense security competition between China and the U.S., with considerable potential for war. However, Mearsheimer is not arguing that Chinese behavior alone will drive the security competition that lies ahead. The U.S. is also likely to behave in aggressive ways, thus further increasing the prospects for trouble in the Asia-Pacific region.<sup>6</sup>

To be fair, the U.S. is usually considered both a stabilizing force and a potential source of trouble in the region. On the one hand, the U.S. has established a traditional strategic sphere of influence in maritime East Asia and its navy dominates the South China Sea and Western Pacific. Washington's unchallenged naval supremacy ensures that it dominates the security considerations of the region's maritime countries, including those of Southeast Asia and Japan. On the other hand, the U.S. "rebalancing" in recent years has also played a decisive role in shaping the security environment in the Asia-Pacific, although in the long-term the U.S. will have fewer resources and might rely even more heavily on its allies and strategic partners to cooperate in ensuring regional security.<sup>7</sup>

There are some other reasons to explain China's fast growth in its military expansion, especially concerning conflicts in those hot spots of the region. Particularly, these conflicts include the Senkaku/Diaoyu island dispute, the Korean denuclearization issue, the South China Sea clashes, the arms race in the region, and so on. For example, North Korea's pursuit of nuclear weapons and the proliferation of nuclear know-how and ballistic missile equipment have been a topic since the mid-1990s, yet now it is still a thorny problem and poses a serious challenge for regional security. Another example is that the U.S. responded to China's naval buildup and development of anti-access/area denial capabilities by strengthening its posture on Guam, stepping up weapons and equipment sales to the Philippines, negotiating new arrangements with Australia giving the U.S. greater access to training facilities near Darwin, and basing Combat Littoral Ships in Singapore.<sup>8</sup> Vietnam and the Philippines had also conducted live-fire exercises in disputed waters in South China Sea areas, and have strengthened ties with the U.S. as both countries see a U.S. military presence as the most visible deterrent that might counter China's military growth.

Misperceptions have created a crisis in confidence. China, in turn, has done several major naval exercises in the South China Sea area to showcase the growing prowess of the PLAN, e.g., a demonstration by China that it was now capable of deploying beyond the first island chain to the second.<sup>9</sup> The implications are clear: China is developing the capacity to sustain larger naval deployments in the Spratly Islands and farther south for longer periods. Moreover, the flare-ups in the South China Sea dispute have deepened Chinese leaders' understanding of the urgency of a military presence. Astonishingly, China sped up its island reclamation projects in the past two years. By expanding the physical size of approximately seven of the features it has occupied since 1988, it will be able to maintain a much larger full-time military presence in the southern portion of the South China Sea. China might want to force other countries to come back to the negotiation table, a strategy which I call "cooperative compliance diplomacy." Arguably, this is exactly what the U.S.-Japan alliance has tried to accomplish with China: to impose a cost on China for its "provocative" behavior. Washington's repeated assertion that a peaceful settlement of the South China Sea disputes is of vital importance to U.S. "national interest" was seen as a departure from Washington's long-standing hands-off strategy.

In the last two years, more tensions and more frequent crises have produced defensive reactions from each side and escalatory dynamics in the region as a whole. From most Western observers' expectation, the core of the extensive military reform that China is determined to carry out is the strategic adjustment from military passivity to military initiative after 30 years in which the Chinese military has not engaged in a battle. This ongoing revolutionary event will have more significant implications for regional security. Xi is determined to change the inner workings of the military and wants to make the Chinese military more flexible or able to respond to diverse threats around the world in a way the current military structure can't accommodate.<sup>10</sup> In other words, by reforming its military, China hopes to catch up to global security trends.<sup>11</sup> Whether China's military reform constitutes a security shadow or a constructive force for the region is a big puzzle yet to be figured out.

### **Three Major Barriers in the U.S.-China Mil-to-Mil Relationship**

Relations between China and the U.S. in the last two decades have generally been characterized by a mix of broad contact, substantial cooperation, deep competition and occasional confrontation. Accordingly, fragile interplay between beneficial cooperation and fundamental disagreement has led to a U.S.-China military relationship that is constantly in transition,<sup>12</sup> experiencing several periods of setbacks and improvements. Today, the U.S.-China military-to-military relationship remains immature and continues to stand as the weakest link in the relationship. Therefore, as Professor Donald Zagoria has said, China and the U.S. are the only two countries in the world who are seeking to improve relations while simultaneously preparing for war against each other. If there are major barriers that hold back the military exchange programs between China and the U.S., what are they and can they be removed in the future?

It has been over 60 years since the U.S. and China were in a direct military conflict in the Korean War, and most scholars and diplomats still feel that direct military conflict is unlikely to occur in the near future. Nonetheless, tensions between Beijing and Washington have decidedly intensified in the last three years. The U.S. recognizes the fact that China might still remain several decades away from U.S. capabilities, however, it has paid attention to China's development of anti-satellite weapons; cyber weapons; nuclear submarines; 5th generation aircraft, including "stealth" technology; and particularly the emergence of China's long-range ballistic missiles. Also, in practice, it has criticized China on its creeping expansion in the South China Sea, its uncompromising stance against Japan on the island dispute, siding with the DPRK after efforts to bring back the Six-Party Talks failed, its clash with the U.S. on issues of cyber security, and so on. In addition to the criticism on China's military capability development, the U.S. also criticized the PLA for continuing to emphasize the "American Threat." To counter-balance China, the U.S. has been trying to strengthen its military presence on China's periphery and formed a *de facto* military encirclement against China.

It is argued that the Chinese military strategy appears fairly transparent: to design and deploy forces specifically to deter, and if necessary defeat, U.S. forces in and around Taiwan<sup>13</sup> and in the South China Sea. China's leaders appear to recognize that direct competition with the U.S. for influence in Asia is counterproductive to Chinese interests. Accordingly, while China plans to build a "blue water navy" that can operate in the Arabian Sea and the Indian Ocean, reflecting the "aggressive philosophy" of U.S. naval strategist Alfred Thayer Mahan, who argued for sea control and the "decisive battle,"<sup>14</sup> in May 2013, Chinese President Xi Jinping put forward an Asian security concept that calls for common, comprehensive, cooperative and sustainable security.<sup>15</sup>

In practice, however, China continues to highlight "three major obstacles" to the improvement of U.S.-China relations over the past 15 years. These are: 1) continued U.S. arms sales to Taiwan; 2) the closing-in of U.S. surveillance and reconnaissance; 3) laws and regulations in the United States which prohibit military-to-military exchange and the sale of high-tech goods to China.

The first obstacle, the U.S. arms sales to Taiwan, is perceived by China as a lack of U.S. respect for China's "core interests." To Americans, China's views on U.S. arms sales to Taiwan do not outweigh U.S. concerns and interests or Taiwan's psychology. A unilateral cessation or sharp reduction of U.S. arms sales to Taiwan would endanger U.S. alliances and credibility in the entire region and would also undermine the political position of Taiwan's leaders, including Mr. Ma Ying-jeou, whose ability to work with Beijing to improve cross-Strait ties rests in part on his capability to maintain a credible defense. It would, in short, boost the Democratic Progressive Party's (DPP) chances of returning to power. With Taiwan's DPP coming back to power in 2016, any future arms sales to Taiwan would most likely damage the major power relationship.

The two countries need to take steps to lower the military temperature in the Taiwan Strait in the future. The ongoing preparation of each side for the possibility of military confrontation over Taiwan is highly unlikely but lowering the temperature cannot be done at this stage through an explicit agreement. Rather, it should occur through unilateral concessions by each side, which will increase mutual confidence that both are prepared to move in the same direction.

The second obstacle, pointed out by the Chinese military, is the closing-in of U.S. military and surveillance operations near China's coast, and now more frequently over man-made islands in the South China Sea. China believes that the constant U.S. military air and sea surveillance and survey operations in China's exclusive economic zone led to military confrontations in both the EP-3 crisis and the USNS Impeccable Incident in the South China Sea. Thus, China has called on the U.S. to reduce, and gradually put an end to air and sea military surveillance and survey operations to avoid naval confrontations. The U.S., however, only agreed to continue discussions with its Chinese counterparts on effective methods of ensuring the safety of each side's naval vessels and warplanes. The two militaries signed two memos to agree on codes of conduct but the U.S. refuses to recognize the sovereign right of China over the newly expanded islands that China has claimed.

The third obstacle that holds back the military exchange programs between China and the U.S. is laws and regulations such as the 2000 U.S. Defense Authorization Act, which prohibit military-to-military exchange and the sale of high-tech goods to China.

Both sides have an incentive to cooperate, especially since military dialogues may increase clarity and understanding, even if they do not narrow the differences. U.S. officials have acknowledged that they have limited insight into Beijing's decision making and have in the past misjudged the country's intentions.<sup>16</sup> Some American political leaders, including congressmen, fear that contact with the U.S. military has actually improved the PLA's war fighting abilities. A lack of reciprocity and transparency on China's side is criticized, because China, as a weaker power, is reluctant to reveal all of its capabilities and vulnerabilities. Others argue that the U.S. can use deterrence to strategically influence China through its military-to-military relationship. The U.S. has more to gain from exchanges even if the flow of information is not equal because so little is known about the PLA through open sources.

These three obstacles were discussed at various levels in the past decade. Indeed, there is a fundamentally strategic debate occurring in China, with some advocating a much firmer line towards the U.S., while others propose a compromising approach to deal with the U.S. The outcome is not yet fully obvious.

So far the two countries have established several bilateral dialogues, such as the Defense Policy Consultative Talks, the Military Maritime Consultative Agreement, and the Defense Consultative Talks. Two CBM memos have been agreed upon and signed since November 2015. The stage is now set for China to move toward more serious talks with Washington on the South China Sea as well as nuclear strategies. In addition to these formal dialogues, the militaries have both expressed interest in working together on issues such as cooperative efforts to get North Korea to undertake serious steps on denuclearization, and other regional and global security challenges, such as collaborating more closely on future intentions in Afghanistan.

Even though the two countries are in dialogue over certain issues, different approaches to military relations including bottom-up or top-down trust building, operational or strategic transparency, and inefficient bureaucratic workings, have all complicated the relationship as well. For example, the Chinese usually see military relationships as a method in defense modernization and conflict avoidance. Accordingly, the Chinese tend to build trust from the top-down, beginning with agreement on common principles before engaging in cooperative activities on lower levels. The U.S., on the contrary, prefers a bottom-up approach to build trust. So it is argued that the Chinese value transparency on the strategic level whereas the U.S. seeks operational transparency.

## **An Intervening Factor: the Strengthening of U.S.-Japan Alliance**

The U.S. has approached security relations in the Asia-Pacific region as a hub-and-spoke arrangement, with the U.S. at the center of bilateral ties with nations that, in turn, have limited bilateral or military interactions and security arrangements with each other. The increasing American influence in Japan after the earthquake in 2011 and strengthening of U.S.-Japan military alliance has also been one of the intervening factors that led China increase its own defense capability, and at the same time, seek cooperation with other Asian countries to balance out American pressure.

Chinese statements about the Obama Administration's "rebalancing" in Asia are quite worrisome inasmuch as they suggest that the purpose of this strategy is to constrain (or "soft contain") China, or at least to diminish its influence and power. The situation became even more complicated because China and Japan have not only seen each other as becoming more conservative in their domestic politics, but also more aggressive and assertive in their security policy. For instance, Japan's security strategy toward China has extended past the simple binomial framework of engagement and hedging. It is designed as a three-layered approach consisting of integration, balancing, and deterrence.<sup>17</sup> Japan's "Dynamic Defense Force" guidelines emphasize "dynamic deterrence" in action. For example, to avoid inviting violations of its sovereignty, such as foreign incursions into Japanese water or airspace, the nation will need a "clear demonstration of national will and strong defense capabilities through such timely and tailored military operations as regular intelligence, surveillance, and reconnaissance activities."<sup>18</sup> Moreover, it seeks to enhance Japan's defense posture in the nation's southwestern territories through surveillance activities and maritime patrols. It also aims to bolster the operations of the Japan-U.S. alliance in response to shifting contingencies and heightened interoperability between Japan's Self-Defense Forces and their American counterparts.<sup>19</sup> In the U.S.-Japan 2+2 meeting, Tokyo and Washington reaffirmed maintenance of maritime security and strengthened ties with ASEAN, Australia, and India as common strategic objectives. Japan has also revised its laws and regulations to be rearmed and send military forces abroad. How to manage the China-Japan relationship is a serious challenge for both China and the U.S.

It should be pointed out that any argument that treats Japan, consciously or unconsciously, as an equal strategic player vis-a-vis the U.S. and China is misguided and does not reflect an understanding of Japanese thinking and behavior. In brief, Japan is a lesser strategic player compared to the U.S. and China, and there is no realistic aspiration whatsoever among the central decision-makers of Japan to become an equal. Yet the U.S.-Japan alliance has been the cornerstone of security and stability in the Asia-Pacific over the last six decades. However, whether this alliance can continue to play such a role depends on three factors: firstly, close coordination between the U.S. and Japan in dealing with China; secondly, the ability to avoid tensions over "burden sharing" that have plagued the U.S.-Japan alliance in the past; and thirdly, the ability to deeply contribute to international peace, while at the same time finding more effective ways to deal with global common threats such as North Korea's nuclear proliferation issues. From a Chinese perspective, a more muscular military spending/policy may not be well-supported in Japan; in addition, Japan has strong suspicions about America's commitment versus its capability in the Asia-Pacific region.

## **An Asia-Pacific Security Community: Can China Contribute?**

In a more fluid and volatile international context, China is shaping the world by changing itself. The new Chinese leadership possesses both domestic aspirations and a global consciousness. Whether the rise of China is a fantasy or fallacy, China has become a stronger force that has further contributed to, as well as destabilized, the status quo of the current international order. In other words, China has always emphasized that it will seek peaceful development and strengthen international cooperation. In practice, however, China itself is becoming a source of international instability and has thus brought about difficulties in forging cooperation with other countries.

China doesn't seek to destroy the existing international order. Rather, China wants it to adapt to accommodate China's rise. In addressing the Asian security framework, Xi Jinping stressed win-win cooperation and the proper handling of disputes over sovereignty and maritime issues.<sup>20</sup> From a positive point of view, China is willing to identify and pursue four sets of international responsibilities: the internal responsibilities of China as a large developing state; the legal responsibilities of China as a normal sovereign state; the additional responsibilities of China as a great power; and the special responsibilities of China as a permanent member of the United Nations Security Council.<sup>21</sup> Indeed, at least one can argue that China has made considerable efforts to protect the reputation of the United Nations, and has initiated and participated in various peace talks as well as international and regional negotiations on hot issues, including the historical talks on Indochina peace, the Six-Party Talks, the international negotiations on the Ukrainian and South Sudanese crises, and so on. China has also signed over 23,000 bilateral treaties and agreements, 400-plus multi-party treaties, and joined almost all international inter-governmental organizations. The question then, is to what extent China will support or spoil the collective security framework established after the WWII and led by the U.S.?

Americans will continue to express their concerns about China's provocative behavior in East Asia and U.S.-China bilateral relations, whereas the Chinese will work to defend their actions and to explain that China has no intention to challenge the American-led international regime; rather, it is merely trying to improve the international system from within the system.

Many scholars have argued that the two sides must build up mutual trust, but I argue that the two countries must learn how to live with each other and how to cooperate more without trust. How they interact not only with each other, but also with other countries such as Japan, India, ASEAN and Europe, as well as with transnational media and in public diplomacy will define and shape Asian and world affairs.

Although countries in this region have historic animosities, deep policy differences, competing economic claims, and well-developed armed forces, they also share expectations for peaceful change, diminishing the prospect of using force to resolve disputes. Therefore, various proposals have been made by scholars in the region calling for a common security architecture.

China's power projection capabilities will gradually expand as China's global interests expand. I argue that China has followed "a longer-term strategy to pursue a range of objectives that in the process will broaden Chinese influence relative to that of the United States in the countries along China's periphery."<sup>22</sup> In this sense, a collective regional framework is only possible if the following steps are taken to build up a cooperative regional security framework:

First, China will need to continue reform in its domestic politics. To some extent, China needs to shed its authoritarian elements and recognize the positive role of the hub-and-spoke system for maintaining the stability of the region.

Second, a multi-layer dialogue mechanism must be established. This includes:

- 1) Continued expansion of the U.S.-China Security Dialogue. Through this bilateral framework, Beijing and Washington should seek mutual understanding of a tacit agreement to maximize cooperation, manage friction, live with competition, and coexist peacefully. In particular, through these bilateral dialogues, the two militaries can improve communication about future uncertainties on the Korean peninsula, sharing assessments of developments and working to ensure that the interests of the two countries do not come into conflict.
- 2) Strategic, economic and security dialogues between China and Japan. It is important that China and Japan should find a way to not let a single issue block the overall dialogue. To eliminate misperceptions and alleviate mistrust, more people-to-people exchanges should be promoted. This multi-directional socialization process can produce an unprecedented level of shared strategic vision and even a sense of shared identity in the region. Most importantly, China's military modernization and Japan's normalization of its defense forces should not get ahead of cooperative efforts that build trust—otherwise, we will face serious security dilemmas in the region.
- 3) A trilateral consultative defense conference among three superpowers in the region—the U.S., China, and Japan—should be established. For strategic accommodation, the U.S., Japan and China should recognize and accommodate each other's primary interests while “holding one another accountable to high standards of state behavior [involving]... respect, restraint and responsibility.”<sup>23</sup>

Third, concrete measures must be taken to calibrate strategic thinking among Washington, Tokyo and Beijing for the trilateral interaction to pursue greater cooperation rather than confrontation. For example, these three countries can work on preventive diplomacy and formal interaction on a range of global issues such as counterterrorism, disaster relief, non-proliferation and environmental protection. Here, the transformation of the U.S.-Japan and U.S.-ROK alliances should not be directed against China. Washington, Tokyo and Seoul can figure out a way to invite Beijing to participate in activities such as combating piracy, search-and-rescue exercises, disaster relief and post-conflict stabilization in or outside this region.

Fourth, a binding code of conduct on the South China Sea must be worked out. China has to calm neighboring claimants and prepare to work together with other countries on this issue. China has conducted dialogue and consultations with its neighboring countries in the 1990s and should continue to do so in a multilateral framework.

Fifth, there should be exploration of the idea of an “Asia-Pacific Community.” There are four major interrelated security challenges that confront the Asia-Pacific: how to manage major power rivalry and prevent it from polarizing the region; how to prevent force modernization from destabilizing regional security; how to prevent disputes in the South China Sea from erupting into armed incidents; and how to improve the capacity of regional security architecture to deal with traditional security issues.<sup>24</sup> To deal with these challenges, major multilateral mechanisms such as the ASEAN Regional Forum, the East Asia Summit, and the ASEAN Maritime Forum have already been created but their effectiveness needs to be further enhanced. Supplementary measures and activities to create a culture of cooperation and demonstrate the benefits of participation must be explored.

## Conclusion

To achieve durable peace, stability, and fairness at a global level, we must work together to seek shared interests and to explore practical agreements, institutions, and processes among the leading states to that end. In that sense, these proposals may be technical in nature but will have strategic implications in the future.

To conclude, we face unprecedented global challenges today. The Asia-Pacific region has also been strained by security-threatening confrontational geopolitics, as well as by friction among the three big powers, the U.S., Japan, and China. China's involvement in the region is forcing the regional system to evolve simultaneously. It is highly unlikely that China will intentionally take action that would completely destabilize the region. For example, the domestic desire for territorial integrity may occasionally hurt China's relations with Japan, Vietnam and the Philippines, but as long as the leadership is aware of these risks, circumstances are generally under control.

Of course, as long as a disconnect between China's domestic and foreign policy exists, China will continue to face a dilemma: on the one hand, its current domestic and international status and stability are heavily linked to continued economic growth, and the economy would naturally grow most quickly and successfully with a stable international environment; on the other hand, China has taken some risks which has resulted in serious international concern, and no matter how hard China has tried to assert itself in a low-risk way, it will continue to have disputes not only with less powerful countries in the region, but also with the leading countries, especially the U.S. and Japan, in the future.

It is only occasionally and on less sensitive issues that Xi Jinping and Chinese leaders' actions to protect China's rights and national interests are seen as commensurate with their new status in the international arena. Against this background, the most significant and potentially transformative issue for the region seems to be the uncertainty surrounding China's strategic objectives. How China views its place in the world, as well as the evolution of its foreign policy principles and policy priorities will have a singularly important impact on regional security in the coming years. As the whole world is expecting China to be more transparent and responsible, China should focus more on its aspiration to be the engine of economic growth in the world, and at the same time, take a more cooperative approach to deal with the security cooperation in the region.

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# The Sino-Japanese Relationship and its Implications for Regional Security in East Asia

by Noboru Yamaguchi

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For the last ten years, Japan and China have tried to work together toward a “mutually beneficial relationship” based on common strategic interests but have failed to accomplish this for a number of reasons. The two historical neighbors are separated by no more than a strip of water and have come a long way to be the third and the second largest economies in the world, respectively. Along with political economic aspects, relations between the two countries are of critical importance in regional and global security contexts. Japan’s “National Security Strategy,” released by Prime Minister Shinzo Abe’s administration in December 2013, states that “stable relations between Japan and China are an essential factor for peace and stability of the Asia-Pacific region” and that “from a broad, as well as a medium- to long-term perspective, Japan will strive to construct and enhance a Mutually Beneficial Relationship Based on Common Strategic Interests with China (hereafter Mutually Beneficial Strategic Relationship) in all areas, including politics, economics, finance, security, culture and personal exchanges.”<sup>1</sup> The idea of a Mutually Beneficial Strategic Relationship was agreed on in 2006. The ten years since have been rough for the two countries when the bilateral relationship was hitting the bottom and recently showing only slight signs of recovery.

The following part will: 1) overview trends in Sino-Japanese relations over the last ten years; 2) look at trends in China’s military capabilities and activities and the implications; and 3) discuss key issues and courses of action for Japan.

## Sino-Japanese Relations since 2006: Departure from the “Ice Age”

At the very early stage during his first term in 2006, Prime Minister Shinzo Abe visited China and reached an agreement with President Hu Jintao and Premier Wen Jiabao to work together toward a Mutually Beneficial Strategic Relationship. This agreement was intended to upgrade the bilateral relationship to a “partnership of friendship and cooperation for peace and development” as described in the *Japan-China Joint Declaration of November 1998*. Bilateral relations before Prime Minister Abe’s visit were “often described as ‘cold politically while warm economically,’ or the ‘Ice Age,’” resulting from China’s protests against former Prime Minister Junichiro Koizumi’s visits to the Yasukuni Shrine and other political factors such as controversy over Japanese history textbooks and the Taiwan issue.<sup>2</sup> His visit to China was the very first official visit by a Japanese prime minister since Prime Minister Keizo Obuchi’s trip to China in 1999 and was called a “trip to break the ice.”<sup>3</sup> Prime Minister Abe met with the Hu Jintao Administration, which discussed policies on how to build a “harmonious society” (*hejie shehui*) and emphasized its efforts to address their domestic problems such as uneven development among regions, energy supply and environmental issues, to achieve sustainable economic growth. In this regard, a better relationship with Japan was desirable as Japan had plenty of experience and technologies for high efficiency in utilizing limited energy resources and environmental protection.

The next major step toward a Mutually Beneficial Strategic Relationship was taken during President Hu Jintao's visit to Japan in May 2008 with Abe's successor, Prime Minister Yasuo Fukuda, who was widely known as an enthusiastic supporter of better Japan-China relations. Prime Minister Fukuda and President Hu signed the Joint Statement between the Government of Japan and the Government of People's Republic of China on *Comprehensive Promotion of a Mutually Beneficial Relationship Based on Common Strategic Interests*. The joint statement became the "fourth important political document" on Japan-China relations, following three previous documents, namely the *Joint Communiqué in 1972*, the *Treaty of Peace and Friendship* between the two countries in 1978, and the *Japan-China Joint Declaration* issued in 1998.<sup>4</sup> Based on the joint statement, areas of Japan-China cooperation were elaborated in a joint press statement released at the same time as the joint statement listing up to 70 specific areas of cooperation.<sup>5</sup>

Exchanges between the People's Liberation Army (PLA) of China and Japan's Self Defense Forces were promoted to a certain extent during the period discussed above. As for high-level exchanges, Chinese Defense Minister Cao Gangchuan visited Japan in August 2007, Japanese Chief of the Joint Staff Admiral Takashi Saito visited China in February 2008, Chinese Air Force Chief General Xu Qiliang visited Japan in September 2008, and Japanese Defense Minister Yasukazu Hamada visited China in March 2009.<sup>6</sup> At the unit level, the first port visit to Japan by the PLA Navy was carried out in November 2007 when Chinese missile destroyer *Shenzhen* visited Tokyo; that was followed by a visit from the JMSDF destroyer *Sazanami's* to Zhanjiang in Guangdong Province in June 2008.

### **Crisis over the Senkakus**

On September 7, 2010, a Chinese fishing trawler rammed into a Japanese Coast Guard's (JCG) patrol ship. The Chinese skipper was arrested and held for seventeen days before he was released. The then-ruling Democratic Party of Japan (DPJ), led by Prime Minister Naoto Kan, was severely criticized by the Japanese public for conceding too much to China in its handling of the incident.<sup>7</sup> This domestic pressure put Prime Minister Kan's DPJ successor, Yoshihiko Noda, in a situation where he could not afford to look too weak on the issue. At the same time, both the Chinese government and the Chinese public heavily criticized the Government of Japan (GOJ) for being too assertive, and the government started to intensify its activities in the area surrounding the Senkaku (called as Diaoyu by Chinese and Diaoyutai by Taiwanese) Islands. According to the Japanese Coast Guard, "Chinese government vessels started to sail the waters surrounding the islands more frequently" after the incident, and "in August 2011 two Chinese government vessels intruded into Japan's territorial sea surrounding the Senkaku Islands, preceding one in March 2012 and four in July that year."<sup>8</sup>

The pressure from the Japanese public and the conservative opposition, the Liberal Democratic Party (LDP), on Prime Minister Kan and his Cabinet Secretary General Yoshito Sengoku was intense. Prime Minister Kan and Secretary Sengoku were accused of having inappropriately exercised their political influences on the decision by the prosecution to suspend the indictment and release the Chinese skipper.<sup>9</sup> Criticism of the DPJ's management of national security issues and, in particular, accusations of mismanagement of the Japan-U.S. alliance had been made against the DPJ since it came to power in September 2009 under Prime Minister Yukio Hatoyama. The Kan administration's handling of the Chinese trawler/JCG patrol ship incident therefore reinforced the public's discontent with the DPJ's supposed weakness on national security. This meant that when Yoshihiko Noda succeeded Naoto Kan as Prime Minister and leader of the DPJ in September 2011, he had no choice other than to be tougher on national security policy than his predecessors had been and be as hardline as the LDP. Prime Minister Noda declared that his administration "would protect [the] sovereignty of Japan and defend its territories with an unwavering resolve."<sup>10</sup> This firm position may have influenced Prime Minister Noda's decision to purchase the three islands in 2012.

The GOJ's position on the Senkaku Islands has been a combination of two policies for decades: 1) avoiding confrontation with China and 2) reinforcing Japan's claims to administrative control and territorial sovereignty. Based on these positions, the GOJ was trying not to accept the landing of any persons on the islands regardless of their nationalities, in order to maintain peace and stability. For example, requests for landing from the Mayor of Ishigaki City—whose jurisdiction covers the islands—were rejected in January 2013 by the Ministry of Internal Affairs and Communications.<sup>11</sup> Meanwhile, Japan's position on the sovereignty of the islands has been repeated to the international community as follows:

There is no doubt that the Senkaku Islands are clearly an inherent part of the territory of Japan, in light of historical facts and based upon international law. Indeed, the Senkaku Islands are under the valid control of Japan. There exists no issue of territorial sovereignty to be resolved concerning the Senkaku Islands.<sup>12</sup>

It is worth noting that complexity exists in relation to Japan's position on the sovereignty of the islands and U.S. treaty obligations to defend Japan. The U.S. has repeated that it does not take any position on territorial disputes, including that of the Senkaku Islands. On the other hand, Article 5 of the U.S.-Japan Mutual Security Treaty (MST) applies when "an armed attack" occurs "in the territories under the administration of Japan."<sup>13</sup> As the Senkaku Islands have been under the control of Japan since the 1972 reversion of administrative responsibility over to Okinawa from the U.S. military, Article 5 of the MST would apply if there were to be an "armed attack" there. It is fortuitous for Japan that this point has been clearly stated by the Obama Administration.

On April 29, 2013, U.S. Secretary of Defense Chuck Hagel met Japan's Defense Minister Itsunori Onodera in Washington, D.C. and reaffirmed that the treaty obligation based on the MST applies to the Senkaku/Diaoyu Islands. Defense Secretary Hagel went further by stating that "the U.S. will oppose any unilateral and suppressive action to deteriorate Japan's administrative control over the islands."<sup>14</sup> More recently, this position was made clear at the highest level by President Barack Obama when he visited Japan in April 2014.

### **The Noda Administration's Purchase of the Islands:**

The owner of the islands began demonstrating a slight shift in his attitude toward the islands in the aftermath of the September 2010 Senkaku Incident. The owner had previously been firmly determined not to sell the islands to anybody, particularly the national government, due to his lack of confidence in politicians. In the summer of 2011, he reportedly suggested the possibility of transferring the islands' ownership during discussions with an LDP Member of Parliament, Akiko Santo.<sup>15</sup>

On April 16, 2011 during a speech at the Heritage Foundation in Washington, D.C., the then-Tokyo Governor Shintaro Ishihara revealed a plan to purchase three of the five major islets of the Senkakus, suggesting that he had received, in principle, agreement from the owner.<sup>16</sup> He said he planned to strengthen Japan's effective control over the islands by constructing permanent facilities such as a port of refuge.

Since the 1972 return of the five Senkaku Islands as part of Okinawa, the GOJ has been exercising control over the islands of Taishojima and Kubajima for the use of U.S. forces stationed in Japan. The former is a state demesne and the latter has been rented by the GOJ. From 2002, the GOJ has been renting the other three islands, Uotsurijima, Kitakojima and Minamikojima for the "peaceful and stable maintenance" of them. This was to prevent anyone—not only from China but also from Japan—from causing trouble over the islands such as ownership transfer and landing on the islands.

Tokyo Governor Ishihara's plan was openly criticized by Japan's Ambassador to Beijing, Uichiro Niwa, who said it could trigger an "extremely grave crisis" between East Asia's leading powers.<sup>17</sup> The Ambassador was rebuked by nationalistic voices in Japan and he was relieved of his position by the end of the 2011 summer.

At the end of August 2012 and prior to the GOJ's purchase, the Noda Administration sent Vice Foreign Minister Tsuyoshi Yamaguchi to Beijing in an effort to inform the Chinese government of the pending purchase and convince China that it would be a better means of ensuring the "peaceful and stable maintenance" of the territory. Such efforts did not seem to have worked well enough. The Cabinet's decision to go ahead with the purchase was made on September 11, only two days after Prime Minister Noda directly informed Chinese leader Hu Jintao of the plan during a brief conversation at the Vladivostok Summit.<sup>18</sup> The Noda Administration may have overestimated the effects of their communications with China. The then-U.S. Assistant Secretary of State for East Asia and Pacific Affairs, Kurt Campbell, pointed out that while Japan "thought they had gained the support of China, ... [the U.S. was] certain that they had not."<sup>19</sup>

The landowner had been a tough and difficult negotiator with Prime Minister Noda's staff up until an agreement for the GOJ's purchase was reached, and the Noda Administration was not sure about how long the agreement could remain intact.<sup>20</sup> This was an important factor underpinning the Administration's urgent decision in September 2012 to purchase the islands.

Since then, tensions between China and Japan over the islands have increased. Although Prime Minister Yoshihiko Noda's decision was designed to avoid further tension by preventing the then-Governor of Tokyo from purchasing them and thus provoking China, the reaction from China was far more severe than expected. Chinese Premier Wen Jiabao warned Japan by saying that "the government and the people of China would never yield even a half step" just a day before the GOJ's announcement on September 11, 2012. After the GOJ's purchase of the islands, Chinese reaction through its maritime law enforcement organizations intensified. According to the Japanese Coast Guard, on September 14, 2012, "Chinese government vessels started to enter Japan's contiguous zone almost daily, except on stormy days," and "repeatedly intrude into Japan's territorial sea, at a frequency of about five intrusions per month."<sup>21</sup> In 2014, Chinese Government vessels intruded into Japanese territorial waters 32 times involving a total of 88 vessels (52 times with 180 vessels in 2013).<sup>22</sup>

### **Developments in Military Aspects and their Implications**

As China's economy has been enjoying rapid growth, its military expenditures have drastically expanded in the last twenty years and resulted in remarkable modernization of the PLA. According to International Institute for Strategic Studies' (IISS) *Military Balance 2015*, China's military expenditure in 2014 was USD 129,408 million—that was the second largest in the world next to the U.S. with its defense spending of USD 581,000 million, much larger than its major allies such as the United Kingdom with USD 61,818, France with USD 53,080, Japan with USD 47,685, and Germany with USD 43,934.<sup>23</sup> Japan's Ministry of Defense estimates that China's defense expenditure as officially released by China has increased 41 times in the last 27 years and is 3.6 times larger in the last 10 years.<sup>24</sup>

Since the turn of the century, China's naval and air activities have intensified drastically as the PLA's modernization proceeded, particularly in its naval and air components. Against international laws, a Chinese nuclear submarine intruded into Japanese territorial waters while submerged in November 2004. Surface combatants have also become more active in the recent years as well. For example, in April 2010, a PLA Naval fleet consisting of ten ships navigated from the East China Sea to the western Pacific through the straits between Okinawa and Miyako islands while launching a helicopter that approached a MSDF destroyer as close as three hundred feet at the altitude of a hundred feet.<sup>25</sup> On January 30, 2013, the JMSDF Destroyer Yudachi operating in the East China Sea detected that she was aimed at by fire control radar of the PLA Navy's Jiangwei II class frigate Lianyungang on January 30, 2013.<sup>26</sup> A JMSDF helicopter SH-60 was aimed at by similar fire control radar by the PLAN Jiangkai I class frigate Wenzhou on January 19. For ships and aircrafts, being illuminated by fire control radar means that they are being aimed at by enemy guns or missiles and are just short of being shot. Under such a situation, it is not surprising that the skipper of the ship or the pilot of the bird take it as seriously dangerous and attempt to defend themselves.

These events on one hand may suggest the strength of the PLA as it has become more aggressive while being built up and modernized. On the other hand, it can be said that the PLA Navy and Air Force are still on the way to train its sailors and airmen and to modernize their mindset so that they could catch up with the rapid modernization of their weapon systems. In other words, airmanship and seamanship of the PLA are not mature enough. For example, the above stated incident of a PLAN helicopter getting extremely close to a JMSDF destroyer is not only dangerous but also meaningless in operational terms as a helicopter is an easy target for the ship while ship can be perfectly protected from any kinds of attacks from a single helicopter. For a Chinese helicopter, approaching a JMSDF destroyer too close means flying within the range of anti-air guns and missiles onboard the ship which is the first thing to avoid for helicopter pilots.

The air components of the Chinese military and law enforcement organizations have also become increasingly active particularly in the last several years as they have been rapidly modernized. In 2013, China announced that it established an “East China Sea Air Defense Identification Zone (ADIZ)” to include the Senkaku Islands, which China described as part of China’s “territory,” and that the Chinese Armed Forces would take “defensive emergency measures” in the case where an aircraft does not follow the relevant rules set forth by the Chinese Ministry of National Defense.<sup>27</sup> In May and June 2014, two Su-27 fighters of China flew abnormally close to the aircraft of JMSDF and JASDF in the East China Sea.<sup>28</sup> Japan’s MOD recently announced that the Japan Air Self-Defense Force (JASDF) conducted over 943 missions to secure territorial air space in 2014.<sup>29</sup> While this was the highest number since the Cold War, 464 of those missions were against Chinese aircraft. Most of the China PLAAF’s flights were limited to the East China Sea and short of the line demarcating the two countries’ EEZs which were much more modest than Russian flight patterns that follow just outside of Japan’s territorial airspace within the Japanese ADIZ. In the future, however, the Chinese sphere of activities will expand as China begins to utilize its airborne radars beyond its own airspace and begins to operate its carrier-based aircraft. As a result, Chinese and Japanese military aircraft will encounter each other more frequently in a wider geographic area. It is therefore urgent that Japan and China further accelerate cooperation on confidence building measures to avoid serious incidents in the air, such as the 2001 collision between a Chinese fighter and an American patrol aircraft in the South China Sea.

The PLA’s overseas activities have been prominent in the last several years. China has been active in participating UN peacekeeping operations (PKOs). The PLA deployed 2,200 personnel in nine UN PKO missions in 2014, and this number increased from 1,800 in 2013 while the level of support has been consistent since 2008.<sup>30</sup> In 2015, China sent an infantry battalion for the first time to its UN Mission in South Sudan (UNMISS), departing from its traditional focus on sending support elements.<sup>31</sup> The PLA has also been active in other non-traditional military activities such as counter-piracy operations in the Gulf of Aden, humanitarian assistance and disaster relief activities including dispatching a hospital ship to the Philippines which sustained damages from a typhoon, as well as dispatching vessels and other assets for the search of a missing Malaysian airliner.<sup>32</sup> These trends are welcomed by the international community and will provide the rest of the world, including Japan, with opportunities for international cooperation in non-traditional military activities.

## Japan's Courses of Action

This paper has so far tried to discuss the changing political situation surrounding Japan-China relations and the shifting balance of power mainly caused by rapid buildup and modernization of the PLA. As a result, the two countries have found an urgent need to avoid dangerous conflict that could result in grave consequences while also expand on certain opportunities for cooperation the two countries can take. Policies for Japan include the following five possible courses of action related to such dangers and opportunities.

First, both Japan and China should revitalize combined efforts to enhance the Mutually Beneficial Strategic Relationship. Prime Minister Shinzo Abe held a summit meeting with Chinese President Xi Jinping in November 2014 for the first time in his three years in power. Even though the meeting was as short as twenty-five minutes and appeared to the public to be extremely cold, President Xi and Prime Minister Abe had a substantial conversation to resume the original course towards Mutually Beneficial Strategic Relationship.<sup>33</sup> Hopefully, this political leadership can provide the two countries with a way out from the current stagnated status of bilateral relations. In this regard, along with a pragmatic calculation of common interests, it is necessary to improve both countries' public attitudes toward each other. According to an opinion survey conducted by the Genron NPO in Japan with support from its Chinese counterpart, Chinese people who had negative impression of Japan counted 92.8 percent in 2013, and that number decreased to 78.3 percent in 2015. Despite the 14 percent improvement, it is still far worse than 36.5 percent in 2007.<sup>34</sup> This trend of slight improvement may be the result of the political leadership exercised by the two governments since 2014, as well as the recent drastic increase in numbers of Chinese visitors to Japan reaching a record high of over two million in 2014 which might have deepened mutual understanding of the respective cultures.<sup>35</sup> Japanese people's sentiment against China shows similar trends. For further improvement in this regard, grass-root exchanges including those of younger generation in the long-run will be critically important.

Secondly, Japan and China should enhance their efforts to build confidence between the PLA and the SDF. Military exchange programs such as high-level exchanges and mutual port visits by naval vessels should be promoted for greater mutual understanding and transparency. Furthermore, in order to avoid unintentional escalation of maritime or air incidents in the East China Sea in particular, confidence-building measures in the region are urgent. In this regard, the two governments agreed in June 2012 to establish the Maritime and Air Communication Mechanism consisting of annual meetings and experts meetings, high-level hotlines between the defense authorities of Japan and China, and direct communications between naval vessels and aircraft.<sup>36</sup> The establishment of such a mechanism is imperative as encounters between PLA and JSDF aircraft and ships are becoming more and more frequent, as noted above. Along with this bilateral endeavor, China recently showed interests in taking steps to avoid and prevent unexpected situations at sea in a multilateral forum. In April 2014, China, along with other countries such as Japan and the United States, agreed to the Code for Unplanned Encounters at Sea (CUES), which sets forth the standards of behavior in the case that the naval vessels or aircraft of the Western Pacific Naval Symposium (WPNS) member states have unexpected encounters.<sup>37</sup>

Thirdly, Japan and China should work hard to find areas of cooperation for SDF-PLA operations in international missions. Both the SDF and the PLA are trying to be more active in UN PKOs and other non-traditional overseas missions that may provide the two countries with a neutral ground for visible military-to-military cooperation. Both countries should try to take every opportunity to recognize the cooperative attitudes of their respective militaries so that public sentiments towards the other side can be softened. Japan's new security legislation passed the Diet last September, and it gives China and Japan more opportunities for cooperation because the legislation expanded possible areas where the JSDF contingents could participate in such non-traditional military operations with other militaries, including the PLA.

Fourthly, Japan should build and maintain a modest but determined defense posture in the Southwestern Islands and its surrounding maritime and air spaces. The islands are located at a strategically important area that separates the East China Sea and the western Pacific. Since the development of the 2010 National Defense Program Guidelines by the DPJ, Japan has kept emphasizing the importance of the defense posture in the Southwestern area. For the maintenance of maritime order in the region, maritime law enforcement organizations of relevant countries including Japan and China should constantly work together. As discussed earlier, China's naval and air activities in the region have expanded geographically and involve frequent passages around Japanese territorial waters and airspace. While the right of freedom of navigation should be fully respected, it is noted that Japan is authorized and obliged to secure its sovereignty. In this regard, it is imperative for the JSDF to build and maintain a resilient defense posture to secure its sovereignty and protect Japanese nationals while also supporting law enforcement organizations such as the coast guard and police. Such defense and deterrent postures will indicate Japan's resolve that could help the region avoid inducing aggressions.

Fifth, when it takes policies based on the lines stated above, Japan should harmonize such efforts with efforts to promote the credibility and effectiveness of the U.S.-Japan alliance. Close coordination between the United States and Japan at the policy level is important when the two countries proceed towards improving relations with China and promoting cooperation, including those in security areas with the PLA. In the meantime, it is noted that Japan's defense posture in its Southwestern area has significant implications on U.S. forward deployment during peacetime and rapid deployment in contingencies. If Japan is successful in establishing robust maritime and air defense as well as island defense capabilities in the region including Okinawa, such capabilities could provide the U.S. forces stationed in and around Japan with cover against threats from air and sea. This will make U.S. reinforcement to Japan's own efforts for defense of the area safer and easier. In other words, while U.S. forces are working hard to overcome difficulties in operating under China's so-called Anti-Access/Area-Denial (A2/AD) capabilities, Japan can provide the alliance with its own A2/AD capabilities against any hostile entities in its Southwestern area as air and maritime cover for the allied forces.

## Conclusion

China's rise apart from its economic implications is one of the most significant phenomena that determine the global strategic environment. This paper proposed five policy recommendations for a more constructive Japan-China relationship as well as a safer security environment in the Asia-Pacific region. In making and implementing policies to deal with China's rise, Japan's National Security Strategy quoted in the introduction has properly listed points to note and the only question remaining seems to be how Japan could and should materialize these policy lines. Key points listed in the NSS include Japan's efforts to 1) "encourage China to play a responsible and constructive role for the sake of regional peace, stability and prosperity," 2) "promote measures such as establishing a framework to avert or prevent unexpected situation" through continuing and promoting defense cooperation, and 3) "respond firmly but in a calm manner" against attempts to change the status quo by coercion.<sup>38</sup>

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<sup>1</sup> The Government of Japan. *National Security Strategy of Japan (NSS)*. Decision by National Security Council and Cabinet on December 17, 2013.

<sup>2</sup> National Institute for Defense Studies. "Chapter 4: China, Quest for a 'Responsible' Power." *East Asian Strategic Review 2007*. Tokyo: NIDS, 2007. 96. Web. <[http://www.nids.go.jp/english/publication/east-asian/pdf/2007/east-asian\\_e2007\\_04.pdf](http://www.nids.go.jp/english/publication/east-asian/pdf/2007/east-asian_e2007_04.pdf)>

<sup>3</sup> Kokubun, Ryousei, et.al., *Nicchu Kankeishi (Modern History of Japan-China Relations)*. Tokyo, Yuhikaku, 2013, Print. 224.

<sup>4</sup> Joint Statement between the Government of Japan and the Government of the People's Republic of China on Comprehensive promotion of a 'Mutually Beneficial Relationship Based on common Strategic Interests.'" *Ministry of Foreign Affairs of Japan*. 7 May 2008. <<http://www.mofa.go.jp/region/asia-paci/china/joint0805.html>>

<sup>5</sup> National Institute for Defense Studies. "Chapter 4: China, Confidence Tempered with Unease." *East Asian Strategic Review 2009*. Tokyo: NIDS, 2009. 117. Web. <[http://www.nids.go.jp/english/publication/east-asian/pdf/2009/east-asian\\_e2009\\_04.pdf](http://www.nids.go.jp/english/publication/east-asian/pdf/2009/east-asian_e2009_04.pdf)>

<sup>6</sup> Ministry of Defense. "Chapter 3, Section 2. Promotion of Security Dialogue and Defense Exchanges." *Defense of Japan 2009*. Tokyo: Ministry of Defense of Japan, 2009. 307-309. Web. <[http://www.mod.go.jp/e/publ/w\\_paper/pdf/2009/34Part3\\_Chapter3\\_Sec2.pdf](http://www.mod.go.jp/e/publ/w_paper/pdf/2009/34Part3_Chapter3_Sec2.pdf)>

<sup>7</sup> The decision to release the Chinese skipper in particular was observed as a political one made under pressure of China while the cabinet explained that the prosecution made the decision based on purely legal perspective. Opposition leaders such as the former LDP Prime Minister Shinzo Abe and Yoshimi Watanabe, the leader of Your Party criticized this decision as a result of DPJ's "weak-kneed diplomacy." See: *Yomiuri*. <<http://web.archive.org/web/20100925204048/http://www.yomiuri.co.jp/politics/news/20100924-OYT1Too944.htm>>

<sup>8</sup> "Trends in Chinese Government and Other Vessels in the Waters Surrounding the Senkaku Islands, and Japan's Response." *Ministry of Foreign Affairs of Japan*. 12 February 2016. <[http://www.mofa.go.jp/region/page23e\\_000021.html](http://www.mofa.go.jp/region/page23e_000021.html)>

<sup>9</sup> *Sankei News Archives*. 25 September 2010. <<http://web.archive.org/web/20100926000557/http://sankei.jp.msn.com/politics/policy/100925/plc100925012303-n1.htm>>

<sup>10</sup> *The Democratic Party of Japan*. <[http://www.dpj.or.jp/global/images/presidentialelection2012/20120910\\_noda.pdf](http://www.dpj.or.jp/global/images/presidentialelection2012/20120910_noda.pdf)>

<sup>11</sup> For example, requests from the mayor of Ishigaki City for landing on the islands were rejected in January, 2013 by the Ministry of Internal Affairs and Communications for peaceful and stable maintenance of the islands.

<sup>12</sup> Ministry of Foreign Affairs. "The Basic View on the Sovereignty over the Senkaku Islands." 8 May 2013. <[http://www.mofa.go.jp/region/asia-paci/senkaku/basic\\_view.html](http://www.mofa.go.jp/region/asia-paci/senkaku/basic_view.html)>

<sup>13</sup> Treaty of Mutual Cooperation and Security between Japan and the United States of America.

<sup>14</sup> *Asagumo Shimbun*. 9 May 2013. In addition to the administrative branch, law makers made the position clear to oppose coercive approach towards territorial disputes. The U.S. Senate on July 30 approved a resolution as follows "Condemns the use of coercion, threat, or force by naval maritime security or fishing vessels and military or civilian aircraft in South China Sea and the East China Sea to assert disputed maritime or territorial claims or alter the status quo (Submitted July 10 by Senator Mendez)."

<sup>15</sup> Sunohara, Tsuyoshi. 『暗闘：尖閣国有化』 (*Struggle: Nationalization of the Senkakus*) Tokyo, Shincho-sha, 2013. Print. 57-59.

<sup>16</sup> "Ishihara thumbs his nose at the central government" *The Asahi Shimbun*. 18 April 2012. <[http://ajw.asahi.com/article/behind\\_news/politics/AJ201204180054](http://ajw.asahi.com/article/behind_news/politics/AJ201204180054)>

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- <sup>21</sup> "Trends in Chinese Government and Other Vessels in the Waters Surrounding the Senkaku Islands, and Japan's Response." *Ministry of Foreign Affairs of Japan*. 12 February 2016. <[http://www.mofa.go.jp/region/page23e\\_000021.html](http://www.mofa.go.jp/region/page23e_000021.html)>
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- <sup>29</sup> Ministry of Defense of Japan. *Joint Staff Press Release*. 27 April 2015. Web. <[http://www.mod.go.jp/js/Press/press2015/press\\_pdf/p20150415\\_01.pdf](http://www.mod.go.jp/js/Press/press2015/press_pdf/p20150415_01.pdf)>
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# Japan's New Security Legislation: What Does this Mean for East Asian Security?

*By Yuichi Hosoya*

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A package of new security bills, which was passed in the Upper House of the Japan's National Diet at midnight, September 18, 2015, caused one of the most heated debates in Japanese politics in the last decade. The issue of new security bills has been dividing Japan's public opinion, and a large part of the public has shown their anxiety, if not protest, against the bills. Major daily newspapers in Japan became polarized into two groups. While *Yomiuri*, *Nikkei* and *Sankei* supported the new security bills, liberal newspapers such as *Asahi*, *Mainichi* and *Tokyo* were criticizing the government on this issue. Likewise, public opinion in Japan is divided into two opposing camps. Against the backdrop of this division, Prime Minister Shinzo Abe steadfastly defended the necessity of passing this legislation.

These new security bills are considerably complicated, as they are a collection of 11 different bills, and they include a variety of revisions to Japan's security activities. The anxiety of Japanese people largely comes from uncertainty of the result of this legislation, due largely to the complicated character of the bills. A large part of Japanese people are lost in the middle of the labyrinth of complicated security bills whereas only a small number of security experts can understand the nature of them. From the midst of this confusion and anxiety, the 11 security bills were passed in the both Houses of Japanese Diet. The key question from then on has been to what extent this security legislation will change the trajectory of Japanese security policy.

Prime Minister Abe often appeared in debates at the National Diet, and tried to clear criticism and anxiety over the security bills. However, his effort was not successful enough to disperse those concerns. There are several reasons for hostility towards the security legislation. *The New York Times*, a leading liberal newspaper in the U.S. which has been largely hostile to Abe's government, explained the background:

Mr. Abe's critics have a variety of grievances against the defense legislation. Not least is the question of its constitutionality: In multiple surveys of constitutional specialists, more than 90 percent have said they believe that it violates Japan's basic law, laid down by the United States in the postwar occupation, which renounces the use of force to resolve international disputes.<sup>1</sup>

While some liberal papers are critical of Japan's security legislation, a majority of security experts in Japan and in the U.S. have shown their support for the security legislation. Jeffrey Hornung, Fellow at Sasakawa Peace Foundation USA, underlined the importance of this policy evolution:

In sum, Japan already provides crucial support to the Asia-Pacific region and the world through financial aid and in-kind assistance. Prime Minister Abe, however, has sought a new paradigm for his country by making Japan less a security consumer and more a security provider, which he calls proactive contribution to peace. This is vital, as the challenges facing the world are so complex and far-reaching. The countries tackling these challenges would benefit tremendously from Japan's engagement, beyond financial and in-kind assistance.<sup>2</sup>

Likewise, Jennifer Lind, associate professor at Dartmouth College, showed her balanced view on the recent security policy change of Japan: “Japan's recent legislation is indeed historic—but not as a dramatic abandonment of a previous strategy. It is the most recent step in a long evolution for a highly responsible and peaceful country that today faces a growing threat. And as such it represents more continuity than change in Japan's national security policy.”<sup>3</sup>

If this is the case, it is necessary to understand the essential nature of the security legislation, as well as the intention of Abe's government to pass it in Japan's National Diet. Why was Abe so resolute in passing the new security bills? Why did the Government of Japan consider it necessary to draft a wide range of security bills which would change Japan's security policy? In this short article, the logic and the background to this security legislation will be examined.

### **Internationalizing Japan's Security Policy**

Since the end of the Cold War, we can observe two important developments in Japan's security policy in the Asia-Pacific region.

First, Japan has deepened and broadened its security cooperation with like-minded countries, and above all with its alliance partner, the U.S. Since 1976, when Japan's government adopted the first National Defense Program Outline (NDPO), Japan's security policy had been based upon the concept of the Basic Defense Capability Concept (*kiban-teki boueiryoku kousou*). Andrew Oros and Yuki Tatsumi wrote regarding this doctrine that “In essence, the Basic Concept was based on the idea that Japan's defense capability should be at the level where it would not create a power vacuum in East Asia, yet restrained enough to be considered exclusively defense-oriented.”<sup>4</sup> This means that Japan's government did not seriously consider the possibility that Japan needed to contribute to international security with Japan's Self-Defense Forces (JSDF). At this period, Japan's SDF did not have sufficient defense equipment to deploy its forces overseas.

Besides, in 1982, the Cabinet Legislation Bureau (CLB) presented its position that Japan could not exercise the right of the collective self-defense, though Japan possessed the inherent right as a sovereign state. Christopher Hughes, professor at the University of Warwick, wrote that “Japan's prohibition on the exercise of collective self-defense thus limited its external remilitarization and ability to assist its U.S. ally outside its own immediate territory.”<sup>5</sup>

However, a series of crises in East Asia awakened Japanese people to the necessity of changing its security policy. The nature of threat to Japanese national security is no longer a massive invasion of the Soviet military forces on the northern part of Japanese territory. Japan has transformed its security policy since the end of the Cold War to adequately respond to new security threats in cooperation with international community. Yutaka Kawashima, former Vice-Minister of Foreign Affairs of Japan, wrote in his book that “Japan's post-cold war security agenda has been characterized by a series of legislative measures authorizing the government to engage the JSDF in various noncombat activities outside Japan, reflecting the desirability of playing an active role in maintaining international peace and security in the new era.”<sup>6</sup> Thus, Japan has been expanding its security cooperation with other partners.

Second, we have been seeing the rapid rise of Chinese military power in this region. In the “Report of the Advisory Panel on Reconstruction of the Legal Basis for Security,” which was submitted to Prime Minister Abe on May 15, 2014, it is written that, “The amount of China's nominal defense spending, as disclosed by the country, increased by approximately 4 times in the past 10 years and by approximately 40 times in the past 26 years.”<sup>7</sup> Then, “Against the background of the increase in military budget, China has installed and quantitatively expanded its arsenal of latest weapons such as modern combat aircraft and new types of ballistic missiles in a dramatic manner.” Furthermore, it is also pointed out that “China's official military budget in 2014 exceeded twelve trillion yen, nearly triple the defense budget of Japan.”

Against this backdrop, it was widely recognized among Japanese and American security experts that Japan needed to respond to these security challenges of the last quarter of century since the end of the Cold War. The so-called Nye-Armitage report of 2007 certainly encouraged Japan's efforts to change its security policy. It is written in this report, therefore, that

...the ongoing debate in Japan on the Constitution is encouraging as it reflects increasing Japanese interest in regional and global security matters. The debate recognizes existing constraints on alliance cooperation, limiting our combined capabilities. While acknowledging as we did in 2000 that the outcome of this debate is purely a matter to be resolved by the Japanese people, the United States would welcome an alliance partner with greater latitude to engage where our shared security interests may be affected.<sup>8</sup>

Since the end of the cold war, leading Japanese think-tanks, such as the Research Institute for Peace and Security (RIPS), the Institute for International Policy Studies (IIPS), the Japan Forum on International Relations (JFIR) and the Tokyo Foundation (TKFD), have unequivocally recommended to enable the exercise of the right of collective self-defense in order to strengthen the U.S.-Japan alliance.<sup>9</sup> Without enabling this concept, it would be impossible to upgrade the alliance to fully respond to new security challenges in the Asia-Pacific and beyond.

In this way, the evolution of Japan's security policy has been mainly a response to strong demands coming from its own alliance partner and also from the international community, as well as from within. This is because Japan needs to internationalize its security policy further to contribute more to international peace and stability. The biggest change in Japan's security policy doctrine came at the time of the DPJ government, two years before Abe became prime minister. The 2010 NDPG (National Defense Program Guidelines) stipulated to replace the old concept of the Basic Defense Capabilities Concept by a new one called “dynamic defense.” J. Berkshire Miller, Fellow at the Pacific Forum CSIS, wrote in his commentary that “the reform moved the country away from a reactive and basic defense concept towards an approach called 'dynamic defense,' which essentially advocates for a proactive, flexible and highly mobile SDF.”<sup>10</sup> He also wrote that “the United States should be happy about these potential changes.”

Abe follows this path. At the second meeting of the Advisory Panel on Reconstruction of the Legal Basis for Security at the Prime Minister's Office on September 17, 2013, Prime Minister Abe said in his opening address that,

Our prosperity would not be possible without a peaceful and stable international environment. Japan must not just simply appeal for international coordination verbally, we must become a country that proactively contributes to the peace and stability of the world based on a belief in international cooperation. I believe that this proactive contribution to peace is the banner Japan should bear in the 21<sup>st</sup> century.<sup>11</sup>

## The Debates on Collective Self-Defense

While security experts have largely welcomed Japan's efforts to expand its security activities since the end of the Cold War, pacifist ideology in Japan remains very strong. These advocates for pacifism are basically against Japan's militarism, and they usually think that Article 9 of the Constitution of Japan has protected the national security of Japan. A majority of Japanese constitutional lawyers regard JSDF as unconstitutional, and a large part of them insisted on abolishing it.

There has been a widespread campaign against the security legislation, and the rally was led by a newly established pacifist movement, SEALDs (Students Emergency Action for Liberal Democracy). It appears that they advocate “pacifist foreign and security policy based on dialogue and cooperation.” It was reported by Reuters on September 16, one day before the passing of the security bills that “opponents say the revision violates the post-war pacifist constitution and could embroil Japan in U.S.-led conflicts.”<sup>12</sup>

However, the Abe government did not aim to radically change the previous legal basis for security for several reasons. First, since the coalition partner to the LDP, namely Komeito, adheres to a pacifist and non-military ideology, it prefers much more limited changes to the security bills in contrast with what the Advisory Panel proposed in its report of May 15, 2014. Second, the Director-General of the Cabinet Legislation Bureau, Yusuke Yokobatake, attempted to uphold as much previous constitutional interpretation as possible. Yokobatake did not intend to damage the legal stability that had been respected by his predecessors, and downsized original proposals presented by the Advisory Panel. As a result, the extent of the revision to the legal basis for security became limited.

While both Komeito and the Cabinet Legislation Bureau largely limited the scope of the new security bills, the Abe government began to focus on two important issues which would expand Japan's security activities. These are Japan's more proactive participation in PKOs (peace-keeping operations) and Japan's broader logistical support to international security activities. These two areas exemplify Japan's new security policy, namely “proactive contribution to peace.”

Some Japanese and international news media focused exclusively on Japan's new “overseas combat role for military” based on the passing of the security bills. For example, *The New York Times* reported that “Prime Minister Shinzo Abe of Japan secured final passage of legislation on Saturday authorizing overseas combat missions for his country's military, overturning a decades-old policy of reserving the use of force for self-defense.”<sup>13</sup> Likewise, *The Guardian* reported that “Japan has passed controversial security bills that will allow the country's troops to fight overseas for the first time since the second world war, despite widespread voter opposition and mass protests in central Tokyo.”<sup>14</sup> This article also said that “The new laws effectively ease constitutional restraints on the country's forces to allow them to exercise collective self-defense, or coming to the aid of an ally, even if Japan is not directly threatened.”

However, this report of *The Guardian* is apparently misleading, since there are many hurdles to clear when Japan exercises the right of collective self-defense. The new security bills stipulate three new conditions to use military force. First, it is only “when an armed attack against Japan occurs or when an armed attack against a foreign country that is in a close relationship with Japan occurs and as a result threatens Japan's survival and poses a clear danger to fundamentally overturn people's right to life, liberty and pursuit of happiness.” Second, Japan can only decide to use force “when there is no other appropriate means available to repel the attack and ensure Japan's survival and protect its people.” Third, the use of force should be limited to the “minimum extent necessary.” Therefore, unlike what *The Guardian* wrote, the government of Japan cannot use force, “if Japan is not directly threatened.”

Some regard that given these restrictions, this is not the exercise of collective self-defense, but it should be categorized as the exercise of individual self-defense. At least, it should be understood that Japan has the strictest conditions to exercise collective self-defense. Without “an armed attack against a foreign country resulting in threatening Japan's survival” (*sonritsu kiki jitai*), the government of Japan cannot authorize “overseas combat missions for its country's military.”

Therefore, a majority of Japanese people basically understand the necessity of security policy changes, though they also basically feel uneasy about how the Abe administration plans to implement them. Masato Kamikubo, associate professor at Ritsumeikan University, appropriately commented that “supporters of the legislation are quieter than those who oppose it,” and the, “results of a Sankei-FNN joint Public Opinion Poll showed that only 3.4 percent of the population joined meetings to oppose the security legislation.”<sup>15</sup>

Responding to somewhat misleading criticism on the new security bills, Prime Minister Abe commented at the press conference on September 25, 2015, “Neither I, nor any other Japanese citizen wish for war. There is no doubt about that. I would like to remark once again that, in Japan—a world-class model of a democratic nation—referring to such a bill as a ‘war bill’ is baseless, fearmongering and entirely irresponsible.”<sup>16</sup> Then Abe continued as follows:

If it truly were a ‘war bill,’ there would surely have been vocal opposition to it from around the world. We are however receiving messages of support for the legislation from a large number of countries. We have received strong support from countries in Southeast Asia such as the Philippines, which was a battlefield in World War II and countries with which we once fought such as the U.S. and European ones. I believe that these supports prove that the legislation is not a ‘war bill’ but a bill aimed at deterring war and contributing to peace and security of the world.

### **“Further Contribution to the Peace and Stability”**

There are reasons that international community basically welcomes Japan's new security legislation. The main focus of the new security bills is to further contribute to the peace and stability of the international community by extending Japan's “Support Activities” (logistical support) and “International Peace Cooperation Activities” (PKOs).

The basic idea of the new security legislation is, as Prime Minister Abe often stated, the understanding that “no one country can secure its own peace only by itself.” This idea is related to the banner of “proactive contribution to peace based on the principle of international cooperation.” As explained earlier, Japan's security policy during the Cold War years was based on the concept of “the Basic Defense Capability Concept,” and Japan's security role was simply not to create a “power vacuum” in the region. This concept did not presume Japan's security cooperation with other countries. On the other hand, this concept was based on the assumption that the U.S. military forces could secure the territory of Japan, regardless of the fact that Japan could not sufficiently contribute to peace and stability in East Asia. During this time, Japanese people were accustomed to pacifist ideology and non-military foreign policy. Japan's security policy had been, therefore, considerably isolationist in its character. Against this backdrop, the Cabinet Legislation Bureau introduced an interpretation that Article 9 of Japan's Constitution prohibits nearly all security cooperation with other countries or with the international community.

The new security legislation is intended to modify the doctrine of Japan's non-military and isolationist security policy. It took a quarter of a century to transform Japan's security policy to respond to the new security environment. A series of efforts have been done to internationalize Japan's security policy under the Abe administration. First, in Japan's first National Security Strategy which was adopted in December 2013, it is written that "Japan has contributed to the realization of stability and prosperity in the international community through initiatives for supporting the economic growth of developing countries and for addressing global issues based on the principle of human security, as well as through trade and investment relations with other countries."<sup>17</sup>

Then on July 1, 2014, the "Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect its People" was adopted. In that Cabinet Decision, three important security policy changes are described; first, "Response to an Infringement that Does not Amount to an Armed Attack;" second, "Further Contribution to the Peace and Stability of the International Community;" and third, "Measures for Self-Defense Permitted under Article 9 of the Constitution." The issue of collective self-defense relates to the third concept. The second one becomes the most important issue in the new security bills.

In the previous security legislation, Japan's security activities had to be limited to the minimum extent necessary for "self-defense," and thus Japan's participation in international peacekeeping operations was often regarded as an excess to the limit. New security bills clarify the boundary of Japan's legal security activities, particularly in the areas of both "international peace cooperation activities" and "support activities." The former relates to a newly drafted "International Peace Support Law" and the revision to the "Law Concerning Cooperation for U.N. PKO and Other Operations," and the latter relates to the revision to the "Law to Ensure Security for Situations that will Have an Important Influence on Japan's Peace and Security" and also to the revision of the "Japan Self-Defense Force Law."

Under these new security legislations, the SDF will be able to provide broader support activities to coalition forces, and also to participate in new types of peacekeeping operations. Furthermore, Japan's SDF will adopt the rules of engagement (ROE) for use of weapons based upon current United Nations standards. With this security legislation, it is obvious that Japan's SDF will be able to cooperate more deeply with other national forces both in peacekeeping operations and in support activities for coalition partners in situations that will have an important influence on Japan's peace and security.

On the other hand, it is quite unlikely that Japan's government will exercise collective self-defense, and then dispatch SDF for combat operations. Only if "an armed attack against a foreign country will result in threatening Japan's survival," will Japan's government be able to ask the National Diet to use its SDF to aid a foreign country. Therefore, it is necessary to understand that the main purpose of the new security legislation is to provide "further contribution to peace and stability in international community." This is largely why the international community welcomes Japan's move to pass the security bills.

This means that Japan's SDF will be able to cooperate more with Chinese People's Liberation Army (PLA) in peacekeeping operations in South Sudan and also in the anti-piracy operations off the coast of Somalia.

## Conclusion –The Direction of Japan's New Security Policy

It is obvious that the security environment in East Asia is more unstable and unpredictable. In the South China Sea, tensions over disputed islands initiate the more severe Sino-American rivalry. In East China Sea, China disputes the control over the Senkaku Islands, and is escalating military activities around those islands. North Korea continues provocative activities including launching of ballistic missiles and nuclear weapons tests. A recent opinion poll in Japan suggests that 92.4 percent of experts think that the world is getting more unstable, and 56.1 percent consider that the decline of American power is inevitable.<sup>18</sup> This naturally leads to the idea that Japan needs to play a larger role to restore stability in the international order.

However, Japan's approach to its security policy remains incrementalism, and shows no drastic change to its traditional pacifist trajectory<sup>19</sup> Jennifer Lind appropriately argued that “Even if this legislation moves forward, Japan remains the most dovish of the world's great powers.” Furthermore,

It spends 1% of its gross domestic product on defense (in contrast to triple that rate in China). Its government is preoccupied with internal problems such as reinvigorating the economy and responding to enervating demographic change. Its 'hawks' advocate a national security policy to the left of Canada's. And, as the crowds protesting the security legislation in front of the Japanese Diet attest, its people remain deeply apprehensive about even the most restrained use of force.<sup>20</sup>

Still, Japanese public opinion is divided into pacifists who deny the security legislation and internationalists who support it. However, it is clear that Japan remains a peace-loving country with a strong anti-militarism ideology. At the same time, a large portion of the Japanese people now fully understand the necessity of Japan's “further contribution to peace and stability.” The security bills are a tool to realize that goal. The government should use these tools wisely.

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# Asia's Great Powers and Regional Stability: A New Trilateral Dynamic between the United States, China and Japan

*By Sheila A. Smith*

October 2015

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## I. Introduction

**T**he Forum on Asia-Pacific Security (FAPS) of the National Committee on American Foreign Policy (NCAFP) hosted two days of Track 1.5 meetings in Beijing from October 19-20, 2015.

This report is not so much an effort to summarize the rich discussion at the trilateral meeting, as it is an effort to analyze the complex and fragile nature of trilateral relations today and to offer suggestions to all three sides for improvement in their ties with each other. In contrast to our May report, which focused on the structural changes in the balance of power and the strategies of China, Japan and the United States, this meeting focused on the interactions between and among the bilateral relationships that comprise this trilateral and the policy agenda for cooperation in ensuring stability in the Asia Pacific during this time of geostrategic change.

The participant list for the trilateral meeting appears in the appendix.

## II. Context

The U.S.-Japan-China trilateral meeting took place as diplomacy between Japan and China was progressing slowly towards a restoration of trust and predictability between the two governments. Political and business leaders from Japan were increasingly visiting China to repair ties, and a third meeting between President Xi Jinping and Prime Minister Shinzo Abe was anticipated for the fall. U.S.-China ties, however, were strained at the time of our meeting. While President Xi and President Barack Obama had met in September in Washington, DC, the summit was largely focused on the difficulties in the relationship, including sensitive issues of cyberattacks on the U.S. government and commercial entities, the continued tensions in the South China Sea and the growing U.S. concern over the Chinese discussion of a more restrictive NGO law that suggested a crackdown on foreign journalists and NGOs and could even impinge upon U.S.-China people-to-people exchanges, including students. At the time of our meeting, the issue of the U.S. Navy's plans to conduct Freedom of Navigation (FON) operations in the vicinity of Chinese-claimed islands in the South China Sea was a conspicuous source of concern, not only for China but also for Japan. Allied expectations of U.S. leadership in opposing China's land reclamation in the Spratly Islands (what Chinese refer to as the Nansha Islands) were high, and the Obama Administration's delay in conducting FON operations until after the summit meeting frustrated many in Tokyo.

As the May report of our trilateral discussion in New York suggested, the changing balance of power in the region puts new pressures on the major power relationships of Asia. Governments of all three—Japan, China and the United States—are finding it increasingly difficult to find common cause, despite the sense that they all share an interest in maintaining and sustaining a prosperous and stable Asia Pacific. Tensions and strains in both the China-Japan and China-U.S. relationships seem unlikely to disappear despite efforts by leaders in all three capitols to improve ties. Moreover, the U.S. and Japan are also finding that geostrategic change is transforming their alliance, and raising new questions in Tokyo about Washington’s ability to manage a rising China.

This year, the United States and China were at odds over a number of policy differences. Xi’s visit to Washington in September created some hope for resolving these differences, but some important challenges remain. In particular, tensions in the South China Sea highlight just how sensitive many in Japan have become to how the United States manages its strategic relationship with China, and demonstrates the policymaking challenges inherent in managing these relations among these three Asian powers. While the state of bilateral ties between them remains an important and immediate focal point for improvement, the increasingly complex interactions between and among these bilaterals should not be overlooked or underestimated. The following report is an effort to provide some context for assessing and analyzing the trilateral relationship.

### **III. Increasing Difficulties in Sino-American Relations**

Since our last meeting, the United States and China have added new troubles to its policy agenda. A cyberattack on the Office of Personnel Management (OPM) and growing tensions in the South China Sea topped the list of concerns discussed during President Xi’s visit to the United States in September. American reaction to the hacking of personal records on an unprecedented scale has been harsh. Prior to Xi’s visit, President Obama spoke openly of the strain this placed on the US-China relationship, and even suggested that the United States was prepared to sanction China for commercial cyber activity against U.S. companies.<sup>1</sup> In the South China Sea, land reclamation by China on islands contested by others in Southeast Asia also drew American attention. The Obama Administration called on Beijing and other claimants in the South China Sea to “stop land reclamation, construction of new facilities, and militarization of outposts on disputed areas.”<sup>2</sup> U.S. naval leaders in the Pacific openly accused China of creating a “great wall of sand” in the waters of Asia,<sup>3</sup> and continue to demonstrate U.S. interest in activities there.<sup>4</sup>

The summit in September created opportunity for direct discussion over these two sensitive security issues, and some initial effort to resolve these differences. On cyber, the United States and China reached an understanding on the need to prosecute those companies and other entities engaged in cyberattacks for the purpose of stealing proprietary information. A senior experts group will discuss norms for state behavior in cyberspace, and hold a dialogue on how to enforce domestic laws against commercial cyberattacks.<sup>5</sup> While this marks a significant departure for Beijing in recognizing the seriousness of the cyber threat to its commercial relations not only with the United States but also with other global markets, the implementation of this agreement remains to be monitored. On the South China Sea, however, China has taken issue with these U.S. claims, arguing in particular that its activities are well within its rights given the building that has taken place on other contested islands in the Spratly’s. Nonetheless, at the end of his meeting with President Obama, China’s president noted that his country had no

intention of “militarizing” the South China Sea.<sup>6</sup> Just how each country defines militarization, and what behaviors the U.S. and China can agree are to be avoided, remains to be seen.

As more than one participant noted, there is a growing pessimism in the United States about the relationship with China. Obama and Xi found common cause in many other issues that received far less media attention, including an important agreement on how to manage military interactions in the air, the effort to prevent unanticipated or mistaken clashes between the American and Chinese militaries, progress on the bilateral investment treaty, and other mechanisms for regional and global cooperation, including HA/DR and Afghanistan. Yet there is a growing sense on Capitol Hill and beyond that U.S. and Chinese interests may not be reconcilable. Many in the United States see Beijing as pursuing a clear strategy of overtaking the United States as the dominant global power, while many in China argue openly for the accrual of political influence commensurate with China’s economic achievement. The assumption that these are the inevitable tensions between a rising and status quo power seem difficult to resist.

Yet participants were convinced that the United States and China must avoid a Cold War type standoff, and must cultivate cooperation as a means of avoiding the Thucydides trap. As one U.S. expert noted, pessimism is always the wrong approach to policy, as it leaves no policy options. A Chinese expert noted similarly that there is much to be positive about, and argued that the Xi-Obama summit successfully stabilized bilateral relations. Nonetheless, he warned that the stability is fragile. Achieving progress on the issues that trouble the relationship the most will be important to preventing a return of suspicion and reaction in the U.S.-China relationship. Looking ahead, making demonstrable progress on issues of disagreement will be important. Issues cited during our discussion included cyber security, economic integration and especially bilateral investment treaty (BIT) and climate change.

Yet the dissonance remained over two important issues. The first is the now well-known differences that have emerged over creating what the Chinese saw as a “new type of major power relationship,” and the ultimate U.S. rejection of this concept for thinking about the relationship. While at first, this approach seemed to suggest a mutual desire to avoid a Cold War standoff, with time it seemed clear that this phrase masked rather than resolved some of their critical differences over the future of the Asia Pacific. Obama Administration officials seemed willing to give the phrase a try,<sup>7</sup> but it became increasingly clear to U.S. officials that this was being used by Beijing to discredit U.S. commitments to its allies and to suggest that the United States had in fact accepted quietly China’s role as Asia’s most leading power. Nothing could be further from the truth, and while China’s leaders, including President Xi continue to define their efforts at building closer relations with the United States in this way, the Joint Statement for the Xi-Obama summit included no such reference.

The second issue of continuing difference also relates to the future of the Asia Pacific, and this of course is the growing tension over the South China Sea. During the meeting, this difference emerged early—even prior to the discussion over regional security perspectives, demonstrating how much influence this issue has over the bilateral relationship. It is worth noting that the tensions in the South China Sea was highlighted most strenuously by a Japanese participant, revealing just how sensitive the maritime order in Asia is not only to China and the United States but also to many of China’s neighbors and U.S. allies. Our meeting took place just a little over a week before the USS Lassen (DDG-82) conducted its FON operation within the 12 nm of Subi Reef, one of the islands being built up by China.<sup>8</sup> The intention of the U.S. government to carry out this type of operation and the Chinese discomfort with this were fully discussed, with one Chinese participant warning that this would prompt China to declare its sovereignty and to draw base lines around the islands to define its territorial waters. Ultimately, the underlying concern about China’s growing coercive power leads to deepening suspicions as to what the land

reclamation and building of structures on these islands is ultimately designed to accomplish. While Chinese participants emphasized the commercial aspects of these islands (as resorts and other tourism related businesses), others across the region see the beginnings of a more assertive military presence in the Spratly Islands. As the preeminent Asian military power, the United States is expected to counter this growing forward presence of China in the region and beyond.

A final issue that came up in our conversations was the extent to which U.S. policy towards China was predictable. The emerging debate among U.S. presidential candidates suggests that foreign policy, and indeed China, will feature prominently in the coming months as Republicans and Democrats seek to replace President Obama. Even Japanese participants wondered aloud as to the future of the Obama Administration's rebalance strategy and what the consequences of a change in government in Washington might mean for U.S.-China relations.

#### **IV. Improving Japan-China Ties**

Japan-China relations have improved over the past months, and Chinese and Japanese participants noted that their bilateral relationship was back on steady footing. As noted in the last report, Prime Minister Abe and President Xi had met twice at regional meetings, first at the APEC meeting in Beijing and again in June at the Bandung conference in Jakarta. Moreover, private leaders from Japan were visiting China, accompanied by large delegations from the Japanese business community.<sup>9</sup> Another large delegation of Japanese industrialists led by Chairman of the Japan-China Association on Economy and Trade Muneoka Shoji, Chairman of the Japan Business Federation (Keidanren), Sadayuki Sakakibara and Chairman of the Japan Chamber of Commerce and Industry Akio Mimura was due in early November.<sup>10</sup>

Both Japanese and Chinese participants noted the accomplishments of this diplomatic effort for restoring ties between their two countries. Most noticeable have been the increasing evidence that the two economies are returning to their normal patterns of interaction. More and more Chinese tourists were visiting Japan, demonstrating the renewed confidence at the people-to-people level in the relationship as well as contributing visibly to Japan's economic growth. Thus far in 2015, it is estimated that 4,283,700 Chinese tourists have visited Japan,<sup>11</sup> helping Japan meet its 2020 target for expanded tourism well ahead of time. Moreover, spending by Chinese visitors accounts for nearly half of what foreign visitors spent in the country this year.<sup>12</sup> Japanese interest in investing again in China seems also to be increasing, although it remains below the rate of growth witnessed prior to the island tensions in the East China Sea in 2012-13.<sup>13</sup> Chinese policymakers, including Xi himself, have again emphasized the benefits to their nation of a restored economic partnership with Japan, and regional municipalities in particular are anxious to gain access to greater Japanese investment.<sup>14</sup>

But participants also noted the continued strategic distrust between the two neighbors. The 70<sup>th</sup> anniversary of the end of World War II is coming to a close, but the discussion focused still on the divergence in perspectives on how to look back. Japanese attitudes towards the past are closely tied to this strategic distrust, as Chinese experts continue to point to what they perceive as a tendency in Japan to downplay their wartime responsibility. But both Chinese and Japanese also view contemporary military capabilities and behavior as another cause for concern. Japan's new military reforms drew particular attention from Chinese experts, suggesting that many Chinese see Prime Minister Abe as leading Japan on a new and dangerous path of military expansion. Japanese participants in contrast focused on what they see as assertive Chinese behavior in and around islands claimed by others in the region, as well as the broader expansion of Chinese maritime activities in the open seas.

## V. Maritime Stability and the South China Sea

The most sensitive issue of the conference was the South China Sea. A Chinese participant issued a stern warning that the United States should not conduct FON operations near the islands under construction by China in the Spratlys, arguing that it would push China into a corner. The participant went on to point out that Beijing had not declared waters around these islands as territorial waters, and had not drawn baselines, but a US FON operation would require a response. In response, an American expert stated that the United States policy had already been made, and it was just a matter of time (days or weeks) before the FON operation would take place. A Japanese participant, while deeply critical of China for its island building in the South China Sea, expressed frustration that the U.S. Navy had yet to conduct such operations and stated his support for a Japanese FON if necessary. (As it turned out, the *USS Lassen* transited the waters of Subi Reef just 9 days after our meeting.) Beyond these exchanges over the anticipated U.S. FON operation, the larger question of Chinese military intentions and the anxiety produced by China's military activities continued to dominate the discussion. The United States and China have made progress on their military-to-military risk reduction agreements, as noted in our last report, but the Japan-China discussions on risk reduction in the East China Sea have yet to conclude.

The differences over the South China Sea in many ways highlight the security dilemma for the United States, China and Japan inherent in this moment of geostrategic change. For much of Asia, the shifting balance of power in the region is unsettling, and no issue creates more anxiety than the growing military power of China. How that power will be used, and to what impact on China's neighbors remains a deep concern. Chinese experts point to the fact that other claimants in the South China Sea have already built structures there. One Chinese participant pointed out that the U.S. did not take issue with those actions, and instead singles out China for criticism. U.S. participants emphasized that China seemed increasingly willing to assert its maritime claims rather than negotiate them, and this was perceived by many in the region as coercion. Japanese participants noted their concern with future maritime security in Asia. Was China increasingly going to challenge the norms and behavior of others through the use of its civilian and military maritime forces? All participants noted the recently concluded military-to-military agreements with the United States, and welcomed this effort to avoid miscalculation and reduce risk of inadvertent conflict in the region. One American participant asked for an update on the Japan-China military talks, but no progress report was forthcoming. But the smaller states on China's periphery have no military capabilities of their own and thus this approach is less appropriate. Instead, a regional forum for dispute resolution and peaceful negotiation of maritime interests is required. Can China move forward with others in the ASEAN on a Code of Conduct that includes a multilateral mechanism for dispute resolution? If not, will China embrace international regimes for resolving territorial and maritime differences, such as the International Court of Justice or the United Nations Convention on the Law of the Sea (UNCLOS)? The Philippine effort to encourage arbitration of these differences with China via the UNCLOS Tribunal, for example, offers the opportunity for third party adjudication of maritime boundary disputes in the South China Sea.

## VI. Conclusions and Policy Recommendations

For some time, the idea of a formal trilateral discussion between the United States, Japan and China has been considered but not acted upon. Today, however, as the interactions among these three major powers carry such significant implications for the future of the Asia Pacific, the need for such a trilateral seems stronger than ever. Three aspects of the relationship between Beijing, Tokyo and Washington seem to argue for a formal discussion on what must be done to ensure the future prosperity and stability of Asia.

First, the security dilemma suggests that strategic distrust will be difficult to diminish through bilateral diplomatic effort alone. Moreover, discord in one bilateral often spills over to affect the health of another. When Japan-China relations deteriorated, U.S.-China relations were also affected. Similarly, when U.S.-China relations are strained, it puts stress on Japan-China diplomacy. While all three major powers may not be in sync at all times, the relationships have become much more sensitive to each other and the fluidity of the balance of power increases the propensity for policymakers in all three states to see their interests sacrificed in the service of improvements in the other bilateral. Our conversation in Beijing revealed that experts from all three of these nations continue to view each other with considerable skepticism, and view the bilateral relations of the other two nations as potentially harmful to their interests. This kind of zero-sum dynamic within the triangle of Japan-China-U.S. relations can only be mitigated through sustained attention to lessening the causes of the security dilemma.

Second, the implications of this security dilemma extend far beyond the three powers themselves. The state of relations between Japan, China and the United States will also determine the fate of Asia Pacific multilateralism. Strategic competition among them would likely end all serious effort to build a regional security and economic architecture. To date, the ASEAN-based multilateralism has served the region well, providing frameworks for confidence building and for building a consensus around the goals and behavior of all states in the region. Major power competition in the region, however, undermines the ASEAN effort and threatens to split Southeast Asian unity. The United States, Japan and China must invest in building these institutions and in giving them primacy in the task of resolving differences in regional governance. A trilateral effort to identify a path forward for regionalism in Asia would be a valuable accomplishment, and could signal the mutual commitment to resolving differences through negotiation and accommodation. It would, however, go a long way in regionalizing the effort to avoid the Thucydides trap.

Finally, all three nations depend on and sustain the economic dynamism of the Asia Pacific, a region that is rapidly becoming the core of the global economy. Together, these three leading world economies must sustain and promote the prosperity of Asia. Consultations on how to develop regional economic cooperation, particularly in investment and trade, will be critical, but so too will be careful consideration of best practices for meeting the infrastructure and development needs of other Asian economies. A trilateral conversation on how to develop complementarity between existing institutions, such as the ADB and APEC, and new initiatives, such as the AIIB and TPP, to coordinate their missions could promote the overall quality of economic cooperation in the Asia Pacific region.

The relationship between the Asia Pacific's three great powers—the United States, Japan and China—will define the international politics of the twenty-first century. It is impossible to imagine a stable, peaceful and prosperous Asia if there is strategic confrontation or conflict between the United States and China or between Japan and China.

Some degree of strategic rivalry between these three powers is perhaps inevitable. But it is not inevitable that this rivalry must lead to conflict.

The Asia Pacific's three great powers can and should work together to address rising tensions, shared areas of concern and areas of potential cooperation. As the three largest economies of the world and major military powers in the region, the three states have much to lose by not working together.

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<sup>1</sup> “Remarks by the President to the Business Roundtable,” The White House, September 16, 2015. <<https://www.whitehouse.gov/the-press-office/2015/09/16/remarks-president-business-roundtable>.>

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**The National Committee on American Foreign Policy (NCAFP) &  
The Institute of Peaceful Development, Chinese Academy of  
Social Sciences (CASS)  
*Present***

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**A U.S.-JAPAN-CHINA TRILATERAL CONFERENCE**

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**OCTOBER 19, 2015**  
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# NCAFP Visit to Taipei, Beijing, Seoul and Tokyo

## October 13 – 27, 2015

*By Donald S. Zagoria\**

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### Introduction

**T**he 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.

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.

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

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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<b>October 13-16, 2015 – Taipei</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



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