



**A Japan-U.S.-China Trilateral Dialogue:
The Changing Balance of Power in the Asia-Pacific
and the Trump Administration**

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January 2017

Introduction

The Japan Forum on International Relations (JFIR) hosted delegations from the China Institute of International Studies (CIIS) and the National Committee on American Foreign Policy (NCAFP) for an all-day event at the International House of Japan in Tokyo on December 16th, 2016.

The morning was dedicated to a candid closed-door discussion among the three delegations while the afternoon was a by-invitation event for the public that included a good cross-section of Japanese business and foreign policy experts. The discussions during both the morning closed-door session and the afternoon public session were dominated by questions and speculation about the incoming Trump administration and its approach to trade, alliances, China, North Korea, the Senkaku/Diaoyus and regional security in general.

The NCAFP delegation anticipated before the trip that there would be great interest in how a Trump administration would pursue American interests in Asia, but had not expected that during the trip, which included meetings in Taiwan and China before the conference in Tokyo, the President-elect would accept a prearranged telephone call from the president of Taiwan and then precede to raise questions about Washington's willingness to continue to espouse a "one China" policy in a national television interview. This changed the tenor of discussions from normal curiosity and speculation on the part of our Chinese and Japanese interlocutors to one of palpable uncertainty and concern regarding the future course of American policy. Would Washington trigger regional instability?

This report will cover the morning discussion, generally following the agenda prepared by JFIR, while the summary of discussion for the afternoon public session will be prepared separately by JFIR.

*The views expressed in this report are solely those of the author and do not necessarily represent the views of the co-organizers.

Japanese, U.S. and Chinese Perspectives on the Security Environment in the Asia-Pacific

The Japanese Perspective

From Japan's perspective the most significant factor in the security environment is the economic power of Asia, which derives from a peaceful environment. There has been no cross-border aggression since 1979 and, after Cambodia was finally resolved in October 1991, no large-scale destabilizing insurgency. Global terrorism is a worrying problem, but for Tokyo the issue of most concern is nuclear weapons and delivery systems in the hands of North Korea. Not only is the regime unpredictable, it is also unstable. If the Kim regime collapses, what follows? This is a matter that requires serious cooperation and collaboration, particularly from China, which has not been willing to engage in any serious contingency-oriented discussions with Seoul, Tokyo or Washington lest word leak to Pyongyang.

The other major issue of concern for Japan is the rise of China as a military power. In 2005 China's military budget first surpassed Japan's; now it is nearly five times as large as the Japanese military budget, with no defined upper limit (e.g., a percentage of GDP). What are Beijing's intentions and policy goals? This uncertainty is driving Japan's increase in its defense budget.

Not only is the growth of the PLA's projection capabilities—as well as advanced air defense capabilities purchased from Russia that can cover the disputed Senkaku/Diaoyu islets from the bases on Mainland China—a worry for Japan, but the growth of China's Coast Guard is also a concern. The Chinese Coast Guard, already the largest in the world, is twice the size of Japan's and is continuing to grow. This worries Tokyo because of the central role the coast guards of both Japan and China play in asserting sovereignty claims over the disputed islets. (They would be considered “rocks” not “islands” for the purpose of establishing UNCLOS derived maritime entitlements if the criteria laid out in the July 2016 Hague Arbitral Tribunal Award criteria were applied.)

Both countries have for the past four years been involved in an almost ritualistic use of Coast Guard cutters to demonstrate sovereignty. The Chinese routinely enter into Japanese-claimed waters around the features, and in turn, the Japanese Coast Guard shows up to warn them to leave. According to Japanese data, China's sovereignty assertions into the contiguous zone around the islets (12-24 nautical miles) have remained constant for the past four years, while Chinese Coast Guard presence in the territorial sea around the Senkakus (0-12 nm) has been steadily increasing with a dramatic uptick in August 2016—from a monthly norm of around 9 intrusions to 23 intrusions that month. Tokyo frets about a continued increase in these trends in the run-up to China's 19th Party Congress in 2017.

China's marked superiority in the number of military and paramilitary ships operating near the Senkakus is forcing Tokyo to program more resources for its Coast Guard, including a decision to build more cutters. Japan would like Washington to be more publically engaged on the Senkaku issue and voice concerns regarding China's sustained efforts to call into question Japan's claims of sovereignty. Washington has long been less concerned about this "grey zone" activity than has Tokyo, and has been reticent to roil the waters with China over what has appeared to be a reasonably stable situation. From Japan's perspective this is yet another area of uncertainty about the future with a Trump administration. Tokyo would of course be thrilled if the Trump Administration would choose to go further than the Obama administration and actually recognize Japanese sovereignty over the features.

The Chinese Perspective

Like the Japanese, Chinese views on the overall security environment of the region were positive, saying, "on the whole, the region is stable." From Beijing's perspective there have been many positive developments; specifically mentioned were the CBM's reached between Beijing and Washington on behavior when ships and aircraft encounter one another. No mention was made of the July 2016 Arbitral Tribunal award regrading China's claims and actions in the South China Sea. From their perspective disputes over territory and maritime entitlements "are under control...the South China Sea has calmed down." This view may be underpinned by China's new relationship with the Philippines; Beijing's willingness to quickly respond to the Philippines' President Duterte's wish to improve relations demonstrated to Southeast Asian observers the soundness of China's long-espoused view that bilateral negotiations, without U.S. involvement, are the way to solve disputes between China and the other claimants to land features in the South China Sea (such as Vietnam, the Philippines, and Malaysia).

Another positive development from Beijing's perspective has been the growth of Chinese military-to-military engagement around the region as a demonstration to China's neighbors that the modernization and growth of the PLA does not pose a threat. China has become strong in spite of U.S. attempts to contain its development, i.e., the rebalance strategy, which has been seen from the beginning by Beijing as an attempt to contain or balance its growth in overall power.

The most negative development from China's perspective has been the continuation of North Korea's nuclear and long range missile programs. But while the Chinese worry about the implications of North Korea's desire to hold American cities at risk with ICBM-delivered nuclear weapons, its proposed solutions continue to revolve around what many Americans and others would consider the failed approaches of the past. They insist that that dialogue, not sanctions, is the best method for dealing with Pyongyang's growing nuclear capability. In contrast to Washington and Tokyo, Chinese interlocutors showed a lack of urgency about North Korea's threat and even question the U.S. assessment of this threat. Despite decades of North Korean "surprises" related to its nuclear and missilery capabilities, they continue to express doubts about Pyongyang's ability to build a credible ICBM mated with a nuclear warhead. Chinese views on North Korea indicate a growing gap in perspective and policy between Beijing and

Washington that could become, along with trade and the One China policy, another area of profound disagreement with the Trump administration.

The Chinese also expressed concern regarding ISIS terrorist threats to the region in general, with a particular worry regarding returning ISIS “soldiers” to Southeast Asia and western China. While Japan has not as yet been directly impacted by the issue of ISIS-inspired terrorist activities in its home territory, the problem is one area where Beijing and Washington will continue to share an interest.

Chinese commentary during this session was crystal clear on one point: the One China policy is not something that can be bargained over. It is the bedrock of the entire Sino-U.S. relationship and includes the following three preconditions for normal relations: (1) no diplomatic recognition, (2) no U.S. forces on Taiwan, and (3) a renunciation of the U.S.-ROC mutual defense treaty. Backsliding on any of these preconditions would be a matter of grave concern to Beijing. This stern warning was obviously occasioned by President-elect Trump’s telephone discussions with President Tsai and subsequent public questioning of One China mentioned in the introductory comments above.

U.S. Perspective

The U.S. perspective presented during this session focused on the implications of a Trump presidency for the region. However, there is no clarity on the orientation of the Trump administration’s China policy. Will the focus be on trade or security or on both? Greater policy clarity will be essential in order to reassure allies and partners about America’s intentions during a period of rising tensions and strategic rivalry in East Asia. Unpredictability is unlikely to enhance confidence in U.S. leadership. At the same time, with prospects for U.S.-China relations in the new administration far from certain, careful consideration must be given to the concerns and sensitivities of America’s friends and allies who see little benefit and much at risk from the possibility of Sino-U.S. confrontation.

During the discussion it was clear that there is considerable uncertainty in Tokyo about the direction of the incoming U.S. administration, including on such fundamental issues as policy towards North Korea. Despite Prime Minister Abe’s outreach to the incoming administration, it remains to be seen what approach the Trump administration will adopt on North Korea. The Japanese expressed hope that there would be no relaxation of the alliances (U.S.-ROK-Japan) or China’s recent efforts to increase pressure on the Pyongyang regime.

Since the Abe-Putin Summit took place during our visit in Tokyo, Japanese relations with Russia briefly came up during this session; what we heard was very cautious optimism regarding Russia’s long-term interest in a peace treaty with Japan. The Japanese argue that President Putin “knows” he has to compromise on the territorial issue if he wants to achieve balance in Russia’s Asia policy as well as the economic benefits of a peace treaty but is reluctant to do so. Some Japanese participants noted that the path to an eventual peace treaty and a deal on territory necessitates agreements on economic cooperation and joint development of the Northern Territories—which were the main topics of discussion at the Japan-Russia summit talks. Progress will be slow in coming and will depend on the political will of both sides.

Dealing with Trouble Spots: North Korea, South China Sea, Senkaku/Diaoyu

Since many of the specific topics to be addressed in the second panel were discussed in the first panel, this section will not repeat many of the points that are addressed above.

In this session the American delegation made comments intended to reassure participants that a Trump administration was not likely to overturn decades of U.S. policy that valued alliances, maintained a stabilizing military presence, was committed to deterrence on the Korean peninsula, did not want a new cold war with China (or Russia for that matter) and sought a level playing field in trade and economic relations. It was argued that over the past decades there has been a great deal of continuity in the U.S.' East Asian strategy and policy, and the basics have been embraced by both Republican and Democratic administrations. But, based on subsequent discussion, this attempt at reassurance was not persuasive.

The Americans argued that the reason more progress on the North Korean nuclear issue has not been made is because of North Korea's precondition for a renewal of dialogue that it be recognized as a nuclear weapons state and that its nuclear weapons program be off the agenda. North Korea wants to be treated like India, Pakistan or Israel and wants to focus dialogue on a peace treaty to replace the Korean War Armistice Agreement, rather than addressing denuclearization. This dialogue would, by the way, not include the Republic of Korea (ROK). Washington has been steadfastly unwilling to agree to any of these preconditions. For its part, the only precondition that Washington has made is that any discussion agenda must include denuclearization.

Perhaps the most troubling concern was the fact that Pyongyang appears to believe its possession of nuclear weapons has successfully deterred the United States. This observation was made based on comments by North Korean officials during U.S.-DPRK Track 1.5 discussions that some of the U.S. participants attended. It is potentially very dangerous if Pyongyang thinks it has leverage that it does not really possess.

This issue relates directly to the credibility of the U.S. extended nuclear umbrella. Washington has tried to both reassure allies and convince Pyongyang that the U.S. retains so-called escalation dominance. The U.S. government has been clear on this point, for example, stating publicly following recent U.S.-ROK Secretarial level 2+2 meetings in October 2016 that there is an:

“Ironclad and unwavering U.S. commitment to draw on the full range of its military capabilities, including the U.S. nuclear umbrella, conventional strike, and missile defense capabilities, to provide extended deterrence for the ROK. The U.S. Secretaries also reaffirmed the longstanding U.S. policy that any attack on the United States or its allies will be defeated, and any use of nuclear weapons will be met with an effective and overwhelming response.”

The South China Sea

An American participant addressed the history of U.S. involvement in this issue. In hindsight Secretary Clinton's very public intervention into South China Sea disputes in 2010 implicated Washington in the disputes in a way that probably was not foreseen six years ago. It put Washington in a position of trying to stop Chinese assertive behavior through rhetoric alone with absolutely no leverage short of the use of force or imposition of trade or economic penalties, actions Washington has so far been unwilling to countenance. Meanwhile, Beijing ignored U.S. exhortations to behave and essentially said mind your own business.

As mentioned above the Chinese view is that its opportunistic diplomacy has resulted in "calming" South China Sea tensions. So far that is true, but the fact remains that China's island building has altered the balance of power in its favor. The new bases are actually quite large. For the first time Beijing now has the ability to bring land-based airpower in significant quantities to the southern half of the South China Sea. This, along with the expansive harbor facilities these bases now possess, plus its well-established Paracel Island facilities and its mainland-based ballistic missiles, means the PLA has the ability to command the air and sea approaches to China that come via the South China Sea. These are resilient facilities that should not be derided as mere "speedbumps."

In peacetime these bases provide Beijing with the ability to: (1) monitor air traffic through the southern half of the South China Sea and over much of maritime Southeast Asia, (2) enforce fishing regulations dictated by Beijing, and (3) otherwise harass the fishermen of all the other littoral states...and potentially, (4) use episodic force against non-U.S. allied littoral states.

It is unlikely that the United States will change its policy of "sailing and flying where international law permits." This statement of intent means that in peacetime, neither China nor any other nation can forestall legal U.S. operations in the high seas or associated air space of East Asia unless they elect to use force to attempt to do so and risk the escalatory consequences. In short, it is expected that the Trump administration will continue Obama's policies with the same ritualized pattern of patrol and protest.

A Word about South Korea

While the political turmoil in Seoul did not receive a great deal of discussion, both the Japanese and U.S. were concerned about political developments in South Korea and the possibility that the end of President Park's presidency might lead to an election victory by the opposition. That could result in the reversal of the ROK-Japan agreement on comfort women, the suspension of Japan-South Korea intelligence sharing on North Korea, a reversal of the ROK THAAD decision, and a shift away from current solidarity between Seoul and Tokyo on policy towards North Korea—all of which would be a setback to recent successful efforts to improve ties and achieve political reconciliation.

Concluding Observations: What Will a Trump Presidency Mean for China and Japan?

This is the topic that dominated the discussion. There is as yet no clear answer to this question, which explains the uneasiness of the Chinese and Japanese participants. As mentioned, it is possible that President Trump will be so hemmed in by checks and balances and an elaborate apparatus of policy institutions and processes that whatever his inclinations, there will be little room to move. However, this is true only up to a certain point. The personality and inclinations, including policy by “tweets,” of a president can make a crucial difference.

Trade may be the first casualty of the Trump presidency. There is virtually no prospect for the U.S.-led Trans-Pacific Partnership trade pact. Thus the strategic “rebalance” toward Asia will be deprived of its crucial economic leg. But America and its key East Asian allies Japan and South Korea, will still be important sources of trade, investment, technology and management expertise. It is not a stark choice between China and America.

Regarding Mr. Trump’s attitude toward East Asia, it is reasonably certain that he will take a very transactional approach; he will seek immediate benefits for immediate acts. President Trump knows that China will not be cooperative unless it is in its own interest. As a number of observers have suggested, this is precisely how Mr. Trump has run his businesses: cooperating with others when it is to his benefit and ruthlessly competing when competition was in his interest.

Finally, major questions remain: first, will he put the same priority as President Obama did on attendance at the East Asia Summit and other Asia-Pacific forums? An absence of presence at the top levels to such important fora will feed the Chinese narrative of an unreliable America. Second, will a Trump administration place the same emphasis as the Obama administration on principle, whether the principle is freedom of navigation, non-proliferation or human rights? The comments suggest that he tends to see every deal as separate and discrete.

The limits, if any, on the transactional approach suggested during the day-long discussions will depend on a Trump administration's sense of strategy. This is the biggest uncertainty of all.

Recommendations

- It goes without saying that an urgent requirement is to reassure our closest allies and friends in East Asia—Japan, the ROK, Australia and Singapore—that the broad contours of traditional U.S. security policy in East Asia will remain in place. Even before the benefit of regional policy review on issues such as how to deal with China, trade and Taiwan, there are certain bedrock principles of U.S. strategy or policy that could be reaffirmed almost immediately. For instance, a presidential statement embracing continued commitment to America’s treaty obligations, a willingness to continue to deter a North Korean invasion of South Korea, the centrality of our alliance relationship with Japan to the furtherance of U.S. interests, a continued commitment to high seas freedoms and international maritime law, and a desire for regional peace and stability could be an important initial step in reassuring East Asia on the Trump Administration’s attitudes toward the region.
- Among East Asian experts, there seems to be a consensus that dealing with North Korea’s nuclear weapons and long-range missile ambitions is the most urgent issue. Whether it is true or not, directly related to the North Korean threat is that Pyongyang believes its possession of nuclear weapons has successfully deterred the United States. To quickly disabuse them of that perception, the Trump Administration should consider a bluntly worded statement that indicates that his administration *will retaliate with a nuclear weapon* if South Korea, Japan or any other ally is attacked by a North Korean nuclear weapon. It should go on to make clear that if the United States is attacked with a nuclear weapon, North Korea would cease to exist as a viable political entity.
- The Senkaku/Diaoyus dispute between China and Japan is unlikely to change for the better over the next few years. With the lead up to the 19th Party Congress as the central political preoccupation in Beijing, President Xi Jinping is unlikely to dial back Chinese assertions of sovereignty over the islands. Beijing has been using its Coast Guard to challenge Tokyo’s assertion that its claim is indisputable by making it clear that Tokyo’s claim is being disputed many times each month. As a result, China has the initiative. To regain the initiative, Tokyo should consider making a statement saying it is confident enough regarding the merits of its claim that it is willing to take the case to the International Court of Justice for adjudication and resolution. This would put Beijing on the defensive. Perhaps such a statement could be coupled with a statement of support from the Trump Administration.