Easing Tensions in Northeast Asia:
The Way Forward

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Introduction by
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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 activist 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 countries committed to the values and the practice of political, religious, and cultural pluralism;
- Improving U.S. relations with the developed and developing worlds;
- Advancing human rights;
- Encouraging realistic arms control agreements;
- Curbing the proliferation of nuclear and other unconventional weapons;
- Promoting an open and global economy.

An important part of the activities of the NCAFP is Track I ½ and Track II diplomacy. Such closed-door and off-the-record endeavors provide unique opportunities for senior U.S. and foreign officials, think-tank 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 that address security challenges facing the United States and publishes a variety of publications, including its bimonthly journal, *American Foreign Policy Interests*, that present keen analyses of all aspects of American foreign policy.
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Donald S. Zagoria
Introduction
By Donald S. Zagoria

During the past two years, tensions between China and Japan have reached new highs as a result of disputes over territorial and historical issues. In addition to rising tensions in Sino-Japanese relations, U.S.-China and Japan-South Korea relations are drifting downward, the North Korean nuclear issue remains unresolved, and there is a general sense of unease about the power transition now underway in the East Asian region as China rises, the U.S. rebalances and Japan seeks to play a more prominent role.

The National Committee on American Foreign Policy (NCAFP) recently held two Track I.5 conferences, one a trilateral with representatives from the U.S., China and Japan, and the second a quadrilateral with participants from those three countries plus South Korea in an effort to address the causes of the tensions and to explore ways to ease them. The seven papers included in this volume are the result.

Professor Gerald Curtis of Columbia University, one of America's leading experts on Japan, addresses Japan-China relations and comes out “cautiously hopeful” that China and Japan's leaders will turn away from the collision course they are now on. He makes several useful suggestions for how to achieve such a benign outcome.

Ralph Cossa, President of the Pacific Forum, focuses his attention on improving relations among the three allies: the United States, South Korea (the ROK) and Japan. This U.S. alliance network, he argues, is the foundation for true stability in the region, but it is currently shaky because of continued tensions between Tokyo and Seoul.

Yoriko Kawaguchi, former Foreign Minister of Japan and now a professor at Meiji University, focuses her attention on "China's increased assertiveness," North Korean nuclear and missile development and historical tensions between Japan and the ROK. She explores ways to manage these tensions.

Masahiro Akiyama, President of the Tokyo Foundation and former Vice Minister of Defense for Japan, makes the case for creating a U.S.-China-Japan trilateral security framework that will help overcome the problems plaguing Japan-China relations.

Kim Sung-han, former ROK Vice Foreign Minister and currently a professor at Korea University, analyzes the "Twenty Years of North Korean Nuclear Crisis" and sees one last chance for diplomacy to determine if North Korea is seriously prepared to accept denuclearization.
Chu Shulong, director of the Institute for Strategic Studies at Tsinghua University in Beijing urges the countries in the region, especially the United States, to "find a way to manage and control the tensions." He argues that what he calls the "one-sided and confrontational approach" of the United States is partly to blame for those tensions.

Finally, Sheila Smith, another of America's leading experts on Japan and now at the Council on Foreign Relations, offers a number of suggestions for improving U.S.-Japan-China relations while managing the evolving power transition in the region.

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There is no denying that the trilateral relationship among Japan, the United States and China is one of the most important for the peace and stability of the international community. The three countries also play a major role in the global economy and in international relations.

The combined GDP of the world’s three biggest economies is $30 trillion, accounting for more than 40% of the global total, while exports are almost $5 trillion, or around 30% of the total. Their presence in the Asia-Pacific is even bigger. China has been the world’s biggest exporter for the past five years, and it claims the world’s second-largest GDP after the United States. Politically speaking, the United States is the world’s biggest power, while China is a rising power, particularly in the Asia-Pacific region. Japan is still the third largest economy, and it has recently become more active in the diplomatic arena.

Bilateral and Other Problems

The three countries are plagued, though, with problems in their bilateral relations. The Japan-China relationship, in particular, is at its worst since normalization in 1972 due to historical and territorial disputes. U.S.-China ties involve the tricky issue of power transition, which is difficult to handle at any time. Now, China has expanded its control over ocean areas by strengthening its military capacity, just as the United States has been cutting defense spending and decreasing its number of weapons and military operations.

While the United States is rebalancing its policy focus toward the Asia-Pacific, the Japan-U.S. alliance is nonetheless exposed to internal and external pressures over security and economic issues. Japan is endeavoring to strengthen the alliance by clearing legal obstacles to the exercise of the right of collective self-defense, but achieving a political consensus domestically will require an enormous amount of time and political energy. Washington welcomes these initiatives, while China has expressed concern.

The trilateral relationship also contains challenges. China seeks to drive a wedge between Japan and the United States, which is totally different from its policy during the Cold War. The trilateral relationship may be better seen as a bilateral one between China, on the one hand, and the Japan-U.S. alliance on the other, particularly in the security and defense domains. This makes China feel it is at a disadvantage in the face of a stronger power.
Meanwhile, Taiwan and maritime security in the East and South China Seas have become common political concerns for all three countries. Washington is deeply committed to Taiwan, and even Tokyo is involved, as it will likely be called upon to support its ally in case of a contingency. Problems in the South China Sea are apt to be seen simply as territorial disputes among coastal states, but the United States has a critical interest from the viewpoint of securing freedom of navigation. China apparently wants to control the South China Sea for national security reasons, while the United States hopes to keep the sea free, including for military activities. The sea lines of communication from Middle East to Northeast Asia through the Indian Ocean, the East and South China Seas are vital to Japan. Japan also has a critical interest in securing freedom of navigation in these seas and is much concerned about the recent paramilitary confrontation in the South China Sea. A new trade architecture that is now going through difficult negotiations among 12 Asia-Pacific countries might emerge as an important possibility for all three. China wants Japan to join a China-led free trade association. Japan has not rejected this option.

It is, of course, important for each of the bilateral relationships to be developed constructively and positively by overcoming the many obstacles to peace and stability in Northeast Asia. China and Japan must both make the effort to resolve their bilateral differences and further develop their ties going forward. This may take time and face additional difficulties. Still, the effort must be made.

**Historical and Territorial Issues**

As for historical issues, I do not believe Japan will simply cave in to China’s demands with regard to Prime Minister Shinzo Abe’s visit to the Yasukuni Shrine in December 2013. Many Japanese are growing frustrated with China’s one-sided criticism of Japan. The prime minister may not visit the shrine this year, but there is a strong possibility that he will make another visit sometime during his term; he made it clear at the end of last year that he intends to pay his respects at the shrine again. And if there is popular support for it, Abe’s successors may also make visits in the future.

I personally hope that those in charge of Yasukuni will voluntarily choose to deshrine the Class A war criminals now honored there. They should learn from Emperor Showa, who stopped visiting the shrine after 1975. That said, I also hope that the United States, as Japan’s only alliance partner, will show greater understanding of the shrine’s strategic importance from a long-term perspective. Paying one’s respects to soldiers who died for their country is something all political leaders must do, and at present, there is no viable alternative to Yasukuni.
As to the Senkakus, I am grateful for the decisive American support of Japan’s territorial claims to the islands. I do not think Japan needs to take any action other than to maintain the status quo by preventing Chinese vessels from intruding into Japan’s territorial waters around the Senkakus.

Maintaining a Dialogue

While the road has been rocky at times, the Sino-U.S. relationship has developed and deepened over the years through continued dialogue. China and the United States need each other. They have carried on their dialogue not only at the Track II level but also at Track I, despite the fact that domestic opinion has not always been favorable toward the latter. The countries need each other not just economically but also politically and strategically. This may be what Beijing tried to express with its call for a new type of major power ties with Washington.

Needless to say, Japan and China also need each other for their respective economic development. Political difficulties, however, have marred the relationship, with Beijing occasionally suspending dialogue when displeased with Tokyo. The deadlock in the political relationship cannot be resolved without a conversation. The recent Japanese attitude of waiting for the mood to change is slightly different from that in the past when Japan invariably tried to accommodate China’s demands. Japan may be giving up on trying to amend political differences, returning to the days of separating political and economic relations under the “cool politics, hot economy” policy. This may also be the most realistic option for China, which cannot afford to appear soft on political (historical) issues. It is to be hoped that both governments will at least seek to maintain good economic relations.

While the three countries have problems in their respective bilateral ties, I would point out that perhaps of even greater importance is developing the trilateral relationship. This is because even if Japan-China bilateral ties are strained, dialogue may still be possible under a trilateral framework, at least at the Track II level. Trilateral dialogue may even be possible at the official level as well, as China has recently been changing its attitude.
Beyond Dialogue

At the very least, a trilateral dialogue should be launched on risk management, inasmuch as the trilateral relationship in the fields of security and defense is more of a bilateral one between China and the Japan-U.S. alliance. A crisis between the two sides could realistically arise over the Senkaku Islands. To prevent or defuse such a crisis, the three countries need to put a risk-management scheme in place as quickly as possible. The scheme could also be applied to other crises that might emerge in the East China Sea in areas covered by China’s air-defense identification zone (ADIZ), established unilaterally by Beijing last fall.

We should realize, moreover, that the trilateral relationship not only serves the three countries but also contributes to the peace and stability of the Asia-Pacific region as a whole. Actions designed to foster peace and stability in the Asia-Pacific that Japan and the United States engage in are sometimes actually targeted against China, so a fully functional trilateral relationship would be to China’s benefit, as it would help ensure that such actions take China’s security interests into account. In this respect, it could be the harbinger of a multilateral security arrangement. Under such a framework, China would need to become a politically responsible stakeholder in relations with Japan and the United States. The arrangement could take any form, ranging from informal dialogue at the Track II level to official risk management talks under a Track I structure. The important thing is to decide or agree on a scheme, how it is organized and managed, who will be involved and how frequently it meets. If we can successfully launch a trilateral security scheme like this, it might be possible to invite other countries in the region, such as South Korea, Vietnam, Australia and Indonesia, to join it in future.

What I am proposing is the creation of a trilateral framework that will enable us to overcome the problems currently plaguing our bilateral ties, especially those between Japan and China. The United States and China would need to play a large role in realizing the scheme, but it would be worth the effort, as the development of the trilateral relationship could contribute not only to the peace and stability of the region but also to smoother bilateral ties among the three countries.

MASAHIRO AKIYAMA has held a number of key and senior positions in the Japanese government. He was visiting scholar at the John F. Kennedy School of Government of Harvard University and the Asian Center in 1999, and was chairman of the Ocean Policy Research Foundation from 2001 to June 2012. He has also been specially appointed professor at the Graduate School of Social Design Studies for the 21st Century, Rikkyo University, and, since 2008, visiting professor at the Center for International and Strategic Studies, Peking University. He assumed his current position as President of the Tokyo Foundation in June 2012.
Managing Regional Tensions in the Western Pacific

By Chu Shulong

Tensions over territorial disputes, historical issues and general relations among countries in East Asia, especially between Japan and China, between Japan and the Republic of Korea (ROK) and among China, the Philippines and Vietnam have become higher in recent years. These growing tensions, along with the rebalancing strategy of the United States in Asia, have also increased problems between the United States and China in Asia.

Tensions are bad for the countries and for the region, because they disturb the stability of bilateral relations as well as peace and stability in the region. They are also dangerous, because they can cause conflicts, including military ones, whenever and wherever they are present.

Certainly, nobody in East Asia likes the tensions, and nobody wants to fight or go to war over them. Therefore, countries in the region and the United States, which is deeply involved there, need to find a way to manage and control the tensions so as to return to normal conditions in which they can live with and talk about disputes peacefully.

Territorial Disputes in the Western Pacific

All Northeast Asian countries have territorial disputes: Russia and Japan over the Northern Territories, Japan and Korea over Dokdo Island, and Japan and China over the Diaoyu Islands.

The Northern Territories and Dokdo Island disputes have gone on since the end of the World War II, but they are fairly quiet now. With regard to the former, Russia controls the territories and Japan demands negotiations and “return” of the territories. Periodically, the two sides talk unilaterally or bilaterally, but there are currently no serious negotiations between the two countries over the issue and it looks as though no such negotiations are likely now or in the future because Russia is in control and Japan finds it difficult to change the status quo.

As to the Japanese-South Korean dispute over Dokdo, this has been troublesome because of unilateral statements or actions by one or the other side. However, the island has been under Korean control, and it is hard for Japan to change the situation. Therefore, we can expect that there will be no great tension over this dispute, even though there may be harsh words or gestures from Tokyo or Seoul. Now, this situation is also quiet.
By contrast to these two disputes, the one over the Diaoyu Islands has become more serious in recent years. Japan and the U.S. claim that it is China causing the tensions by coercion and changing the status quo. That is not true, and it is totally wrong for three reasons.

First, roughly since 2011, the Japanese government has challenged the status quo and destroyed stability over the Diaoyu Islands by denying that a dispute exists between Japan and China over the territory. And this is currently the official Japanese position. As some former Japanese leaders and diplomats have said, the Diaoyu Islands was an issue when the two countries negotiated their joint statement on establishing diplomatic relations in 1972 and a peace treaty in 1978.

Second, Japan has challenged the status quo by denying that a consensus has existed between Tokyo and Beijing since 1972 “to put aside the dispute.” In recent years and now, the Japanese official position is that there has never been a consensus, although some former Japanese diplomats have stated that there was and Deng Xiaoping proposed the idea when the two countries established diplomatic relations and signed a peace treaty in the 1970s.

Third, Japan challenged the status quo and destroyed stability by taking unilateral action—nationalizing the Diaoyu Islands—on September 10, 2012. Maintaining the status quo and stability means that neither side takes a unilateral position or action. Japan took three such actions, so who caused the current tensions over the Diaoyus should be very clear. Only after these Japanese actions did the Chinese government start to react, sending a Coast Guard ship to patrol the islands that it claims are Chinese.

The Japanese and American position is that this Chinese action represents “unilateral coercion” to change the current situation. This might be true. But who acted first? If China took this action, it is simply because Japan acted first, and on several occasions. China was right to react. As I said to visiting high-level American government officials in late 2012, I think Japan was stupid to try to change a situation that had been favorable to it for the 40 years from 1972 to 2012. But Japan has always shown poor judgment and acted provocatively in relations with other countries, just as it did when attacking the United States in 1941, causing disaster abroad and to itself.

To manage the tensions over Diaoyu Islands, the two countries should adopt a realistic, reasonable and balanced approach, as befits parties to any territorial dispute. That is, they should not seek victory or superiority; rather, they should agree that neither side land people on the islands and neither take them over. For both Japan and China to send their Coast Guard ships to patrol the islands should be acceptable, however. True, Japan is not happy with that. But Tokyo should understand that a Chinese Coast Guard ship patrolling for several hours around the Diaoyus every week does not mean China stays there permanently. It is symbolic, not equivalent to occupying or controlling the islands.
China and Japan should also continue to avoid clashes in the area. As the Chinese Navy Commander Admiral Wu Shengli stated at the Western Pacific Naval Symposium in late April 2014, the possibility of a military conflict between China and Japan remains in the area, and the priority is to “prevent the outbreak of a conflict.”

Beijing and Tokyo should start talks to implement their existing agreement to set up a mechanism to avoid conflicts at sea between the two countries, while the United States and countries in the Western Pacific should reach agreements on confidence-building measures (CBMs) that include codes of conduct at sea. The agreement on the Code for Unplanned Encounters at Sea reached by member states of the biennial symposium attended by more than 20 naval leaders of the Western Pacific Naval Symposium on April 23rd in Qingdao, China, is a good step forward. Naval chiefs from Japan and the Philippines also attended the meeting.

Managing Historical Tensions

Another serious tension in Northeast Asia, if not the whole of East Asia, has been the historical one between Japan, on the one hand, and China and South and North Korea, on the other. This concerns Japanese criminal actions towards other Asian countries in the first half of the 20th century, including the colonization of Korea and invasion and occupation of China between 1931 and 1945. There are also the specific issues of Japanese leaders visiting the Yasukuni Shrine, comfort women, the massacre in Nanjing, textbooks on the war and other Japanese statements and actions relating to the war.

Many Japanese, including officials and other leaders, have argued that the historical issues are over, that Japan has resolved these with other Asian countries through treaties, agreements and statements. But it is clear, even for high-level officials, that the historical issue is not over, because they have long stated positions different from their treaties, agreements and former statements on the war.
Here it is not fair to say that Japan has never had a correct position on its colonization and wrongdoing during the Second World War. For nearly seven decades after the war, Japanese government officials, including several prime ministers, have made statements “apologizing” for the Japanese “invasion and occupation” of Korea and China and for having caused the “sufferings” of Korean, Chinese and other Asian people. These statements say that Tokyo has learned the “lessons” of history. The problem is that Japan has not been consistent. While the government has repeatedly stated this position, nearly every year over the past 20 or 30 years, Japanese leaders have said such things as “Japan never had war criminals” and “there were no forced comfort women during the war, those women voluntarily did it.” The new textbook wording is that “Japan’s army entered China and other countries” during the war, not “invaded” those countries, and so on. If the criminals cannot recognize the crimes they committed, how can the victims forget and forgive?

This is the historical burden that Japan cannot let go of, and Koreans, Chinese and other Asians cannot and should not let go of. Nobody can do the job for Japan; it is up to the Japanese whether they can learn from the Germans how to fully and clearly recognize their wrongdoing in the past, thus resolving their historical disputes with other Asian countries.

**Tensions between the United States and China**

As the two most powerful Asian-Pacific nations in the post-Cold War era, the United States and China have always had serious tensions. In the first half of the 1990s after the Tiananmen incident in 1989, the tensions were about human rights, and since Li Denghui visited the United States in 1995 until 2008, they have been about Taiwan. The two countries had a confrontation when China engaged in a military exercise against Taiwan during the spring of 1996 and the United States sent two aircraft battle groups near the island. More recently, the two countries’ most serious tensions have been about the East and South China Seas, or the Western Pacific.

The tensions arise because the United States is opposing China on all the territorial disputes that it has with other East Asian nations, Japan, the Philippines and Vietnam. In other words, Washington has chosen to oppose China on all the national sovereignty, territorial integrity and national security issues that it has in the region. And everybody understands that national security is the most fundamental issue determining the nature of relations between countries.
The Americans consider their positions on the territorial disputes reasonable, just and stabilizing. But to Chinese, these positions are seriously biased, unfair and wrong – simply not acceptable. For every time that Japan, the Philippines or Vietnam initiated something in a territorial dispute with China, the United States would say nothing and do nothing, but when China reacted, Washington would criticize, attack, warn and generally threaten Beijing.

So, when in April 2012, the Philippines sent its largest naval ship to Huangyan Island, a disputed territory that neither the Filipinos nor Chinese controlled, the U.S. government remained silent. But when China sent its maritime agency ships to counter the Philippines’ initiative, Washington criticized Beijing’s action directly and indirectly, repeatedly stating that it would help the Philippines protect itself. Then, during President Obama’s visit to the Philippines last April, the United States used the situation to reach a new defense agreement for American troops to stay there.

Similarly, on September 10, 2012, when the Japanese government provocatively decided to nationalize the disputed Diaoyu Islands, the United States remained silent. But when the Chinese reacted, the U.S. President, Secretaries of State and Defense, and military leaders all condemned the Chinese action, saying that the U.S.-Japan treaty covers the Diaoyu Islands, the United States recognizes Japanese administrative control over the islands, and it opposes any unilateral move to overcome Japanese administrative control.

For more than 20 years, Vietnam has exploited oil and gas resources in areas disputed with China in the South China Sea. Again, the United States never said anything about these unilateral Vietnamese actions. But when China started drilling for oil near Zhongjian Island, which it controls and which is 17 nautical miles away, immediately high-level American officials criticized China. This shows how biased, unfair, unjust and ridiculous the Americans are.

And the world has seen how badly the United States acted after World War II with its creation of an Air Defense Identification Zone (ADIZ) and alliances with Japan and South Korea. Last November, the Chinese established an ADIZ in the East China Sea. It is almost the same as one Japan created to cover the disputed area of the Diaoyu Islands, and it is part of China’s Exclusive Economic Zone (EEZ) in the East China Sea. Both the Americans and Japanese have criticized China’s ADIZ, but Chinese cannot understand why Americans criticize what they themselves did first and have done for more than half a century. Perhaps they believe that only they and their allies should do such things, but they should know that no other country will or should accept their hegemonic logic.
Now, National Security Adviser Susan Rice is calling China’s oil drilling in the South China Sea an “invasion.” Ms. Rice and other Americans should go back to school to learn the definition of the word. If they were to check any reputable dictionary, they would learn that an invasion means that somebody has gone into a country’s territory, water or space without that country’s permission. And Ms. Rice should know the basic facts: that China’s oil drilling is about 150 nautical miles from the coast of Vietnam in a disputed area of the EEZ between Vietnam and China. According to the International Law of Sea Convention of 1982, it is not the territory of any country. If she cannot distinguish between territorial waters and the EEZ, then she and other American officials should admit that the United States invades China every day, because American warplanes and ships go into China’s EEZ.

Clearly, the United States does not care about the facts, the historical background, who is right and who is wrong with regard to territorial disputes in the East and South China Seas. It simply opposes anything China says and does on disputed issues, and it supports those countries confronting China. This is the result of its “pivot” or “rebalancing strategy,” which aims to counter the rise of China in Asia and to protect the American role and influence in the region.

But this confrontational approach will not deter or contain China, because Beijing will ignore such a biased position. It does not want but does not fear confrontation with the United States, although it had the capability to cope with such confrontation decades ago in Korea and Vietnam and it has the capability to protect its legitimate rights in the West Pacific today. Rather, the two countries should make every effort to manage their disputes and now and in the future, because confrontation is not good for anyone and no one can really win.

Confrontation would destroy the possibility of a new type of major powers relations between China and the United States in Asia. It would also destroy consultation and cooperation over other regional and global security issues. The two countries should not waste their time and resources in such behavior. They should, instead, try their best to avoid direct military conflict over the territorial disputes between China and other Asian countries in the West Pacific. Americans may think that China is bad because it has too many territorial disputes with too many neighboring countries. This is not true. The fact is that China has 20 neighbors, and it has territorial disputes with only six of them. For its part, Japan has four neighbors – Russia, China, North and South Korea – and it has territorial disputes with all of them. Moreover, in the 30-odd years since the rise of China in 1978, it has peacefully resolved territorial disputes with Russia, Central Asian countries and Vietnam on land and in the Gulf of Tonkin, while at the same time, the United States has failed to resolve a territorial dispute with anybody. Thus, it has failed to uphold democratic, rule-of-law principles and to fulfill its leadership role in the world.

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One of the cornerstones of peace and stability in Northeast Asia has long been the U.S. alliance relationship with both the Republic of Korea and Japan and the “virtual alliance” that this forms among the three nations. While cooperation among all three and China is also needed for true stability, it is the U.S. alliance network that provides the foundation upon which greater cooperation can and historically has been built. That foundation today is shaky, as a result of continued tensions between Tokyo and Seoul, at least since the advent of the Abe Administration and some would argue longer than that.

U.S. President Barack Obama deserves great credit for trying to get relations between America’s two vital Northeast Asia allies back on track, first by bringing both nations’ leaders together for the first time along the sidelines of the Nuclear Security Summit in The Hague in March 2014 and then during his visit to both countries during his “reassurance tour” through the region the following month.

Obama’s visit to Seoul took place in the shadow of the terrible ferryboat tragedy that took so many precious young lives. All Americans, this author included, felt heartfelt sympathy for the families of the deceased and members of the Korean nation who were deeply affected by this disaster. But while some criticized the poor timing of the scheduled visit—a North Korean front organization claimed that if “Obama [had] even an iota of ethics and morality, he should have postponed or shelved his trip”—South Koreans by and large were grateful for the U.S. President’s statements of sympathy and the enduring commitment he expressed toward the ROK’s security in the face of renewed North Korean threats.
Background

One of the most frustrating developments facing U.S. alliance managers in Northeast Asia has been the continuing tensions between Korea and Japan over insults and actions, real and perceived, normally wrapped in a package called “history issues.” Some of us have been calling on the Obama Administration for years now to use its good offices to try to broker a “cease-fire” between these two allies, arguing that continued tensions serve only the interests of North Korea and those in China wishing to disrupt the overall alliance network. In the past, these calls have largely fallen on deaf ears, as administration officials have talked about the need for better relations between the two without doing much about it. As one administration official once told this author privately, “when faced with a lose-lose situation, it is smarter not to play the game,” the fear being that trying to mediate between the two parties would result in both being angry or frustrated with Washington, since each side tends to define “U.S. neutrality” as being on its side of the argument. The standard Washington response was that it was up to Seoul and Tokyo to work the problem out, as they usually did. The refusal of President Park Geun-hye to meet with Prime Minister Abe Shinzo, or to even be seen shaking his hand when the two were in the same room together at multilateral summits, however, demonstrated anew that some outside help was going to be needed.

President Obama is therefore to be commended for trying to serve as an honest broker between the two when he arranged a trilateral summit meeting with both leaders along the sidelines of the Nuclear Security Summit in The Hague on March 25, 2014. True, the agenda focused on the regional threat posed by North Korea, but the real purpose was to get Abe and Park in the same room together for their first face-to-face meeting since both assumed the mantle of leadership. While it would be a gross overstatement to say that the meeting was successful in burying any hatchets, it has at least opened the door for lower-level direct dialogue between the two allies.

The one subject all three agree on is the need for a strong unified stand when dealing with North Korea. As President Obama noted in an official statement following the trilateral, “close coordination between our three countries has succeeded in changing the game with North Korea, and our trilateral cooperation has sent a strong signal to Pyongyang that its provocations and threats will be met with a unified response… that the U.S. commitment to the security of both Japan and the Republic of Korea is unwavering, and that a nuclear North Korea is unacceptable.”
President Park echoed these remarks: “The fact that the leaders of the three countries have gathered together and they’re discussing the issue of the North Korean nuclear weapons issue is in and of itself very significant.” She then thanked President Obama for his effort, while looking forward: “The United States has worked very hard to make today’s meeting happen. I sincerely hope that this meeting will offer a chance for us to reaffirm our trilateral coordination and strengthen cooperation on the nuclear front.” Prime Minister Abe endorsed and underscored the importance of trilateral cooperation: “It is highly meaningful and timely that the leaders of the three countries sharing basic values and strategic interests are getting together to have extensive discussions of security. Particularly, it is extremely important to be able to confirm close cooperation amongst Japan, the United States and the Republic of Korea on the issue of North Korea.”

President Obama continued this theme during his April visit to both nations. While in the ROK, he noted that “it is in the interest of both Japan and the Korean people to look forward as well as backwards and to find ways in which the heartache and the pain of the past can be resolved, because, as has been said before, the interests today of the Korean and Japanese people so clearly converge.” While she did not mention Japan specifically in her own opening remarks, President Park seemed to underscore this point when she said, “we must actively seek ways to promote peace and collaboration in Northeast Asia.”

President Park also sent a clear and strong message to North Korea, which demonstrated that Washington and Seoul (and Tokyo) are in lock-step when it comes to dealing with Pyongyang: “North Korea’s pursuit of two goals at once—on nuclear arsenals and economic development—are incompatible. DPRK must realize that.” President Park repeated and President Obama expressed support for her reunification plan as outlined in her Dresden speech shortly after the trilateral summit.

Returning to the history issue, President Obama, in addressing the young people of both nations, noted: “my hope would be that we can honestly resolve some of these past tensions but also keep our eye on the future and the possibilities of peace and prosperity for all people.” To his credit, he also addressed head-on the most emotional issue—the suffering of so-called comfort women who were forced into sexual slavery during World War II: “I think that any of us who look back on the history of what happened to the comfort women here in South Korea, for example, have to recognize that this was a terrible, egregious violation of human rights. Those women were violated in ways that, even in the midst of war, was shocking. And they deserve to be heard, they deserve to be respected and there should be an accurate and clear account of what happened.” But he further noted: “I think Prime Minister Abe recognizes, and certainly the Japanese people recognize, that the past is something that has to be recognized honestly and fairly.”
Clearly, President Obama, both at The Hague and during his visits to Tokyo and Seoul, tried to play the honest broker between Washington’s two key Northeast Asian allies. Reviews are mixed regarding his success, however. As David Kang and Jiun Bang wrote in their triannual review of South Korean-Japanese relations, “President Obama’s visit to Tokyo and Seoul this April has been cautiously defined as a success, but it appears that little has changed between the U.S. allies. Substantively, both Park and Abe appear to be less interested than ever in finding a diplomatic way forward to get relations between their two countries back on track.”

Nonetheless, as Stephen Noerper’s chapter reviewing U.S.-ROK relations for the first four months of 2014 in the same journal points out, there was an upswing in lower-level trilateral meetings following the summit, again focused on North Korea, including two in April in Washington D.C., involving both foreign affairs and defense officials. The defense officials, in particular, reaffirmed the need for a coordinated response and close cooperation on the DPRK nuclear, ballistic missile and proliferation programs, as well as in non-traditional security areas, such as disaster relief.

In a demonstration of the differing attitudes in Korea and Japan, the review of the Obama-Park-Abe Summit was seen as much more positive from a Japanese perspective. Japan-watchers saw both the Summit itself and the follow-up trilateral working-level meetings as “evidence of incremental progress in a relationship critical to the U.S. rebalancing strategy based fundamentally on alliance relationships in the region.” Prime Minister Abe has also been saying all the right things, even though most Koreans seem to either not hear him or at least question his sincerity. The continued skepticism from South Korea, even when Abe seems to be saying or doing the right thing, has resulted in what many in Japan are now calling “Korea fatigue,” or the belief that whatever Tokyo says or does will not be enough to placate Seoul, so why keep trying. At the end of the day, leaders in both nations, and even their general publics, understand that good relations between Japan and the ROK serve the national security interests of both countries (and those of the United States as well). But each remains suspicious and seems to believe the ball is in the other’s court. This is not a recipe for future success.

**Separating Policy from Perception**

Koreans all too often make blanket statements like “Japan has never apologized” or “Japan denies the existence of comfort women” even while accusing Abe of walking away from the Murayama Apology or Kono Statement, which did just that. While Prime Minister Abe has made statements that on occasion call into question his endorsement of or commitment to these pronouncements, he has, on the floor of the Diet and elsewhere, made it clear that his government stands by both statements.
In early March, Abe told a House of Councilors Budget Committee session that his administration upholds the August 15, 1995, Murayama statement (in which then-Prime Minister Tomiichi Murayama apologized for the great suffering Japan inflicted on its Asian neighbors) as follows: “Our country has caused tremendous damage and pain among many countries in the past, especially those in Asia. In this regard, the current Cabinet follows the policy of former Cabinets.”

Ten days before the Summit, no doubt in an effort to create a positive atmosphere for the event, Abe also assured a parliamentary committee that his government would not revise the August 3, 1993, Kono Statement, which acknowledged official complicity in the coercion of military sex slaves. Abe said he was “deeply pained” by the suffering of women drawn into a system of wartime brothels. He went on, “The Kono Statement addresses this issue.... the Abe Cabinet has no intention to review it.” He asserted that his Cabinet “upholds the position on the recognition of history outlined by the previous administrations in its entirety,” further noting “I am deeply pained to think of the comfort women, who experienced immeasurable pain and suffering, a feeling I share equally with my predecessors.”

Even those in Korea who acknowledge that Japan has admitted guilt and apologized for its forced enslavement of South Korean and other comfort women remain frustrated over Tokyo’s refusal to provide compensation to these victims. Tokyo has long argued that all wartime compensation issues between Japan and South Korea were settled under a 1965 bilateral agreement that included a sizable aid and developmental package, which helped to jumpstart the Korean economic miracle. While this may be legally correct—and juries in Korea have a different interpretation than do those in Japan—morally, few could argue that Japan could and should do more. In fact, in 1995, while Murayama was still in office, he created an independent, government-initiated but privately operated Asian Women’s Fund. It was supposed to provide two million yen each in atonement money to South Korean and other former sex slaves. Many of the women rejected the money, however, reportedly because they want official state compensation. Apparently, only 30% of South Korean comfort women accepted atonement money from the Asian Women’s Fund, which was finally disbanded in 2007.

After the Obama visits to Tokyo and Seoul, Prime Minister Abe repeated his feelings of concern and regret for the comfort women: “When I think of all the comfort women, it’s really heart-wrenching,” he said. He also noted that “[T]he 20th century saw numerous cases of human rights violations, but Japan wants to make a big contribution so that this kind of thing does not occur in the 21st century.” While he did not indicate what kind of “contribution” Japan hopes to make, his comment raises the possibility, or at least hope, that another reparations plan may be in the offing.
“History” Did Not End in 1945

There is no question in this author’s mind—and I would argue in the minds of the overwhelming majority of Japanese people—that the Japanese Imperial Army committed terrible atrocities during the 1930s-1945 and that Koreans suffered greatly as a result of the dehumanizing and demoralizing colonization during the first half of the 20th century. But all too often when critics of Japan speak of history today, they act as if history ended in 1945. It did not. Any balanced view of history and Japan’s current role in and contributions to Asia should also take into account what has happened since then. It is an easily verifiable fact that no country in the second half of the 20th century and onward to today has a better track record of peaceful resolution of disputes and a history and culture of abhorrence of war than Japan. As Abe himself has tried to point out: “Postwar Japan has progressed as a peaceful nation as it worked with sincere remorse on building a free and democratic country that respects basic human rights and rule of law. Such an attitude will not change in the future.”

What is perplexing to me is that so many Japanese—including too many high-ranking officials—seem to remain preoccupied with pre-WWII history, rather than telling the more impressive story of the second half of the 20th century, when Japan rose from the ashes of the war to become the world’s second largest economy and one of the most pacifist, peace-loving nations on earth. While some neighbors seem hesitant to acknowledge this, Japan’s rise in the second half of the 20th century was also a, if not the, key variable in Asia’s subsequent rise. It was the so-called “lead goose” that paved the way for the economic miracles first among the other Asian tigers and then in China. Like Germany’s rise in Europe, it also proved that a rising power and an established power could not only coexist but could actually cooperate and create a win-win for all concerned. It is possible, of course, that Korea, China and the others would have still reached the point they are at today without Japanese development aid and direct foreign investment and without Japan’s economy leading the way, but at a minimum, it would not have happened as fast and on as solid a foundation.

This is why it is so self-defeating to see so many Japanese arguing about pre-WWII history, where the argument basically comes down to “how bad was Japan?” Were there 200,000 comfort women or “only” 20,000? Were all of them forced into servitude or only some of them? Were 300,000 people really slaughtered in Nanjing or only half that number? Even if you win these arguments, you still lose. Why argue about how bad Japan was in the first half of the 20th century when you could be debating how good it has been during the second half?
This is why I praise Prime Minister Abe for finally having the wisdom and courage to state publicly and definitively that his government stands behind the Murayama Apology and Kono Statement. I wish he had said these things sooner and that he would not visit the Yasakuni Shrine (more on this later). But let us recognize the official views of this and prior Japanese governments since WWII on both Japan’s past sins and present achievements.

What nation has been a better neighbor and friend in the past 50 years than Japan? And what nation has been more peace loving? And please do not tell me about rising Japanese “militarism” today. Nationalism perhaps, but then again, the Japanese people have every right to be proud of what Japan has accomplished in the past almost 70 years, during which time it has never fired a shot in anger and has renounced and continues to renounce the use of force as a means of settling disputes. While the Japanese Self-Defense Forces are highly capable of their primary mission of defending their homeland, with an assist if necessary from their U.S. ally, Japan has no real offensive capabilities and maintains an all-volunteer military force that is $1/4$ the size of the ROK’s and $1/10$ the size of China’s, a force that faces manpower constraints today and well into the future, given Japan’s dwindling population. Even the recent decision to reinterpret the Constitution to permit the exercise of their right to collective self-defense comes with significant caveats.

No discussion of history is complete without reference to the history book issue. It’s true that some, but certainly not all, Japanese history books play down the extent of Japan’s atrocities during the war or try to attach more noble motives to the war than more objective historians would accept. But you can Google “Japanese wartime atrocities” or “comfort women in Japan” and get literally thousands of articles providing alternative views. Young Japanese are not unaware of the sins of their grandfathers; they are just tired of having to continually apologize for them, since their nation has clearly moved beyond this horrific past. They are frustrated by the statements of some of their leaders, but also insulted by the accusations of others.  

One hastens to add that there are Korean textbooks that fail to fully acknowledge the role the United States has played in keeping the Peninsula free and that exaggerate the role America played under other controversial circumstances, like the Kwangju riots. But again, young Koreans can go to the web and get alternative versions of history. Meanwhile, Chinese textbooks used to say the United States and South Korea started the Korean War. Now, some just say, “the war started.” None acknowledge the fact that the North initiated the war. The PLA still celebrates its “liberation” of the Korean Peninsula. If Beijing ever apologized for its role in keeping the Peninsula divided, I must have missed it. I also missed South Korea’s demands for China’s first apology, rather than Japan’s $20^{th}$. Chinese textbooks are also pretty silent on the fact that more Chinese died at the hands of Chairman Mao during the second half of the $20^{th}$ century than at the hands of the Japanese Imperial Army during the first half. These facts are also available to young Chinese students… provided they can bypass government firewalls.
The point here is not to cast aspersions on any country or educational institution but to warn against using double standards or holding other governments to criteria our own governments often fail to achieve. All countries have black periods in their history and many governments, not to mention advocacy groups and other institutions and organizations, engage in efforts to sanitize, tone down or exaggerate historical “facts.” But in most cases, the truth, or at least alternative versions of the truth, is readily available to those who seek out the information in most countries, especially in democracies like the ROK and Japan. As Prime Minister Abe himself warned, “we must be humble in front of history.” However, he added, “history should not be politicized or be turned into a diplomatic issue. Research on history should be entrusted to experts and historians.” There have been joint history projects in the past; perhaps it is time for another one, in an attempt to develop a more unified objective view of Northeast Asian history during both halves of the 20th century.

Moving Korea-Japan Relations Forward: Comfort Women Should Come First

A joint history project might be one way of moving forward based on a common understanding of the past. But there are others. One that potentially shows the most promise deals with the afore-mentioned comfort women issue. At this writing, both countries were beginning to seriously discuss this issue, building upon Prime Minister Abe’s endorsement of the Kono Statement. As President Park noted in responding to a question during her press conference with President Obama, “When it comes to Korea and Japan, there are a number of shared interests amongst the two countries. However, there has been some conflict going on between the two countries because of historical views. And your question is how we are going to resolve those differences.” Noting that Abe had stated that he would “faithfully abide” by the Murayama and Kono statements, she argued that “since there has been some consensus reached, we should make sure that we do not lose that momentum and [we] carry forward to make progress from that.” Noting that there were only 55 known remaining survivors, she underscored the need for progress in the near future, further noting “progress cannot be achieved by efforts of a single party. And, therefore, in this regard, I really look forward to efforts made by the Japanese side.”
Given Prime Minister Abe’s willingness to honor the Kono Statement, a way forward should be possible if there is flexibility on both sides. The hang-up on the Japanese side has always seemed to be more legalistic than factual. Tokyo is rightfully concerned that if it acknowledges legal responsibility for state compensation to the remaining comfort women, it will open a floodgate of other legal challenges regarding war-related issues supposedly covered by the 1965 agreement. But, if Tokyo were to announce its willingness, despite a lack of legal obligation, to make an extraordinary compensation effort through an official government entity using government funds out of a sense of moral rather than legal obligation and if Seoul were to acknowledge that this is a moral issue without legal precedent, then a deal could possibly be cut to provide compensation and closure to those few remaining long-suffering souls. This would require some flexibility on Seoul’s part, along with an acknowledgment of past reparations and agreements, but it would be a win-win for both governments and especially for the comfort women themselves.

**Collective Self-Defense: Much Overdue and Much Misunderstood**

While South Koreans and Chinese, for their own somewhat paranoid—and one could argue ill-founded—reasons and North Koreans for good cause seem to object to the concept, from an American standpoint, Japanese collective self-defense has long been equated to Japan assisting in America’s defense, not Japanese militarism. To cite a familiar example, if North Korea fires a missile at Japan, the Self-Defense Forces have a right and responsibility to try to shoot it down. But if the missile is headed toward the United States (Hawaii and U.S. bases in Guam are within current missile range), today’s interpretation is that Japan cannot intercept it. That is what collective self-defense is all about and why Washington has traditionally, quietly, encouraged Japan to move in this direction.

For many years, the standard American response to questions about Japanese collective self-defense was that this was an internal Japanese issue for Japanese themselves to decide. But it was the world’s worst kept secret that Washington wanted to see Tokyo move in the direction of being a better ally by accepting more of the collective burden. President Obama, during an interview with *Yomiuri Shimbun* immediately prior to arriving in Japan, repeated the usual caveat: “Decisions about the Japanese constitution, of course, belong to the people and leaders of Japan.” But then he added:
“We have enthusiastically welcomed Japan’s desire to play a greater role in
upholding international security. I commend Prime Minister Abe for his
efforts to strengthen Japan’s defense forces and to deepen the coordination
between our militaries, including by reviewing existing limits on the exercise
of collective self-defense. We believe that it’s in the interest of both our
countries for Japanese Self-Defense Forces to do more within the framework
of our alliance. Likewise, UN peacekeeping missions would benefit from
even greater Japanese participation.”

So, why are so many Koreans upset about Japan moving toward finally exercising the right
of collective self-defense, a right given to all nations under the UN Charter and a right that
an ally under normal circumstances would expect, if not demand, a partner to exercise?
While the missile example cited above is perhaps more persuasive to people like this author,
whose home is in Honolulu and allegedly within range of the North’s long-range missiles,
collective self-defense has implications for the ROK as well. If a North Korean fighter
aircraft were approaching a South Korean or American aircraft operating over the Sea of
Japan/East Sea and it was detected by a Japanese AWACS aircraft, today that Japanese
radar platform would be constitutionally prohibited from providing data about the enemy
fighter’s flight path to the aircraft. Likewise, if a South Korean ship came under attack and
there was a Japanese ship in the vicinity, it would be prohibited from helping to ward off the
attackers. Yet by virtue of its post WWII history, Japan has earned the right to be treated
like a more normal nation and greater partner of the United States, South Korea and other
peace-loving nations, by exercising its universal right to self-defense, including collective
self-defense.

Dokdo: A Non-Issue

Some Koreans have expressed the concern that exercising the right of collective self-defense
would somehow result in Japan’s using military force against Dokdo Island, since Tokyo
claims that the island, which it calls Takeshima, rightfully belongs to Japan. Such concerns
are ill founded. First of all, since Japan claims the island as its own territory, if it were
inclined to use force to “retake its property,” it would be under the right of self-defense,
which it already has. The same applies to other disputed territories, such as the Senkaku
Islands, also claimed by China. Secondly, Japan has foresworn the threat or use of force in
settling international disputes and has never conducted threatening naval maneuvers near or
around Dokdo. Tokyo has at least de facto recognized Seoul’s administrative control over
the islands, even if it continues to dispute its sovereignty claim.
The easiest way to defuse tensions over Dokdo would be for South Koreans to simply ignore the occasional Japanese claim to sovereignty over the islands. Asking Japan to renounce this claim is unrealistic. It is hard for any political leader, especially in a democracy, to renounce a territorial claim once it is made. The only way to give up the claim while still saving face would be to agree to international arbitration and then let a neutral third party decide. The Abe administration, like previous Japanese governments, has offered to do just that, but Seoul has rejected the idea. Countries are, of course, much more willing to arbitrate over territory that is not currently in their own hands than to take a chance, however remote, that they would lose what they currently possess. Nonetheless, this would be an avenue for solving the dispute if both Abe and Park were so inclined.

There is a way for Prime Minister Abe to further defuse the situation if the Park administration were open to the gesture. Prime Minister Abe could one day make the following statement:

Japan recognizes that many territorial disputes exist in our region and around the world. Japan has foresworn the use of force in settling such disputes, and we call on our neighbors to show the same level of restraint. We believe that both the Northern Territories and Takeshima/Dokdo rightfully belong to Japan but acknowledge that they are today under the control of Russia and the ROK respectively and that we must peacefully resolve these disputes without the use or threatened use of force. We also acknowledge that the PRC claims, in our view without grounds, that the Senkakus (which they call Diaoyu) are Chinese territory, but we call on Beijing to likewise acknowledge and respect the fact that they are today clearly and indisputably under Japanese administrative control and to likewise renounce the use or threatened use of force in dealing with this issue.

Such a statement would provide additional reassurance that Japan will not use force against Dokdo, provided the ROK focuses on the positive parts of his message and not the repeated sovereignty claim. It would also put additional pressure on Beijing to follow Japan’s example and refrain from confrontational actions at sea around the Senkakus/Diaoyu. What would be even better for Japan vis-à-vis China would be for Abe to add one additional concluding sentence: ‘We are also prepared to submit our claims to all disputed territories under our or rival claimants control to international arbitration to demonstrate Japan’s commitment to the rule of law.’ This might prove counter-productive in the case of Korea, however, and China does not seem willing to seek legal means to resolve the Senkaku/Diaoyu issue despite not being in possession of the islands, no doubt out of fear of establishing precedents that would be used against it in the South China Sea island dispute.
Using North Korea as a Catalyst

Finally, as noted at the onset, North Korea provided a common cause and rationale for President Obama to meet with President Park and Prime Minister Abe in March. It continues to offer an opportunity for closer cooperation in areas where political sensitivities have thus far prevented both countries from doing things that are clearly in their mutual, but especially Seoul’s, national interest. Two specific cases in point involve the previously ill-fated attempt to sign a General Security of Military Intelligence Agreement (GSOMIA) and an equally sensitive, albeit sensible, military Acquisition and Cross-Servicing Agreement (ACSA). Both are fairly routine agreements that would facilitate defense cooperation both with one another and with the United States.

GSOMIA would help facilitate the sharing of classified defense-related threat information dealing with North Korea’s nuclear and missile programs and other potential common security challenges. It would also make trilateral defense cooperation with Washington easier for both. Seoul has similar agreements with some two dozen other countries. An ACSA allows for logistical cooperation when both are engaged in humanitarian assistance/disaster relief and peacekeeping operations. Both pacts, long overdue, were scheduled to be signed in May 2012 but fell victim to South Korean domestic politics. They have since been lying on the shelf.

It is time for Seoul to reinitiate the discussion on both GSOMIA and ACSA, pointing out that the continuing and growing threat posed by the North’s nuclear program, including its threatened fourth nuclear test, makes such cooperation in vital national interest. This would send a strong message to Pyongyang, but equally important, it would remind the people of both Korea and Japan of the continuing importance of security cooperation between Washington’s two critical Northeast Asia allies.

Conclusion

President Obama’s peacemaking effort in bringing President Park and Prime Minister Abe together in The Hague and his efforts to underscore the importance of cooperation between Seoul and Washington have helped set the stage for closer cooperation between the ROK and Japan, but much remains to be done. President Park and Prime Minister Abe will have new opportunities in coming months to meet one another at multilateral forums such as the APEC Leaders Meeting and the East Asia Summit and should take these opportunities to build stronger bridges between their two countries.
Opportunities exist for turning current sensitive flashpoints such as the comfort women issue and Dokdo/Takeshima dispute into symbols of cooperation. Moving forward on the GSOMIA and ACSA agreements would also serve both nations’ national security issues and deepen cooperation with the United States. When it comes to collective self-defense, greater clarity and transparency by Tokyo as to what it would and would not entail would prove helpful, as would greater South Korean understanding of the importance of this issue to the U.S.-Japan alliance, South Korea and broader Northeast Asia security.

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1 This author coined the term “virtual alliance” in a 1999 calling for closer cooperation among the three allies. See Ralph A. Cossa, *U.S.-Korea-Japan Relations: Building toward a “Virtual Alliance,”* CSIS Significant Issues Series, November 1999.

2 Historically, the relationship between Seoul and Tokyo has been an up-and-down one, with some periods of increased tension and others of accommodation and cooperation. While many Koreans blame Prime Minister Abe for the current downturn, given his “revisionist tendencies” and visit to the Yasukuni Shrine, many Japanese point to former ROK President Lee Myung Baek's visit to Dokdo/Takeshima Island in October 2012 and the Lee Administration's decision to walk away from two security agreements as the current catalyst.

3 “Challengers to DPRK Will Never Be Pardoned: DPRK Spokesman,” Pyongyang, April 27, 2014, as reported by the (North) Korean Central News Agency (KCNA).

4 See, for example, Ralph A. Cossa, PacNet #47, July 27, 2012.


6 Ibid.

7 Ibid.

8 Ibid.


10 Ibid

11 Ibid.


13 Press Conference with President Obama and President Park of the Republic of Korea.

14 Ibid.

15 Ibid.


For a slightly more positive analysis of the trilateral Summit and more in-depth discussion of Obama’s visit to Japan, see Mike Green and Nicholas Szechenyi, “The Sushi Summit,” *Comparative Connections*, op.cit.

PM Ave says his Cabinet upholds Murayama statement on Japan’s wartime aggression,” *Japan Daily Press*, March 5, 2014.

“Apology to comfort women will not be revised: Japan PM,” as reported by *AFP, Tokyo*, March 15, 2014.

Ibid.

For background information on this issue, see “Ex-PM Murayama says no need to re-examine 1993 statement on sex slavery,” *Kyodo New Report*, February 27, 2014. The 30% figure was attributed to Haruki Wada, the former director of the Asian Women’s Fund. The number of recipients had previously been unknown.

See, for example, “PM Abe calls comfort women issue ‘heart-wrenching’,“ *Japan Daily Press*, April 27, 2014.

“PM Abe says his Cabinet upholds Murayama statement on Japan's wartime aggression,” March 3, 2014.

I would argue that U.S. (and Japanese and European) strategy toward China is driven today by that same philosophy. But that is another subject.

My organization, The Pacific Forum CSIS, constantly interacts with next-generation professionals through its Young Leaders program, which currently involves over 550 young people aged 22-35 from more than three dozen countries. One frustration that young Japanese, Korean and Chinese have in common is annoyance with their national leaders for harping on the past rather than focusing on their future.


Ibid.

Ibid.

See “Full text of Yomiuri Q & A with President Barack Obama,” *Yomiuri Shimbun*, April 23, 2014, for the full text of U.S. President Barack Obama’s written response to the questions.

Ibid.

For more on this issue, see Ralph A. Cossa, “Korea-Japan: Time for Outside Mediation?” op.cit.

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Tensions in relations between China and Japan generated by conflicting territorial claims, issues relating to Japanese accountability for its wartime actions in China, and profound distrust of each other’s intentions have brought Sino-Japanese relations to their lowest ebb since the establishment of diplomatic relations in 1972. In addition to the interplay of Chinese anger and Japanese defensiveness about historical issues, the bilateral relationship has teetered on the brink of crisis over the Senkaku/Diaoyu islands.

China claims that the islands were Chinese territory until Japan seized them in 1895 with its victory in the Sino-Japanese war. It bases its legal claim for their return on the 1943 Cairo Declaration by which the allies (China, Britain and the United States) pledged to expel Japan from all territories “which she has taken by violence and greed.” Japan’s position, which predates Abe’s becoming prime minister, is that the islands are historically and legally an integral part of Japanese territory. China did not contest Japanese sovereignty when Okinawa, including the Senkakus, was incorporated into the Japanese empire in 1895, an action that Japan claims was unrelated to the Sino-Japanese war, and it did not assert its sovereignty over the islands until after issuance of a 1969 UN commission report that indicated the possibility of significant oil reserves in the seabed around the islands.

Japan has been steadfast in refusing Chinese demands that it recognize the existence of a legal dispute between the two countries with regard to the Senkaku Islands. This position is not only unrealistic—there is after all an intense dispute between China and Japan on the question of sovereignty of the islands—but it violates a position that Abe himself has laid out. In his Shangri La Dialogue speech he stressed that the “rule of law at sea” is comprised of three principles: that states make their claims based on international law, that they not use force or coercion, and “that states shall seek to settle disputes by peaceful means.” Abe said in his speech that his government strongly supports efforts to resolve disputes in the South China Sea according to these three principles. Nowhere in that speech, however, does he mention the territorial dispute that exists between Japan and China in the East China Sea.

As China has ratcheted up its criticism of Japan, Japanese public opinion has turned increasingly hostile toward China. Japanese animosity toward China matches in percentage terms, if not in intensity, negative Chinese views of Japan. In an August 2013 joint public opinion survey conducted by Japan’s Genron NPO and China Daily, 90.1% of Japanese and 92.8% of Chinese said that they had unfavorable impressions about the other country.
Antagonistic political relations have taken their toll on economic intercourse as well. Japan External Trade Organization (JETRO) statistics indicate that in 2013 Japanese companies invested 887 billion yen (approximately $8.8 billion) in China, an 18% decline over 2012. Investments in the Association of Southeast Asian Nations (ASEAN) countries of Singapore, Thailand, Indonesia, Malaysia, the Philippines and Vietnam, by contrast, were three times as large as in China and twice as large as in 2012, reaching a total of 2.33 trillion yen (about $23.3 billion). Rising labor costs in China and other economic factors have played an important part in the decisions taken by many Japanese firms to diversify their overseas investments. According to JETRO, labor costs in the Philippines and Indonesia are about one-third lower than China’s while those in Vietnam are less than half. But Japanese company efforts to reduce their exposure in China have been accelerated by concerns about political risk. As JETRO Chairman Hiroyuki Ishige noted in April 2014 in announcing the results of its survey of Japanese investments in China and Southeast Asia, “Viewed from the Japanese companies’ headquarters, China’s economy and China’s political situation present a considerable amount of risk.”

**Japanese Worries**

Japanese are nothing if not realists about international power. They did not need Mr. Abe to tell them that their country is threatened by North Korean nuclear weapons and by China’s aggressive actions in the East China Sea, while the policies of the United States, the country that Japan has relied upon to defend its security since the end of World War II, are constrained by declining defense budgets and by a public weary of war and leery of entanglement in further military conflicts. Knowledgeable Japanese understand that the United States will remain for years to come the most powerful nation in Asia and globally and that alliance with the United States must form the bedrock of Japanese security policy. But it is true as well that no matter how much emphasis Washington gives to rebalancing to Asia, it cannot regain the unchallenged primacy that it enjoyed for so many decades. China does not have to match America’s military power to pose a formidable challenge to U.S. dominance. Its thrust for regional power and its economically dominant position in East Asia will gain strength over time, propelled forward not only by its military power but also by its economic might. This is the new reality that Japan—and every other country—must deal with.
Under the best of circumstances, relations between China and Japan will be characterized by geopolitical rivalry and by a combination of economic competition and cooperation. The same is true for Sino-U.S. relations. But Japanese are apprehensive that American and Japanese policies might not be aligned; the United States might opt for engagement with China precisely at a time when Japan believes its interests depend on a unified U.S.-Japan stance against China. It is not unreasonable that Japanese should worry that the United States might not support it in a confrontation with China over Senkaku despite the existence of the security treaty. The United States, for its part and for the first time in the more than half-century-long U.S.-Japan alliance, has to be concerned about being dragged into a conflict with China because of actions taken by Tokyo.

Dark clouds loom over the long-term future of Sino-Japanese relations. The multi-polar international system that is taking shape in East Asia is inherently more unstable than the Cold War system of bipolarity. Relations between China and Japan may be on a one-way road toward hostility and confrontation and, possibly, military conflict. As one Japanese analyst put it, the two countries are heading toward their own Cold War. But to make policy on that assumption would turn that prediction into a self-fulfilling prophesy. I do not underestimate the dangers that current trends in Sino-Japanese relations pose, but for reasons that I enumerate below, I am cautiously hopeful—optimistic would be far too strong a word—that at least for tactical, if not more fundamental strategic reasons, relations between China and Japan may be turning in a somewhat more positive direction.

**Some Hopeful Signs**

One reason is that Abe’s Yasukuni visit, which did not cause, but no doubt did exacerbate tensions with China, is now behind him. He is well aware that he paid a high price in terms of world opinion by making that visit. There is little chance that he will go there this year, and an improvement in relations with China would be a strong incentive not to visit next year either. His ideological leanings notwithstanding, Abe is a pragmatist who hopes to stay in power for several years and who wants to maintain a strong relationship with the United States, something that would be severely threatened by another visit to the shrine. If he suppresses the instinct to listen to the ideological beatings of his heart and acts in accord with a realistic understanding of national interests—a big “if” indeed—China’s attempt to use history to drive a wedge between the United States and Japan will flounder.
President Obama’s comments about the Senkaku Islands during his visit to Japan in April 2014 offers another reason for being cautiously hopeful that China and Japan will look for ways to bring about a thaw in their bilateral relations. Obama left no doubt in his comments in Tokyo that the United States opposes China’s efforts to create facts on the ground, or in this case on the sea and in the air, to challenge Japan’s administrative control over the Senkaku Islands and that Washington is committed under Article 5 of the U.S.-Japan Security Treaty to support Japan in the event China were to use force to contest Japan’s control.

There is nothing new about this position; what is new is that the President himself has enunciated it. The Chinese might have hoped that as long as the President did not publicly commit himself to a policy of unqualified support for Japan’s administrative control of the islands that he might be induced to modify that stance. Obama’s statement in Tokyo should have dissuaded China from holding onto that hope. China has been probing to test American resolve with regard to conflicting maritime claims China has with the Philippines and Vietnam in the South China and with Japan in the East China Sea. But American interests in supporting Japan are fundamentally different than what they are with regard to South China Sea disputes. The alliance with Japan is the lynchpin for America’s presence in East Asia and sustaining that alliance is a vital national interest of the United States.

Economic relations are another important reason why China and Japan may be looking for a way to ease tensions. Separating politics and economics (seikei bunri), as Japan and China did in the 1950s before Japan established diplomatic relations with China, is not a realistic option today. As recent economic data referred to earlier affirm, bad political relations have an adverse effect on economic relations.

There are several reasons for thinking that China may be seeking to lower tensions and resume a high-level dialogue with Japan. It has reduced the number of its Coast Guard patrols in Senkaku’s territorial and contiguous waters. There are unconfirmed reports that some progress has been made in talks between Chinese and Japanese defense ministry officials to establish mechanisms to prevent escalation in the event of an accident between their Coast Guard ships.

In April, Hu Yaobang’s son, Hu Deping, who is reputed to be a close friend of Xi Jinping, visited Tokyo and after meeting with Chief Cabinet Secretary Suga had an unscheduled meeting with Prime Minister Abe. At the beginning of May, Liberal Democratic Party (LDP) Vice President Komura led a nine-member multi-party Diet delegation to Beijing that met with Zhang Dejiang, who is ranked number three in the Communist Party hierarchy. That was followed a couple of weeks later by a meeting in Beijing between the Ministry of Economy, Trade and Industry (METI) minister Motegi and China’s commerce minister, Gao Huchong. These meetings and other signals from China may indicate an impending change in the way China has been dealing with Prime Minister Abe.
The Senkaku Issue

Finding a formula to defuse the crisis over the Senkaku Islands, of course, is key. Resolution of competing Chinese and Japanese claims to sovereignty is impossible. It is no more conceivable that China would give up its claim to the Senkakus than it would be for Japan to do so. But it is conceivable that both countries would accept a formula that would define the Senkaku issue as constituting an important “foreign policy problem” in bilateral relations. According to Japanese sources, China proposed last spring that it would not make Japanese recognition of the existence of a legal dispute over the question of sovereignty of the Senkaku Islands a prerequisite for a summit meeting if Japan would agree that Senkaku is a foreign policy problem and be willing to discuss it. In response to that feeler Abe planned to send LDP Vice President Komura to Beijing last year as his emissary, a visit that in the end was aborted because of Abe’s refusal to accept certain Chinese pre-conditions for welcoming Komura to China. The failure of this earlier attempt to lay the groundwork for a summit meeting makes the recent meeting in Beijing between Komura and Zhang all the more significant.

Prime Minister Abe has been cautious in the way he has dealt with the Senkaku issue. He has been adamant that Japanese sovereignty over the islands is not negotiable, but he has indicated quietly that he is open to the idea that the Senkaku issue is a bilateral foreign policy problem that should be included on the agenda of a Japan-China summit. He also has been careful to respect the longstanding understanding with China that there would be no people placed on the islands and no infrastructure built there.

The question of whether China and Japan can defuse the crisis over the Senkaku Islands is often characterized as a “return to the Deng formula,” but there is an important difference in Chinese and Japanese understanding of what the Deng formula is. Chinese believe that it means mutual recognition of the existence of a dispute about sovereignty and an agreement to put it on the shelf and to leave it for future generations to resolve. Japan’s position is that it has never recognized the existence of a legal dispute over the islands and never agreed to shelve it. According to Tokyo, as far as Japan is concerned the Deng formula refers to a willingness on Japan’s part to respect the Chinese position that it did not want to discuss the sovereignty issue. When Tanaka Kakuei met with Zhou Enlai in 1972 and asked him about his views on the Senkaku issue, Zhou responded that it was something he did not want to talk about at that time. Tanaka gave a one-word reply: “Okay.” Then when Deng Xiaoping was in Tokyo in October 1978 to commemorate the coming into effect of the Sino-Japanese peace and friendship treaty, he proposed shelving the issue; Prime Minister Fukuda’s response was not to say anything.
Japan’s assertion that it never agreed that a dispute exists over Senkaku sovereignty, however, is not convincing. Japan could have clarified its position on sovereignty at meetings with Zhou and Deng but decided not to do so. It did not want to get into a discussion of the issue anymore than China did and it did not want the Senkaku issue to pose an obstacle to normalizing and deepening the Chinese-Japanese relationship. The reality is that China and Japan do have a dispute over the Senkakus, a dispute that could lead to a collision between Chinese and Japanese ships or aircraft and escalate to a military clash. The leaders of both countries are well aware that sovereignty is not divisible and that the only way to calm the waters around the Senkaku Islands is for Xi and Abe to agree to follow Deng Xiaoping’s advice to leave it to future generations to solve the sovereignty issue while they focus on issues where constructive engagement is possible.

I am aware that my cautiously hopeful view that we may see a thaw in relations that would make it possible to convene a Xi-Abe summit, possibly on the sidelines of the Asia-Pacific Economic Cooperation (APEC) leaders meeting in Beijing in November, elicits a “so what?” response from some analysts, who argue that a summit meeting would be no big deal. Both Abe and Xi would have to be concerned that domestic public opinion might turn against them for being too soft on the other. This is probably less of a problem for Abe than it is for Xi. Abe’s close relationship with the political right gives him a kind of “Nixon goes to China” flexibility. Xi has to contend with a much more nationalistic public opinion, along with hawkish and anti-Japanese elements in the government and military. We should not have excessive expectations about what might be achieved at a summit, but at a minimum, it would get political relations out of the deep freeze they currently are in and make it possible for the leaders of the two countries to focus on areas of potential cooperation. How big a deal a summit would be is debatable, but not holding one and continuing the deadlock in Sino-Japanese relations is without question a big deal.

The U.S. position in all of this is anchored by its determination to maintain the two main pillars of its East Asian strategy: a strong alliance with Japan and the development of a constructive relationship with China. Obama’s statement in Tokyo about the American commitment to Japan’s security, including its administrative control over the Senkaku Islands, was driven by the need to emphasize to Japanese and Chinese alike America’s commitment to Japan’s defense under the alliance. The United States’ statement of “disappointment” with Prime Minister Abe for visiting Yasukuni, on the other hand, was to underscore its opposition to Japanese actions that raise tensions in Northeast Asia and undermine the U.S. effort to build a constructive relationship with China.
President Obama was sending a dual message during his visit to Tokyo. One was that Chinese efforts to strengthen relations with the United States would be set back if Beijing takes actions that worsen relations with Japan; in such circumstances, the United States would give priority to its alliance with Japan. The other was that provocative actions by Japan that raise tensions with China will meet with criticism in Washington, as was seen with the statement of disapproval over the Yasukuni visit.

Current Japanese and Chinese Foreign Policy

Recent policy changes are less about Abe than many observers believe. If one were to take a snapshot of where Japan’s foreign policy is today, putting aside speculation about Mr. Abe’s long-term hopes and intentions, you would be hard-pressed to discern much of an Abe factor in the picture. It is true that he has pushed harder and faster for policy changes than any of his predecessors, at least back to Koizumi, by establishing a national security council, easing the ban on the export of weapons and weapons technology, getting the Diet to adopt a classified secrets law, increasing the defense budget and issuing a new national defense program, pressing forward with the aim of reinterpreting Article 9 to permit collective defense, to mention just a few of the things he did in his first year in office. But on closer examination his national security policy has a lot more in common with the foreign policy strategy adopted by the preceding Democratic Party of Japan (DPJ) governments than is generally recognized or that Abe himself is wont to admit. And DPJ policy, in turn, with the exception of the first few months of the disastrous Yukio Hatoyama government, did not break away from previous LDP policies.

In 2010, when the DPJ’s Naoto Kan was prime minister, the government adopted new national defense program guidelines. In 2013, the LDP replaced them with new guidelines of its own. Under “dovish” Prime Minister Kan the guidelines called for replacing the longstanding “basic defense force concept” which it dismissed as a static concept of “ensuring deterrence through the existence of defense forces per se” with a “dynamic defense force” that emphasizes readiness, mobility, flexibility, sustainability and versatility. Under “hawkish” Prime Minister Abe, the national defense program guidelines called for a “dynamic joint defense force” emphasizing “readiness, mobility, flexibility, sustainability, robustness and connectivity in terms of both tangible and intangible resources.” What is the difference? The later guidelines replaced “versatility” with “robustness and connectivity” and added the word “joint” in order to emphasize cooperation between the Ground, Maritime and Air SDF: the DPJ’s dynamic defense force and the LDP’s dynamic joint defense force are to all intents and purposes one and the same.
The Democratic Party advocated establishment of a National Security Council, as had previous LDP governments; the Abe Administration has implemented that recommendation. In July 2012, Prime Minister Noda said in the Diet that he would consider reinterpreting Article 9 to permit collective self-defense; in 2014, Prime Minister Abe pushed forward with a decision to do so. Prime Minister Noda was constrained from increasing the defense budget because of a sluggish economy. Prime Minister Abe increased it for the first time after 11 years of year-on-year declines, but the increase was a meager 0.8% in his first year in office and a modest 2.7% in the fiscal year 2014 budget.

Since Abe has been prime minister, relations with both China and Korea have been badly strained, but they were not much better when the DPJ was in power. Noda and South Korean President Lee Myung-bak argued about measures Japan should take with regard to surviving comfort women, elderly Korean women who were recruited when they were young girls to provide sex for Japan’s military personnel, and their relationship all but collapsed as a result of President Lee’s visit to the contested island of Dokdo/Takeshima, the first such visit by a Korean President. The Chinese bitterly criticize Abe for his hard-line position on the Senkaku Islands and all but declared him to be persona non grata in Beijing, but it was Prime Minister Noda who precipitated the Senkaku crisis with his decision to purchase three of the islands from their Japanese owner.

There is no need to belabor the point. Recent developments in Japanese foreign policy are not primarily the consequence of Mr. Abe’s coming to office. They are a measured response to a dramatically changed security environment. In all likelihood quite similar policies would have been pursued had someone other than Mr. Abe become prime minister.

The security policies he has been pursuing reflect pragmatism and a cautious approach. But his rhetoric leaves room for concern about his vision for Japan’s international role. Some see in the prime minister a pragmatic, cautious hawk eager to shore up Japan’s alliance with the United States, others an ideologically driven nationalist determined to restore Japan’s grandeur as a major world power. Abe himself has provided plenty of ammunition for those who worry that the latter is the “real” Abe. The title of a book he recently published with the novelist and NHK Board member Hyakuta Naoki, who has become well known recently for his outrageous statements denying the Nanjing Massacre, accusing the United States of using the Tokyo War Crimes Tribunal to cover up its genocide against Japan, and the like, is Japan! Be Proud of Yourself at the Center of the World.
Prime Minister Abe is very much a man of his country’s mainstream political right. Like his maternal grandfather, former Prime Minister Nobusuke Kishi, an architect of Japan’s policies in Manchuria before the Second World War and minister in the wartime Tojo cabinet, Abe’s revisionist view of Japanese history seems to be driven by a desire to defend the honor of those who were involved in Japan’s imperialist project and a belief that in order for Japanese to have pride in their country, they need to airbrush out the uglier realities of Japanese imperialism and to rewrite a U.S.-drafted constitution that has enjoyed the support of the Japanese people for more than six decades.

In a speech at a symposium sponsored by The Economist in April 2014, the Prime Minister proudly declared, “Japan is a country that changes dramatically when the time comes” and promised the audience that “We are fully capable of change. What’s more, we are able to relish change. In the months and years to come, Japan will be showing you exactly that.” That, of course, is exactly what worries a lot of people about Abe Shinzo’s foreign policy.

How much and in what direction Japanese foreign policy changes depends a great deal on how China evolves its strategy to deal with Japan. A continuation of China’s anti-Japanese stance—its “patriotic education” campaign in the schools and in the media to vilify Japan, its aggressive tactics in challenging Japanese administrative control of the Senkaku Islands, and its efforts more generally to isolate Japan—will strengthen the appeal of those on the right who argue for a more muscular Japanese response. If Japan’s confidence in the United States’ commitment to defend it against Chinese threats to its security weakens, the result will not be appeasement of China but public support for stronger efforts to defend itself and to ally with other nations that also feel threatened by China.

I am cautiously hopeful that the Chinese leadership recognizes that Abe is likely to be prime minister for several years to come, that its interests are not served by policies that make it easier for him to convince the Japanese public of the need for a stronger military response to Chinese provocations, that it is not to China’s advantage to see Japanese business scale down its economic intercourse with China because of political concerns, and that it recognizes that Beijing’s attempt to weaken America’s support for Japan will either fail and thereby increase cooperation between Washington and Tokyo to balance Beijing, or it will succeed and thereby lead Japan to develop more formidable military capabilities of its own. China and Japan face profound challenges in structuring a mutually beneficial and peaceful relationship over the long term. If rationality prevails, another very big “if,” they will take steps now to de-escalate the Senkaku crisis, bring about a summit meeting between Xi and Abe and explore avenues for bilateral cooperation. I am cautiously hopeful, or perhaps to put it more accurately I am determined to be cautiously hopeful, that China and Japan’s leaders will turn away from the collision course they are now on.
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Managing Regional Tensions in East Asia
By Yoriko Kawaguchi

For years, East Asia has experienced periods of tension and war in various parts of the region, involving different issues and countries. During the same period, East Asia has experienced the so-called “flying geese” pattern of economic growth, starting with Japan. Countries in the area have agreed on many bilateral, as well as multilateral intra- and inter-regional Free Trade Agreements and Economic Partnership Agreements (FTA/EPAs), deepening economic interdependence. The region has succeeded in building institutions for dialogue and cooperation such as the Association for Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), the Association of Pacific Economic Cooperation (APEC) and the East Asia Summit, most of them in the Asia-Pacific context rather than East Asia as far as member countries are concerned. These institutions served as infrastructure for peace and prosperity of the region. So did the presence of U.S. forces in the region; Japan’s massive Overseas Development Assistance (ODA), especially in the 1980s and 1990s, with China as the top recipient; and more recently, China’s large and fast-growing economy.

Tensions and Structural Change in East Asia

At present, different kinds of tensions exist in various parts of Asia, and the question is: Can we depend on the existing foundations and institutional infrastructure for remedies, or are there new or special features we need to take into account in considering options to manage them? If such characteristics exist that were not visible in the past, then we should find them or give a different thrust to the steps we have taken. My observations of bilateral tensions between Japan and China suggest that these new elements have emerged.

To begin with, for the first time, I see a serious security concern coming from China. Chinese Coast Guard vessels enter into Japan’s territorial waters and the contiguous water near the Senkaku Islands almost daily. This gives rise to real concern that if something happens by accident, if not by intent, the situation may get out of control.

Second, I see an escalation in China’s responses. Compare, for example, China’s reaction to Prime Minister Koizumi’s visit to the Yasukuni Shrine and that of Prime Minister Abe. Similarly, there is an escalating trend with regard to disputes in the South China Sea.
What is the reason for China’s increased assertiveness? The answer is that the country is rising. It is stronger militarily and economically than before. It has gained more confidence and feels it can assert itself more forcefully. Recognition of China’s rise has been expressed in various ways. China now talks about “a new model of major country relationship” with the United States. As a result of differences about the South China Sea dispute, the ASEAN foreign ministers were not able to agree on a joint communiqué in 2012.

However, China faces serious domestic problems: to secure sufficient food, resources and energy to meet the huge and growing demands of a large population whose per capita income is fast rising; to close the increasing income differentials among its people; to address its debilitating environmental crisis; to reduce rampant corruption; to manage a high level of public debt; to give a sound fiscal base to local governments; and reduce social instability, to name a few. I sincerely hope that China’s leaders will find ways to overcome these difficulties, as there has been speculation that these could make the public more demanding that the government be more assertive toward the outside world.

If China’s increased strength is the reason behind its increased assertiveness, as I think it is, we need to view the present tensions involving the Chinese, especially those pertaining to their territorial claims or “core interests,” as structural. As China continues to grow and become stronger, tensions could rise unless some changes take place. The international community, along with China, needs to think of action programs more seriously and fundamentally.

Another type of tension exists with regard to the DPRK and its nuclear programs, missile development and human rights violations, including abduction issues. More recently, the increased lack of transparency of the new regime has become a concern. The international community has been working on the nuclear program problem for some time without success. These developments have implications beyond East Asia.

History issues have been the cause of tensions between Japan and Korea. The two countries concluded an agreement in 1965 at the time of President Park Chung-hee, the father of South Korea’s current President Park Geun-hye, in which both parties confirmed that problems in regard to property and claims between the two countries have been settled completely and finally. Japan’s position is that it is the legal, final and complete solution. Tensions have also flared up about comfort women, Prime Minister’s visit to the Yasukuni Shrine, and other issues.

It is extremely important that all these tensions be properly managed, reduced and, if possible, solved once and for all. We should work hard on this. But approaches differ on the various tensions. There is no lump-sum solution, although some commonalities do exist. Where tensions relate to changes in the structural power balance, more fundamental and far-reaching approaches are required.
How Can We Manage?

We need to face squarely that neighboring East Asian countries cannot move away from one another even if they dislike one another. So, very basically, we should agree that it is to everyone’s advantage to cooperate in areas of mutual benefit and make them as large as possible, while at the same time managing tensions as much as possible.

We must all also recognize that peace and stability are public goods that require everyone’s contribution to maintain. Every country is responsible. Realistically speaking, however, larger and stronger countries have greater responsibility for maintaining order, peace and stability. Historically, the world’s leading nations have always accepted more responsibility for the maintenance of the governing order, peace and stability, and have shown this responsibility through actual conduct.

Equally important, we need to have patience. Managing tensions will take time. There is no quick solution. For some time to come, we must accept that we are making progress if we can stop events from getting worse.

We should also remind ourselves that our approach must include the whole of the Asian-Pacific, not solely East Asia. Past history has shown that the United States has been a stabilizing power for the entire region, and now, the two largest economies — the American and Chinese – should have as large an interface as possible for the world to be peaceful and stable.

We can start by building mutual confidence. This is a starting point, as well as a process. Countries have already been making efforts to build confidence with student exchanges, sister-city relationships, cultural exchanges and so on. Some 355 sister-city relationships currently exist between Japan and China, including one between Tokyo and Beijing. These efforts must go on.

Given the urgency of dealing with security concerns, we must also work in this area. It is pressing for China and other countries involved in territorial frictions to establish risk communication lines or to utilize those existing if there are any, in order to avoid undesirable developments. Japan and China have held meetings on this issue, and they reached a basic common understanding two years ago. But we have not met since, despite Japan’s offer to do so. It is essential that the two countries agree to move forward and set up a hot line. In this connection, it is significant that the Western Pacific Naval Symposium (WPNS) adopted a Code for Unplanned Encounters at Sea at its 14th annual meeting held this past April in China.
Countries should agree, as well, to a set of governance principles. Among them should be commitments to honor international law and to resolve problems without resorting to force. We note that the ASEAN countries have agreed on a Declaration of Conduct with China, stating 10 principles to uphold and discussing ways to cooperate and to resolve territorial and jurisdictional disputes. Currently, efforts are under way to elevate the Declaration of Conduct into a Code of Conduct. China should negotiate the code more earnestly. The international community should support the participants’ efforts.

A lack of transparency creates suspicions, which could develop into frictions. Countries need to have dialogues, using every opportunity to explain their intentions and reasons. If tensions exist between them, there is all the more reason for them to talk so as to better understand their differences and explore possible solutions. One way for them to promote transparency might be to publicly announce their visions of the future. For example, if China were to share with the world what it hopes to be like in 2030, other countries’ concerns might subside. If Japan were to do the same thing, neighbors might not worry so much about its reinterpretation of its Constitution.

What is crucially important, however, is whether the words are backed by actions. In this regard, private institutions and think tanks could publish an annual scorecard or report card indicating how well countries contributed to regional peace and stability. Think tanks in the Asia-Pacific region could start a Track II project to outline a common vision or “dream” for the region, much as Robert Schuman did for the European Iron and Steel Community in 1950, laying down a foundation for the European Union.

Just as Europe developed regional institutions step-by-step, East Asia can increase integration levels gradually, improving existing institutional arrangements and building new ones. For example, elevating the ARF to move further into conflict prevention and eventually dispute settlement is one option we need to pursue. In this regard, the East Asia Summit should receive more attention.

On the economic front, we should seek to explore ways and means to increase trade and investment by reducing barriers and agreeing on common rules for economic activities. These contribute to regional prosperity and deeper economic interdependence. They also work to increase mutual understanding among countries. Here, as elsewhere, ASEAN should continue to be a driver. Countries should move forward with the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP), as these entities will form an important basis for a future Free Trade Area of the Asia-Pacific (FTAAP).
As to North Korea, a framework for resolution of issues has been in place but not actively utilized recently. The member countries of the Six-Party Talks should try to reactivate this forum. Also, the international community should work to strengthen non-proliferation efforts, especially with respect to transfer of materials and technologies.

Turning to historical issues, the visit of Japanese Prime Minister Abe to the Yasukuni Shrine on December 26, 2013, intensified tensions that already existed between Korea and Japan and between China and Japan. Japanese politicians, especially government leaders, should consider such visits prudently, paying full attention to the sentiments of neighboring peoples who had been victims of Japan’s mistaken policies.

In my opinion, it is unfortunate that Class A war criminals are enshrined at the Yasukuni Shrine, but I understand that this cannot be undone according to Shinto religion. The shrine honors the 2.5 million people who sacrificed their lives for the country. It has remained a special place in Japan. To visit or not to visit is a personal religious question, the answer to which cannot be given by anyone outside.

There is no question that the issue of comfort women is one of human rights. In 1995, Japan created the Asian Women’s Fund to compensate former comfort women with funding from private sector donations. The government also contributed to the Fund for medical and social assistance. And the Murayama Statement apologized for the wrongs done in the past.

South Korea and Japan must talk to resolve this problem so that it will not become an obstacle to a potentially very rich relationship. For that to come about, the two governments must have mutual confidence and a strong will to end conflicts as soon as possible. They should realize that solutions can be reached when, and only when, both countries to a dispute shoulder responsibility. Japan and China, for their part, must talk within the spirit of a mutually beneficial strategic relationship, as agreed between Prime Minister Abe and former President Hu of China.

**Working with the Public**

In most societies, public opinion is the factor governments must pay the most attention to in order to implement policies. A country’s policies for alleviating tensions will not succeed without the support of the public.
A joint survey of public opinion in Japan by Genron NPO and in China by *China Daily* conducted in 2013 on how the publics view each other revealed an amazing result: in both countries, about 90% of those surveyed disliked or more or less disliked the other. However, the survey also revealed that, among the knowledgeable, the number declined to about 40% for China and 60% for Japan. These results tell me that having an informed public makes a difference.

An implication of the joint survey is that we should put more resources, funds and other assets into encouraging international tourism as much as possible so that people can understand what other countries are really like. We should encourage sister-city exchanges and liberalization of visas to allow more tourists to visit other countries, and we need to persuade universities to allow freer transfer of credits internationally. Journalists and schoolteachers should be given more opportunities to visit other countries so that they can write or teach on the basis of their experiences. It is the journalists who can most influence the public, and the teachers who can most influence young students. Broadening the base for better understanding will be key for confidence-building among peoples. Even with the best intentions, no policy can alleviate tensions between nations unless public opinion supports it.

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1 Prime Minister Koizumi visited the Yasukuni Shrine almost every year during his tenure. His first meeting with the Chinese President and the Prime Minister took place in October 2001, after he went to the shrine on August 13, 2001, to pay tribute to those who perished in the war. After that visit, Prime Minister Koizumi had about 10 meetings with the Chinese President or Prime Minister on the fringes of multilateral meetings until the end of 2004. His tenure ended in September 2006. During all these years, there was no problem for the Foreign Ministers and other ministers to visit each other freely. In comparison, there has been no meeting between Abe and the Chinese leadership since he assumed office for the second time.

2 Agreement between Japan and the Republic of Korea concerning the Settlement of Problems in Regard to Property and Claims and Economic Cooperation

3 The two governments also agreed in Article 2 of the above agreement that part of the payment of $300 million to Korea was to go to the former comfort women.

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North Korea and the Future of the Korean Peninsula

By Kim Sung-han

20 Years of North Korean Nuclear Crisis

Nuclear Deadlock

Two and a half years have passed since the North Korean leader Kim Jong-il died and his successor, Kim Jong-un, seized power. Although North Korea appears to be stabilizing at a gradual pace under the Kim Jong-un regime, unstable currents remain, as shown by the execution of Jang Sung-taek, former chief of the Workers’ Party.

Above all, Kim Jong-un’s parallel policies of pursuing economic development and the status of a nuclear weapon state are making his predecessor’s policies clear. His father sought a “strong and prosperous country,” but it was not clear if a nuclear-armed country would lead to an economically affluent one. Now, it seems Kim Jong-un is trying to establish a fait accompli with North Korea as a nuclear weapons state and to send a clear message that it is moving to combine this with economic development.

North Korea withdrew from the Nuclear Nonproliferation Treaty (NPT) in 2003. The reclusive nation conducted underground nuclear tests three times, in 2006, 2009 and 2012, but the international community has not recognized it as a nuclear weapons state. North Korea has boycotted the Six-Party Talks (SPT) since early 2009 due to United Nations sanctions for its nuclear and missile tests. While the nuclear deadlock continues, Pyongyang recently demanded an end to the sanctions and the opening of the SPT without any preconditions.

The United States, Japan and South Korea, on the other hand, urged North Korea to show a sincere commitment to denuclearization, which implied North Korea would have to take preliminary steps for resumption of the SPT. Those steps might include declaring a moratorium on nuclear and long-range missile tests, suspending the production of weapons-grade nuclear material and allowing UN inspectors from the International Atomic Energy Agency (IAEA) back into North Korea to assess its nuclear facility at Yongbyon and to verify the end of enrichment.
Initially, the George W. Bush administration took a very hard line vis-à-vis North Korea, rejecting bilateral talks but seeking a Libya-style, “one sweep”—complete, verifiable, irreversible dismantlement (CVID)—of the nuclear program. However, all this changed when the Bush administration reversed its position after the testing of a nuclear weapon by North Korea in October 2006. Washington was then able to reach an agreement with Pyongyang by pursuing bilateral negotiations and agreeing to follow a step-by-step approach toward denuclearization. This agreement required that North Korea freeze its nuclear activities and declare and disable its nuclear facilities and nuclear program. In return, the United States would provide food and energy, take North Korea off the list of states supporting terrorism, and provide security assurances.

The American decision to take North Korea off the terrorism blacklist and the verification protocol that was negotiated between the two countries had both merits and demerits. On the plus side, it enabled the Bush Administration to keep the game going—that is, to keep the framework of negotiations operating. Before the end of Bush’s presidency, the United States had also brought about a freeze (and possibly the continuous disabling) of the plutonium part of the North Korean nuclear program.

Many were hopeful that the Obama administration would pick up quickly where the Bush Administration left off on the nuclear issue. However, at some point, North Korea seems to have decided to start producing nuclear materials and building nuclear facilities again and to turn its nuclear and missile programs into a full-blown reality. So, despite the “friendly” Obama Administration gesture which was characterized as “tough and direct diplomacy,” North Korea test-fired a long-range missile on April 5th and conducted another nuclear test on May 25th in 2009, right after President Obama’s inauguration. North Korea was then apparently not interested in any grand bargain or comprehensive deal with the United States. Its top priority was to be recognized as a nuclear weapons state.

On April 13, 2012, North Korea launched its long-range missile to mark the 100th anniversary of the birth of Kim Il-sung, the founder of North Korea. Although the launch was a failure, it undermined the U.S.-North Korea Leap Day Agreement of February 29, 2012, while dealing a serious blow to other efforts toward dealing with the North Korean nuclear issue. Then, on December 12, 2012, North Korea successfully placed a satellite in orbit. This launch was harshly condemned by the United States, Japan and South Korea as a disguised test of long-range missile technology, and it came a week ahead of the South Korean presidential election and roughly a year after the death of Kim Jong-il on December 17, 2011. In addition, a spokesman for North Korea’s army command said on February 12, 2013, that North Korea had successfully conducted a third underground nuclear weapon test. He also said the test had used a miniaturized nuclear device with greater explosive power, implying that North Korea’s nuclear weapons were being upgraded.
Nuclear Proliferation Unpunished

Throughout his entire first term and most of his second, U.S. President George W. Bush tried pretty much everything to get North Korean dictator Kim Jong-il to come out of his cage. He tried to coerce him with economic sanctions and political pressure—a policy course that ended in the autumn of 2006, when Kim tested a nuclear weapon, precisely the opposite of the result President Bush had intended. Then, after the Republican defeat in midterm elections, the Bush Administration tried bribery, offering blandishments like food and free fuel oil in hopes that, in return, North Korea would stand down its nuclear program. Kim responded a bit, slowly shutting down the nuclear reactor at Yongbyon, which produced the fissile material for the North's estimated eight to ten nuclear bombs. But Kim refused to detail all the other components of his nuclear program, including an alleged uranium enrichment effort, and he continued to sell North Korean nuclear expertise to a buyer's market of rogue states.

In a convincing presentation to reporters in April 2008, the Bush Administration produced photographic evidence that North Korea had been intimately involved in helping Syria build a plutonium-fueled nuclear reactor, which was basically a copy of Yongbyon. On September 6, 2007, Israel put an end to that project, bombing it out of existence. Ever since, a cone of official silence has existed around what happened, with neither Jerusalem nor Washington nor anyone else confirming the operation. There were reasons for the silence: Bush Administration officials said they were worried the Syrians might start a new war in the Middle East if they were publicly fingered after the attack.2

The so-called North Korea-Syria connection shows that North Korean leader Kim Jong-il (and probably his son, Kim Jong-un) would do whatever they can if it gives them “cash.” Kim Jong-il earned hard currency any way he could, including selling weapons and expertise in producing them. The North Korean nuclear problem is thus a very serious one, since it involves not just the possession but also the proliferation of nuclear technology, material and weapons to other parts of the world.3

Let the Moment of Truth Come

Try a Comprehensive Nuclear Diplomacy

Since it made its “pivot” to Asia in 2012, the Obama Administration has been focusing its strategy on checking China, particularly in the East China and South China Seas, where China’s naval activities are growing. This policy, however, could complicate the North Korean nuclear problem, which requires cooperation from China for resolution. Without this cooperation, the United States would have no option but to continue its passive policy of “strategic patience” vis-à-vis North Korea.
Some experts argue we need to lower the threshold for the SPT so that North Korea might come to them as soon as possible. We could, for example, delete one or two pre-conditions for resumption of talks. But North Korea is unlikely to accept this unless the suspension of nuclear programs is deleted from the list of conditions. The United States bought this horse for the first time through the Agreed Framework signed in Geneva in 1994 and the second time through the Joint Statement signed on September 19, in 2005.

Once the SPT resume, North Korea will demand political and economic benefits in return for suspending the five-megawatt nuclear reactor in Yongbyon, which appears to have been restarted in August 2013. By using “salami” tactics, Pyongyang will want reciprocal benefits in return, as well as for a missile and nuclear test moratorium.

Against this backdrop, we could propose a “last-time” deal to see if the Kim Jong-un regime is sincerely interested in denuclearization. If North Korea were to accept the three pre-conditions—the missile and nuclear test moratorium, allowing IAEA inspectors back into Yongbyon, and suspending all nuclear programs—the five other parties to the SPT could reduce economic sanctions through consultation with the UN Security Council and the four concerned parties—the United States, China, South and North Korea—could start a “peace forum” as soon as possible to discuss how to replace the armistice agreement with the peace agreement to put a legal end to the Korean War.

If North Korea rejects this proposal and chooses the path of going nuclear by conducting a fourth nuclear test, it would have to face tougher sanctions. Then, we would have to make a thorough review of our North Korea policy to decide if we still need to engage or contain it to the extent of preserving regime survival. As shown in <Table 1> in the Appendix, as of May 2014, the absolute majority of North Korea and security experts around the world prefer the combination of engagement and containment of North Korea.

The Six-Party Talks are a place at which each party is fully committed to the diplomatic resolution of the North Korean nuclear problem. That diplomacy, however, needs to be engineered so that North Korea may not be tempted to buy time for its own sake. To this end, “coercive diplomacy” should be considered in consultation among the concerned parties.

For “coercive diplomacy” to work, however, it is necessary for the coercers to set clear objectives and show strong leadership so that the message is not diluted. And the message is that the United States seeks both denuclearization and non-proliferation and will not allow North Korea to become a nuclear power at any cost. Washington should make every effort to ensure that this message is shared by its allies and friends.
Caveats to Building a Peace Regime

Although Beijing's mediation role has been important to date in dealing with the North Korean nuclear problem, Seoul and Washington's position will become very important when specific discussions to realize the denuclearization of the Korean Peninsula or the establishment of a peace regime on the peninsula are made. To this end, South Korea and the United States should be mindful of the following two points. One is that the issues of a peace regime and nuclear weaponry should not be mixed up. The Six Parties’ Joint Statement of September 19, 2005 states, “The directly concerned parties will negotiate a permanent peace regime on the Korean Peninsula at an appropriate separate forum.” This means the discussion of a peace regime could be seen as a catalyst for denuclearization on the Korean Peninsula, while the establishment of a peace regime is an outcome of North Korean nuclear resolution. For this reason, discussions of the peace regime separate from the Six-Party Talks should take place, and specific measures need to be linked to progress on the abandonment of nuclear arms.

In addition, South Korea and the United States should design a vision for the ROK-United States alliance on the premise that the North Korean nuclear problem is resolved. Only when these two allies have a blueprint for their bilateral alliance will the United States move toward positive cooperation on building a peace system on the Korean Peninsula. Beginning now, Seoul and Washington should seek ultimate resolution of the North Korea nuclear issue within a bigger strategic picture.

Prepare for the Failure of Diplomacy with Smart Sanctions

What if North Korea closes the window of opportunity? It will not be able to survive the nuclear deadlock. Its future cannot be assured by the United States or others because North Korea, like the former Soviet Union, faces systemic problems. The real threat for North Korea comes from within, not from outside, unless it can manage its own contradictions.

Being prepared for the failure of negotiations also will be important. The prospect of North Korea with a growing nuclear weapons arsenal could create new stresses for the ROK-U.S. alliance as well as major power relations in Northeast Asia. The danger would lie in another perception and policy gap, this time between Washington’s fears of nuclear exports and Seoul’s concern that it has to live with a nuclear North Korea.
Things could be worsened if North Korea opts exclusively for the path of becoming a nuclear power and continues to raise the stakes. Actually, a nuclear North Korea is likely to be virtually isolated from the international community. In this case, the international community should be prepared to deal with the consequences of a possible collapse of the North Korean regime. Regional cooperation will be essential in coping with this potential problem.

Given this possibility, North Korea should take the opportunity to become a responsible member of the international community rather than trying to buy time to improve its nuclear capability. For, if all five other parties to the Six-Party Talks agree that diplomacy has failed because of Pyongyang, they will have no option other than to transform the talks into a punitive coalition against North Korea.

According to <Table 2> in the Appendix, although sanctions have limited effectiveness (average 4.4), they are more effective than expected. As shown in <Table 3>, the key to the success of sanctions is whether China will exert pressure on North Korea, although security experts in China and Russia do not think this is the most effective way to resolve the North Korean nuclear issue. As shown in <Table 4>, this is because of the failure of international cooperation and ineffectiveness of sanctions themselves. This means we need to get China on board while closing sanction loopholes to make the sanctions smart.\(^6\)

**Minilateralism for the Future of Korean Peninsula**

*ROK-US-Japan Security Cooperation*

Leaders of South Korea, the United States and Japan agreed with one voice that a nuclear-armed North Korea is “unacceptable,” as they sat together on the sidelines of the Third Nuclear Security Summit in The Hague, the Netherlands, on March 25\(^{th}\) of this year. South Korean President Park Geun-hye voiced the need for the three countries and the international community to stick to a “zero tolerance” policy concerning the North Korean nuclear weapons program and to respond to the issue in a united, concerted manner. This message was echoed by Japanese Prime Minister Abe Shinzo, who said “It is extremely important for Korea, Japan and the U.S. to continue close cooperation on the North Korean nuclear issue.”
This trilateral summit was meaningful because it was held despite the strained relations between Seoul and Tokyo that had been mainly caused by historical issues related to Japan. President Park took the path of realism by delinking North Korean issues from Korean-Japanese issues. However, while Korean-American-Japanese security cooperation should not be expanded to check against or even contain China, this trilateral cooperation should be focused on the North Korea question, including North Korean nuclear and human rights issues, and it should be utilized to promote Chinese cooperation to resolve the North Korean nuclear problem.

**U.S.-China-ROK Strategic Dialogue**

Despite the multilateral efforts for denuclearization, we could face an unexpected contingency in North Korea. As shown in <Table 5>, the plurality of security experts gave the Kim Jong-un regime five to 10 years’ longevity. And <Table 6> says if the regime falls, it is more likely to be triggered by a power struggle within the North Korean leadership than economic failure or popular revolt. The United States, China and South Korea should thus start discussions about how to deal with this contingency so that the situation does not lead to a military confrontation between the two Koreas or between the United States and China. The first round of the trilateral strategic dialogue in July 2013 was a good start in that the three parties had a very frank discussion about the present and future of North Korea.

There is also an “anticipation gap” on a unified Korea between the United States, Japan and South Korea, on the one hand, and China and Russia, on the other, as seen in <Table 7>. China and Russia appear to prefer a non-aligned and non-nuclear Korea compared to the others, who see Korea as an ally of the United States even after reunification. This is another reason why Washington, Beijing and Seoul should discuss ways of producing a win from the reunification of Korea.

**<Appendix>**

Following tables are excerpts of the survey on the future of North Korea conducted by the Ilmin International Relations Institute (Director: Kim Sung-han) of Korea University on April 14-May 9, 2014. Participants include 135 security experts (scholars, former government officials, etc.) around the world. ‘Domestic’ refers to Korean security experts and the numbers in parentheses refer to the number of participating experts. A report that includes the survey outcomes will be posted on IIRI webpage (www.iiri.or.kr) soon.
<Table 1> In your opinion, what kind of North Korea policy should international society strengthen?

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<th>Europe (13)</th>
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<Table 2> How effective are sanctions of international society on North Korea?

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<th>China (12)</th>
<th>Japan (17)</th>
<th>Russia (13)</th>
<th>Asia-Pacific (6)</th>
<th>Europe (13)</th>
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<td>4%</td>
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<td><strong>4.9</strong></td>
<td><strong>4.1</strong></td>
<td><strong>4.8</strong></td>
<td><strong>4.4</strong></td>
<td><strong>4.9</strong></td>
<td><strong>2.6</strong></td>
<td><strong>3.5</strong></td>
<td><strong>3.5</strong></td>
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<Table 3> What is the most effective way to resolve the North Korean nuclear issue?

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<th>Method</th>
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<th>Domestic (49)</th>
<th>Foreign (86)</th>
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<th>China (12)</th>
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<th>Russia (13)</th>
<th>Asia-Pacific (6)</th>
<th>Europe (13)</th>
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<td>Reopening Six-Party Talks</td>
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<td>21 24.4%</td>
<td>4 16%</td>
<td>5 42%</td>
<td>5 29%</td>
<td>7 54%</td>
<td>0 0%</td>
<td>0 0%</td>
</tr>
<tr>
<td>Strengthening sanctions on North Korea</td>
<td>15 11.1%</td>
<td>6 12.2%</td>
<td>9 10.5%</td>
<td>4 16%</td>
<td>2 17%</td>
<td>1 6%</td>
<td>1 8%</td>
<td>0 0%</td>
<td>1 8%</td>
</tr>
<tr>
<td>Opening US-North Korea bilateral negotiation</td>
<td>33 24.4%</td>
<td>15 30.6%</td>
<td>18 20.9%</td>
<td>1 4%</td>
<td>5 42%</td>
<td>5 29%</td>
<td>3 23%</td>
<td>1 17%</td>
<td>3 23%</td>
</tr>
<tr>
<td>China’s pressure on North Korea</td>
<td>49 36.3%</td>
<td>20 40.8%</td>
<td>29 33.7%</td>
<td>14 56%</td>
<td>0 0%</td>
<td>5 29%</td>
<td>0 0%</td>
<td>4 67%</td>
<td>6 46%</td>
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<td>Economic support and lifting sanctions on North Korea</td>
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<td>3 6.1%</td>
<td>9 10.5%</td>
<td>2 8%</td>
<td>0 0%</td>
<td>1 6%</td>
<td>2 15%</td>
<td>1 17%</td>
<td>3 23%</td>
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<Table 4> If the sanctions are ineffective (0-5), why do you think so?

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<th>Foreign (58)</th>
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<th>Asia-Pacific (4)</th>
<th>Europe (10)</th>
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</thead>
<tbody>
<tr>
<td>Failure of international cooperation</td>
<td>33 39.3%</td>
<td>10 38.5%</td>
<td>23 39.7%</td>
<td>9 60%</td>
<td>3 38%</td>
<td>5 50%</td>
<td>2 18%</td>
<td>1 25%</td>
<td>3 38%</td>
</tr>
<tr>
<td>Uniqueness of North Korea</td>
<td>25 29.8%</td>
<td>10 38.5%</td>
<td>15 25.9%</td>
<td>5 33%</td>
<td>3 38%</td>
<td>1 16%</td>
<td>3 27%</td>
<td>2 50%</td>
<td>1 10%</td>
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<tr>
<td>Ineffectiveness of sanctions</td>
<td>26 31.0%</td>
<td>6 23.1%</td>
<td>20 34.5%</td>
<td>1 7%</td>
<td>2 25%</td>
<td>4 40%</td>
<td>6 55%</td>
<td>1 25%</td>
<td>6 60%</td>
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<tr>
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<td>0 0.0%</td>
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<td>0 0%</td>
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<Table 5> In your opinion, how long would Kim Jong-un regime last?

<table>
<thead>
<tr>
<th>Duration</th>
<th>Total (135)</th>
<th>Domestic (49)</th>
<th>Foreign (86)</th>
<th>US (25)</th>
<th>China (12)</th>
<th>Japan (17)</th>
<th>Russia (13)</th>
<th>Asia-Pacific (6)</th>
<th>Europe (13)</th>
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<tr>
<td>Less than 5 years</td>
<td>14 10.4%</td>
<td>8 16.3%</td>
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<td>2 8%</td>
<td>1 8%</td>
<td>1 6%</td>
<td>0 0%</td>
<td>0 0%</td>
<td>2 15%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>52 38.5%</td>
<td>20 40.8%</td>
<td>32 37.2%</td>
<td>13 52%</td>
<td>5 42%</td>
<td>5 29%</td>
<td>3 23%</td>
<td>4 67%</td>
<td>2 15%</td>
</tr>
<tr>
<td>10-20 years</td>
<td>45 33.3%</td>
<td>16 32.7%</td>
<td>29 33.7%</td>
<td>7 28%</td>
<td>1 8%</td>
<td>7 41%</td>
<td>8 62%</td>
<td>1 17%</td>
<td>5 38%</td>
</tr>
<tr>
<td>20-30 years</td>
<td>14 10.4%</td>
<td>3 6.1%</td>
<td>11 12.8%</td>
<td>2 8%</td>
<td>2 17%</td>
<td>3 18%</td>
<td>2 15%</td>
<td>0 0%</td>
<td>2 15%</td>
</tr>
<tr>
<td>More than 30 years</td>
<td>10 7.4%</td>
<td>2 4.1%</td>
<td>8 9.3%</td>
<td>1 4%</td>
<td>3 25%</td>
<td>1 6%</td>
<td>0 0%</td>
<td>1 17%</td>
<td>2 15%</td>
</tr>
</tbody>
</table>
Table 6: If Kim Jong-un regime is not sustained, what would be the most influencing factor?

<table>
<thead>
<tr>
<th>Power struggle within leadership</th>
<th>Total (125)</th>
<th>Domestic (49)</th>
<th>Foreign (76)</th>
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<th>China (12)</th>
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<tr>
<td></td>
<td>87</td>
<td>64.4%</td>
<td>51</td>
<td>59.3%</td>
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<td>80%</td>
<td>6</td>
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<td>Economic failure</td>
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<td>30.2%</td>
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<td>20%</td>
<td>4</td>
<td>33%</td>
<td>4</td>
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<td>People's uprising</td>
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<td>0</td>
<td>0%</td>
<td>1</td>
</tr>
<tr>
<td>Intervention from surrounding nations</td>
<td>7</td>
<td>5.2%</td>
<td>6</td>
<td>7.0%</td>
<td>8</td>
<td>0%</td>
<td>0</td>
<td>2%</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 7: What is your anticipation of unified Korea?

<table>
<thead>
<tr>
<th>Nonaligned nuclear state</th>
<th>Total (135)</th>
<th>Domestic (49)</th>
<th>Foreign (86)</th>
<th>US (25)</th>
<th>China (12)</th>
<th>Japan (17)</th>
<th>Russia (13)</th>
<th>Asia-Pacific (6)</th>
<th>Europe (13)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6</td>
<td>4.4%</td>
<td>6</td>
<td>7.0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>2</td>
</tr>
<tr>
<td>Nonaligned non-nuclear state</td>
<td>34</td>
<td>25.2%</td>
<td>25</td>
<td>29.1%</td>
<td>3</td>
<td>12%</td>
<td>6</td>
<td>50%</td>
<td>1</td>
</tr>
<tr>
<td>Ally of the United States</td>
<td>81</td>
<td>60.0%</td>
<td>44</td>
<td>51.2%</td>
<td>21</td>
<td>84%</td>
<td>4</td>
<td>33%</td>
<td>10</td>
</tr>
<tr>
<td>Ally of China</td>
<td>4</td>
<td>3.0%</td>
<td>4</td>
<td>4.7%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>8%</td>
<td>1</td>
</tr>
<tr>
<td>Don’t know</td>
<td>10</td>
<td>7.4%</td>
<td>7</td>
<td>8.1%</td>
<td>1</td>
<td>4%</td>
<td>1</td>
<td>8%</td>
<td>3</td>
</tr>
</tbody>
</table>

1 Han Sung-Joo, “North Korea’s Hard-Line Behavior: Background & Response,” Korea Chair Platform (July 2009, CSIS).
4 Satellite imagery from August 31, 2013, shows white steam rising from a building near the reactor hall that houses the gas-graphite reactor’s steam turbines and electric generators. Nick Hansen and Jeffrey Lewis, “North Korea Restarting Its 5MW Reactor” 38 North, 11 September 2013.
6 Hugh Griffiths and Lawrence Dermody, “Loopholes in UN Sanctions against North Korea,” 38 North, May 6, 2014. They argue as follows: 1) If designation is to remain an instrument of both international and national sanctions policy, then greater consideration should be given to designating foreign-registered entities or individuals complicit in DPRK sanctions evasion. 2) The current absence of designated transportation actors suggests that states and organizations examining options for designations in response to future violations may wish to consider...
rebalancing away from North Korean-registered trading companies. Instead, the targeting of specific transport-related companies or vehicles should be considered in order to more accurately reflect the important role played by maritime and aviation-related companies in sanctions violations. 3) Given that the most valuable data for risk assessment of attempted transfers lies within reach of shippers, more effort needs to be made to harness business information, particularly in the transport sector where nearly all non-DPRK shipping companies have incentives to comply with UN and other sanctions.

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U.S.-Japan-China Relations: The Way Forward

By Sheila Smith

How we analyze the causes of today’s tensions informs where we focus our attention on the opportunities for policy innovation. The strains in the Japan-China relationship now shape not only the U.S. relationship with China, but also the future of the Asia-Pacific region. What, then, is at the heart of Japan-China tensions?

Most analysis begins with the dispute over the Senkaku/Diaoyu Islands. The rapidity with which this dispute escalated and the new prospect of armed conflict took everyone by surprise. While few believe that either Japan or China wants a war or that their leaders are deliberately designing a strategic course that would end in the use of force, thus far we have seen political miscalculation, as well as some degree of opportunism, on both sides. The consequences have been severe diplomatic estrangement, popular antagonism and regional anxiety. Ending this estrangement should be of the highest priority in order to reduce the risk of miscalculation or accidental escalation between Japanese and Chinese forces.

Any kind of military conflict between Japan and China would have disastrous consequences. First, even a limited conflict would produce critical economic harm for both Japan and China, as well as for the other countries of the Asia-Pacific, in several ways. A protracted conflict, even if not a full-scale military clash, would damage the global economy. Second, it would sponsor a rapid militarization of relations and refocus national resources toward a sustained military competition across the East China Sea. Neither Japan nor China has organized its military capability on the premise of hostilities with the other, but a shift to this scenario as the primary security challenge would dramatically alter national military plans. Third, it would weaken, if not end, the carefully built regional multilateralism developed by the Association of Southeast Asian Nations (ASEAN). Major power rivalry within Asia would divide the ASEAN-centered institutions if Tokyo and Beijing openly competed for allies and partners from within the region.
Fourth, it would create the opportunity for mischief in areas where some see advantage in changing the status quo. Russia’s leaders could gain new options for geostrategic balancing to offset its tensions with Europe. Domestic actors within China could emerge to challenge domestic stability if the leadership were preoccupied with an external conflict. Democratic forces in Taiwan could begin to advocate for greater distance from Beijing. North Korea could find even further opportunity for proliferation and provocation. Finally, nationalism would likely drive both Japan’s and China’s foreign policies. Already, the tensions between Tokyo and Beijing have prompted greater nationalist advocacy in both countries, and popular antipathy would escalate quickly should a military clash, even a minor skirmish, occur.

If we step back from this territorial dispute, however, we can take a longer look at the dynamics that now shape Japan-China relations. Not that long ago, leaders in both counties tended to think of theirs as a “special relationship,” borne of centuries of shared history (far longer than either nation’s relationship with the United States) and cultural inheritance. Yes, there was the legacy of war, but there was also a determined effort at reconciliation by Tokyo and Beijing, an effort led by the creation of deep economic interdependence. Indicative of this special relationship—and the dedication of both countries’ leaders to sustaining it—were the moments that set Japan-China relations apart: Japan’s defense of China’s tremendous effort at economic development when the rest of the world chastised Beijing for the Tiananmen Square crackdown, the Chinese hosting of the 1992 visit of the Emperor and Empress to punctuate the new era of friendship between the two nations and, more recently, the popular empathy at moments of national calamity such as the Szechuan earthquake and the Great East Japan Earthquake.

Yet for the past decade, the Japan-China relationship has transformed into a protracted and escalating spat—with episodic “chills,” “freezes,” some melting and warming and then a flare-up into confrontation. The deep economic ties so carefully cultivated since the 1980s are still considerable: trade between the two countries now stands at $344 billion annually; Japan is still China’s third largest source of investment capital, although the growth of annual FDI has diminished; China’s regions depend heavily on Japanese investments to offset their growing debt. But economic interdependence has not been the panacea that Chinese and Japanese leaders thought it might be, and it has not protected the relationship from tensions, even those like the island dispute that hovers close to a military clash.

Therefore, we must now look to other factors when we think of how to sustain bilateral ties. Japan and China have been here before. From 2006-2008, Tokyo and Beijing tried hard to recover from the first “freeze” in relations. This two-year blueprint for recovering diplomatic stability focused on high-level summits, including visits by Chinese Premier Wen Jiabao and then President Hu Jintao to Tokyo and by Japanese Prime Ministers Shinzo Abe and Yasuo Fukuda to Beijing. The 2008 summit between Hu and Fukuda was in marked contrast to the visit by Chinese President Jiang Zemin in 1998, two decades earlier.
Jiang publicly lectured Japanese leaders, including the Emperor, on their legacy of war in Asia, angering many Japanese, whereas Hu and Fukuda spoke to the closeness and mutual benefit of ties between their two peoples. Individual leaders are not the problem however. The same people who were central players in improving ties became strident critics when relations suffered. I am neither persuaded that the Democratic Party of Japan (DPJ) carries the full blame nor that the Chinese Communist Party (CCP) transition caused the disconnect.

Over the past decade, the growing list of policy challenges in the Japan-China relationship—Japanese visits to the Yasukuni Shrine, a disputed maritime boundary, food security and the Senkakus/Diaoyus—all reveal the failure of new slogans or statements of common purpose. Diplomats worked hard to generate a new formulation for the Japan-China relationship—a “mutually beneficial relationship based on common strategic interests”—but it was insufficient for the task at hand. Both Japan and China now face the challenge of adjusting to a new balance of influence in the relationship.

The deterioration in Japan-China relations also raises new challenges for the United States. For the most part, the U.S. relationships with Japan and with China existed independently of each other for decades. Today, however, the Japan-China relationship has become deeply entwined with Washington’s policy dialogue with Beijing. Of course, China and the United States have their own list of issues to overcome, and given the breadth of the relationship, that list will continue to grow. The United States and China still remain of two minds on Taiwan, on human rights and Tibet, on a variety of economic concerns (including protection of intellectual property rights), and now cyber-security. Yet both countries are struggling to find a framework for stabilizing and defining their future relationship. China seeks to define a “new model of great power relations,” while most in Washington prioritize developing better and more predictable habits of cooperation. One of the most important focal points for U.S. policy deliberations is the future of the Asia-Pacific.

Managing Strategic Change in Asia

Bilateral relationships aside, the strategic balance in the Asia-Pacific region is changing, and understanding how Japan, China and the United States view these dynamics is the first step in developing an agenda of cooperation. Determining if we agree on how the U.S.-Japan-China relationship can and should shape those dynamics is the first step in considering our shared policy priorities.

This is a moment of inflection for the Asia-Pacific, one that all three of our nations can influence tremendously. As important as identifying where we can cooperate, however, is understanding where our analysis (and perhaps our interests) may diverge. Some areas for further reflection are:
Chinese experts reject these alliances as legacies of a different era and reflective of a different U.S.-China relationship. The United States and Japan instead understand their alliance as a strategic bargain made over half a century ago, a bargain that ensures Japan will not revisit its decision to limit its own military power and that the United States will continue to play a significant role in stabilizing the military balance in East Asia.

Ever since normalization with the United States and Japan in the 1970s, Chinese leaders have accepted this alliance as a stabilizing influence. Today, however, there is a sense that many in China are rethinking this assessment, linking this longstanding security cooperation between the United States and Japan to an effort to contain China.

While it is worth considering what new institutions and practices must accompany change, we must fully consider the consequences of abandoning security relationships that maintain regional peace. President Xi Jinping is correct to argue that we need to “keep pace with the changing circumstances and evolving times.” But it is wrong to assume that the alliances of the Asia-Pacific reflect “outdated thinking” or commitment to a “zero-sum game.” Insisting that the security arrangements of other nations that live in close proximity to China’s expanding military capability must be abandoned ignores the security dilemma dynamics that are emerging in today’s Asia.

The Exercise of Regional Leadership

More implicit is a sense that only one power can be dominant in Asia. Historically, Japan and China have not shared power in the region. The idea that Japan and China must therefore be rivals in today’s Asia hovers below the surface not only in discussions about their own bilateral relationship but also across the region. The ASEAN countries see this balancing act clearly; to them the prospect of a major power rivalry within the region is cause for concern.

Economic enticements and institutions of cooperation will all be shaped by how Japan and China view their economic power. For decades, economic interdependence created opportunity for China, Japan, the United States and other Asian nations. But as China grows, these economic relations increasingly seem a source of uncertainty and vulnerability for those who have invested in China’s rise. On the positive side, however, China has emerged to shape and sustain global economic management, and its own interests in a stable global economy will likely continue to determine its economic leadership.

The United States continues to see itself as a resident power in Asia, and seeks to share responsibilities for regional governance with others in the region. National interest demands that the United States prepare to be fully engaged in regional affairs, and the Obama Administration has sought to rebalance U.S. foreign policy to reflect this national priority.
Furthermore, the U.S. government has actively participated in the East Asia Summit, and in other ASEAN-centered regional deliberations, such as the ASEAN Regional Forum and the ASEAN Defense Ministerial Meetings Plus.

Potential Consequences of a Power Transition

Few challenge the notion that as a new power emerges, those who must accommodate its rise become more anxious about the future. For those who live in geographical proximity, the security dilemma intensifies. Growth in military power raises questions about ultimate intentions, and the urge to hedge becomes nearly impossible to resist.

Without consistent reassurance as to intentions, the perceived risks of cooperation also grow. These risks are partly about the potential for strategic rivalry ahead, but they are also about the increasingly difficult adjustments needed within the societies that must accommodate the new rising power and the influences that emanate from it. Accommodation is painful for some interests, and popular sentiment is sensitive and often reactive.

Finally, management of the transition itself is uncertain. We must worry about the rising power’s ability to manage the expectations of its citizens as well as about the ability of neighboring governments to manage their society’s adjustments to the changing global influences on their lives. The aspirations of rising nations often translate into a competition for status, and the frustrations of those who are affected by rising powers often result from a loss of decision making autonomy. Whether born of new aspirations or of frustrations at being challenged, nationalist sentiments can make diplomacy more difficult and cooperative solutions to shared problems less inviting.

Adjusting to a Rising China

No one denies the fact that China is changing and that change will transform the Asia-Pacific. What the change will mean for China and for the region, however, is less clear. Thus, for the foreseeable future, the primary focus for U.S-Japan-China cooperation will be managing this complex and evolving power transition.

Three policy challenges are of particular importance for navigating this geostrategic shift. First, U.S., Japanese and Chinese militaries must develop regular and effective mechanisms for working together. For both short-term and longer-term stability, it is very important that militaries in the region understand each other. Reducing the potential for miscalculation, understanding each other’s defense needs and strategies, and building the opportunity for security cooperation are critical tasks.
But it would be a mistake for us to think that confidence building between our militaries is all that is required to keep us from war. Rather, we must address the feeling of threat at its core, focusing not simply on the growing capability of our militaries but also on our perceptions of longer-term intent. Political leaders and publics alike must be the focal point for our attention as we seek to shape these perceptions of threat.

Second, governments must pay closer heed to the domestic consequences of diplomatic estrangement. Diplomatic estrangement raises opportunities that should not be left to domestic audiences that are increasingly nervous about the future. Here, political leaders have a responsibility to demonstrate the value of cooperation to their publics. Japan-China relations are increasingly sensitive to popular skepticism, largely because of the two governments’ inability to solve problems. Nationalism and popular sentiment are often cited as the cause of estrangement, but the opposite is closer to the truth. The inability to implement bilateral agreements over time raises the potential for popular antipathy. The dispute over the Senkakus/Diaoyus was largely a function of declining confidence in the two governments’ ability to manage relations.

Finally, all three governments must be willing to invest in making the avoidance of strategic rivalry a priority. In this time of heightened sensitivity to the geostrategic shift in Asia, three focal points should guide our common effort at confidence building. First, all of the nations involved must communicate their peaceful intent. We need national efforts to design security practices that are not directed against each other. Second, we need a high degree of transparency. Bilateral military-to-military dialogues and exchanges will help with this. Open access to information on defense spending, improved maritime domain awareness, and discussions on crisis management practices are all important ways to understand strategic intent.

Third, all three countries must be committed to building and strengthening regional security institutions. The ASEAN Regional Forum (ARF) is an important venue for sharing concerns and developing new practices. The ASEAN Defense Ministers Meeting Plus (ADMM Plus) should be an annual forum for defense professionals to do the same. Asia-Pacific regional fora such as these allow for a broad discussion of regional concerns and offer the opportunity for building regional consensus over appropriate dispute resolution mechanisms. Far greater effort should be put into strengthening the ability of these institutions to craft solutions for Asia’s emerging security challenges, including mechanisms for risk reduction between militaries and crisis communications as well as building greater maritime domain awareness and a common understanding of how to ensure freedom of navigation for all of Asia’s trading states.
But we must also be vigilant for opportunities to innovate and to find opportunity for shared purpose and collective action in the security realm. Disaster and humanitarian assistance is an obvious place for shared purpose and collective action. So, too, is maritime risk reduction and sea-lanes protection. Is strategic rivalry inevitable? Perhaps some competition is inevitable. But war is not.

The task for the United States, Japan and China is to ensure the competitive dynamics can be fully realized while the uncertainty and sense of threat is reduced. We must address the security dilemma by encouraging Chinese domestic economic reform to ensure that our economic interdependence is not a source of vulnerability. China’s Air Defense Identification Zone [ADIZ] was a case in point. And we must make the institutions of the Asia-Pacific inclusive.

As so many in Asia seek to rectify the painful legacy of the 20th century, however, we must act in ways to avoid fueling the fires of nationalism. Next year is the 70th anniversary of the end of the war. It is important that all three nations find a way to share in the commemoration, so that no country is demonized and the losses of all are recognized. The future of Asia cannot be built on returning to the past. All nations in the region have a responsibility to ensure that the process of historical reconciliation is not interrupted by the desire for political gain.

2 See “New Asian Security Concept for New Progress in Security Cooperation.” Remarks at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia by Xi Jinping, President of the People’s Republic of China, Shanghai Expo Center, May 21, 2014. In particular, Xi argued that alliances hinder the formation of new security architecture. “As a Chinese saying goes,” he said, “‘A wise man changes as time and circumstances change.’ We need to keep pace with the changing circumstances and evolving times. One cannot live in the 21st century with the outdated thinking from the age of the Cold War and zero-sum game. We believe that it is necessary to advocate common, comprehensive, cooperative and sustainable security in Asia. We need to innovate our security concept, establish a new regional security cooperation architecture and jointly build a road for security of Asia that is shared by and win-win to all.”

U.S.-Japan-China Trilateral Track 1.5 Meeting: Managing the Power Transition in the Asia-Pacific

By Donald S. Zagoria*

May 2014

Introduction

The Forum on Asia-Pacific Security (FAPS) of the National Committee on American Foreign Policy (NCAFP) hosted three days of Track 1.5 meetings from May 21-23, 2014.

This is the first of two reports and it deals primarily with the U.S.-Japan-China trilateral meeting that was held on May 21-22, 2014. A report on the U.S.-Japan-China-ROK quadrilateral meeting held on May 23 will be issued separately.

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

Context

The U.S.-Japan-China trilateral meeting took place at a time of increased volatility and tension in the Asia-Pacific region due to rising nationalism, growing maritime and territorial disputes, increasing military budgets and deployments, intensified power rivalries and long unresolved disputes over history. But the most fundamental development, with long-term implications, is the changing structure of power relations in the region as a result of a rising China, an American "rebalancing" to Asia, and a revitalized Japan.

Specific events, illustrating some of these trends, jarred the meeting: The Ukraine crisis and its possible implications; rising Chinese tensions with Vietnam and the Philippines in the South China Sea; the just-completed Obama trip to Asia; the U.S. charges against China on cyber theft announced during the meeting; and the Putin visit to China.

* Several U.S. participants contributed to this report.
All these trends and issues were discussed at both the trilateral and quadrilateral conferences. However, the main focus of the trilateral discussion was on Japan-China relations, including on whether it is possible to improve them, and on Chinese and American regional policies and interests and to what extent they are compatible.

I. The Power Transition in Asia

Underlying the recent rise in tensions in Asia is an accelerating power transition. The single most important structural factor in the Asia-Pacific region (and perhaps the world) is the changing power balance, driven largely by the rise of China, and the beginning of a power transition in Asia. As is well known, power transitions are times of great danger and great uncertainty.

The power transition in the Asia-Pacific involves a rising China; an American rebalancing; a revitalized Japan; and a prosperous and strong Republic of Korea seeking a wider regional and global role, as well as national reunification. For all of their individual strengths, each of these actors is also apprehensive. America is concerned both about an "assertive" China and a potential conflict with it due to allied commitments; America’s Japanese and ROK allies are worried both about China’s growing power and of possible "abandonment" by the U.S.; China sees encirclement and "containment" and questions the role and target of the U.S. regional alliance system in the post-Cold War era. And all four powers are concerned about the looming danger of a divided Korea, a hostile North Korea, the future of the Korean peninsula and its potential geo-strategic orientation after reunification.

As one thoughtful participant put it, this power transition is likely to be characterized by a "new normal" in which there will be a "grinding, scratchy, crisis-prone" set of relations among the major powers. One of the key issues will be to find ways to manage the tensions inherent in the power transition.

On the other hand, as several participants also pointed out, 2014 is not 1914. All responsible leaders in the region are aware that a new world war would bring catastrophe to everyone. They are also aware of unprecedented regional economic interdependence, which, despite the frictions created by it, continues to bring growing prosperity to all. And they are all aware that they have many common interests and challenges, which are best served by working together—e.g. climate change, terrorism, nuclear proliferation, and maintaining peace and stability.

One important task is to get the power transition right. And this means, inter alia, neither underestimating nor exaggerating the rise of China and the relative decline of the United States.
China's shadow increasingly looms large over Asia and China has both enormous economic clout (it is the first or second largest trading partner of virtually every country in the region) and the potential to use coercive diplomacy against smaller countries such as Vietnam, the Philippines, and even Japan. And it is doing so.

On the other hand, China is not now (nor will it be in the foreseeable future) in the same league as the United States in the most important indices of power—military, economic, "soft" power, technology, innovation, etc. Moreover, the United States has numerous allies, including five in the Asia-Pacific region. China has North Korea. The U.S. has Canada, Mexico and two oceans as neighbors. China has fourteen countries on its borders, with historical tensions, terrorists and large militaries.

In the military realm, China is building its naval and air power and as recent events show, is using it to press territorial claims. It seeks to deny air and maritime access to its immediate periphery in the event of a major crisis over Taiwan. So, as one retired official told the conference, in the past the United States could defend Taiwan without breaking a sweat. Now it will require some sweat but it can still be done. The Chinese military budget is one-fourth that of the United States, and it will be many decades before it can pose a general threat to U.S. superiority.

In the economic realm, although China's growing GNP is impressive, its per capita income is roughly between that of Bosnia and the Maldives. And China suffers from enormous problems—income disparity, demographics (it may grow old before it gets rich), serious environmental challenges, widespread corruption, a rigid and anachronistic authoritarian political system and an economic model that is running out of steam and must be reformed. Realistic Chinese, who still dominate the government and foreign policy mainstream, know all this. That is why China continues to put priority on its domestic problems and the need for development.

Most important, as the structure of power in the region changes, none of the Asian countries want to be forced to choose between China and the United States. They need economic relations with China but they also need a U.S. security blanket. And don't want a new Cold War between China and the United States. Also, neither China nor the U.S. wants a new Cold War. They both know that they need each other for economic reasons (bilateral trade is now more than $500 billion and investment ties are growing) as well as for coping with common global and regional challenges.
In addition to a proper understanding of changing power realities, it will also be important to develop an accurate understanding of the intentions of the various parties. China, for example, knows it cannot drive the United States out of the Pacific region. The United States will continue to play a leading role in the region and its presence is strongly desired by all of the key regional players. Nor is the United States seeking to contain China—an impossible task by almost any measure. China's economic and political ties with other countries in the region are rapidly expanding. Eight U.S. presidents over more than four decades have made it clear that the U.S. welcomes a rising China provided that such a China pursues a cooperative path and is a responsible member of the international system. Finally, as several participants argued throughout the course of the three-day discussion, leaders in each of the major countries, including China and the United States, are primarily focused on their domestic economic and social problems, and they prefer not to distract attention and resources to overseas conflicts.

Finally, one of the issues at the heart of both the trilateral and quadrilateral meetings was the need to come up with a new vision of regional order. What is the end game of the power transition? Some participants called for leaders in the major countries to articulate a vision of a new Pacific Community evoking the European Union, though it was noted that Asia is much more diverse and complex. Others pointed to the Trans-Pacific Partnership (TPP), the economic partnership of 12 Pacific countries currently being negotiated by the United States with Japan and several other countries as essential. It has huge economic potential, but also geopolitical importance, making clear that the U.S. “rebalancing” is not merely military. It would be open to China if it meets the high standards of the agreement. Above all, there is a need for all the major parties to understand that the power transition now underway need not be a "zero-sum game" in which there are only winners and losers. Rather the power transition could be a "positive sum game" in which everyone wins.

II. Japan-China Relations

There was a prolonged discussion at the trilateral meeting between Japanese and Chinese participants (with regular American interventions) of past disputes over history, territorial and maritime issues that reminded some American participants of the film Rashomon in which several eyewitnesses recall the same events with sharply differing perspectives. The Japanese and Chinese each charged the other side with having violated the long-standing status quo covering the Senkaku/Diaoyu Islands. The Chinese refused to accept the Japanese version of events in which then Prime Minister Noda in 2012 was forced to nationalize three of the Senkaku/Diaoyu islands in order to prevent their purchase by the extreme nationalist governor of Tokyo, Ishihara, who threatened to turn them into a military base. Nor did the Japanese participants agree with the Chinese version of events.
The Chinese were also insistent on the need for Japanese Prime Minister Abe to stop visiting the Yasukuni Shrine in which the spirits of fourteen Class A war criminals from World War II are enshrined, and they called for Abe to rein in his "revisionist" colleagues who deny Japanese wrong-doing in World War II. Some Japanese tended to view these issues as cultural matters of paying respects to the fallen. Others recognized the international fallout from these steps. Several pointed out recent positive moves by Abe. But Americans and Chinese pointed out that many Japanese apologies in the past had been undercut by subsequent inflammatory moves or statements. The need was for a sustained consistency.

There were several suggestions, mostly from American participants, on ways to move forward and ease tensions. Several Americans argued that the way forward on the history issue was for Prime Minister Abe not to visit Yasukuni for the remainder of his term (this would be a private assurance; it would be politically impossible to pledge publicly). He should also take steps to quiet his revisionist allies. In return, China would need to stop harping on history and credit Japan for its remarkably peaceful role in East Asia during the last 70 years, including major aid to the Chinese economy, and for the numerous apologies that Japan has issued for its conduct during World War II.

On the Senkaku/Diaoyu issue, several Americans suggested that Japan, while maintaining its claim to sovereignty over the disputed islands, needs to recognize in some fashion that there is a dispute with China over them, perhaps by listing them as a "foreign policy problem" which could be put on the bilateral summit agenda. In return, China would decrease and ultimately end sea and air patrols in disputed waters around the islands. The issue would, in short, be shelved as it had been for many decades earlier. Such an agreement would enable Prime Minister Abe and PRC President Xi Jinping to meet on the sidelines of the APEC summit in November 2014 which takes place in Beijing.

Some participants saw hopeful signs. The son of a former high-ranking Chinese leader friendly to Japan, Hu Yaobang, recently visited Tokyo and met with high-level Japanese officials. Around the same time, a former Japanese Foreign Minister led a multi-party delegation of Diet members to Beijing and met with high ranking Chinese officials. He reportedly carried a message from Abe to Xi. There have also been several reports of a sharp decline in Chinese patrols in disputed waters around the islands.

Other participants were more pessimistic and pointed to polls in each country reflecting strongly negative sentiment about the other. Highly nationalistic public opinion, they argued, would sharply constrain the ability of either leader to move forward.
There was also a sense among several participants that recent China-Japan tensions were not just about bilateral historical and territorial issues but increasingly about longer-term dynamics such as the role of the U.S.-Japan alliance vis-à-vis China, the competition between China and Japan for regional leadership and the potential consequences of the power transition mentioned earlier for all three sides. Japan sees China replacing it as the major regional power. China professes to fear a resurgent, militaristic Japan.

As an American participant suggested, there are sharply differing views of the role of the U.S.-Japan alliance in China. Americans and Japanese understand their alliance as a "strategic bargain made over half a century ago, a bargain that ensures Japan will not revisit its decision to limit its own military power and ensures that the United States will continue to play a significant role in stabilizing the military balance in East Asia." In Beijing, on the other hand, although Chinese leaders have in the past accepted the alliance as a stabilizing influence, there is a strong sense that "many in China are rethinking this assessment and linking the longstanding security cooperation between the U.S. and Japan to an effort to contain China."

Several Chinese participants confirmed that China is increasingly concerned about the purposes of the U.S.-Japan alliance in the post-Cold War era.

There is also a growing sense, said an American participant, that only one regional power can be dominant in Asia. Historically, Japan and China have not shared power in the region. "The idea that Japan and China must therefore be rivals in today's Asia hovers below the surface not only in discussions about their own bilateral relationship, but across the region."

The third longer-term dynamic at work in Sino-Japanese relations, said the American participant, is the power transition discussed earlier. The participant pointed to several adverse consequences of this power transition for the China-Japan relationship:

"As a new power emerges, those who must accommodate its rise become more anxious about the future. For those who live in geographical proximity, the security dilemma intensifies. Growth in military power raises questions about ultimate intentions, and the urge to hedge becomes nearly impossible to resist."

Without consistent reassurance as to intentions, the risks to cooperation also grow. These risks are partly about the potential for strategic rivalry ahead, but "they are also about the increasingly difficult adjustments needed within the societies that must accommodate the new rising power." Accommodation is painful for some interests and popular sentiment is sensitive and most often reactive.
There is uncertainty about the management of the transition itself. The rising power needs to manage the transition skillfully and neighboring governments must also learn to adjust.

III. U.S.-China Relations

There was some concern about potential deterioration of U.S.-China bilateral relations because of recent differences over maritime and cyber issues and major differences over how to interpret the U.S. rebalancing strategy in Asia. In addition, in recent years there has been sharply increased repression in China, and Xi has cracked down further. There was also a sense that the damage would be controlled and that the mixed relationship between Beijing and Washington that has evolved in the past several decades—a combination of competition and cooperation—would continue. The military-to-military relationship has, for example, substantially improved in recent years and there has also been a substantial growth in economic and people-to-people relations.

One good sign was that the Taiwan situation was barely mentioned. This underlines the stable situation that has developed in cross-Strait relations in recent years. Several participants did, however, point to recent resistance in Taiwan to an economic agreement with the Mainland, growing "Taiwan identity," and a possible reemergence of the pro-independence opposition Democratic Progressive Party (DPP) in the presidential elections of 2016 as a possible source of tension in a few years. And there is also concern that recent demonstrations in Taiwan questioning the pace and extent of cross-Taiwan Strait rapprochement may reflect a deeper concern in Taiwan about the wisdom of such rapprochement.

One American participant told the group that President Obama and his Administration have devoted considerable effort to "constructing a stable and positive relationship with Beijing" as part of its "rebalancing" effort and the United States "welcomes China's rise, and sees a prosperous, secure and confident China as very much in our own interests." At the same time, he said, the United States faces both "upside risks" of China becoming a more assertive actor on the world stage and "downside risks" that China's economic development will falter and "it will become unstable, insular and insecure.

The United States, the American participant went on, encourages China to play a more constructive role in international affairs and towards this goal we are working to deepen cooperation on global challenges of common concern such as climate change, North Korea, Iran's nuclear program, counter-terrorism, anti-piracy and Afghanistan. In the bilateral realm, we are negotiating a Bilateral Investment Treaty and taking a number of initiatives to ensure that our trade and investment ties remain a source of mutual benefit and stability in our relationship.
At the same time, he cautioned, "we will not hesitate to push back against Chinese actions that undermine the rules and norms that define our bilateral relationship, including cyber-enabled theft of commercial secrets, or actions that undercut regional security." The United States is "particularly concerned" about "what we view as a pattern of provocative actions by China on territorial issues, including most recently the placement of a drilling rig in disputed waters near Vietnam." And we "do not accept China's characterization that its behavior is simply a response to actions from neighboring countries."

Although the cyber theft issue broke dramatically the same week as these conferences, the Chinese side did not address it or attempt to link it to overall bilateral relations.

IV  U.S.-Japan Relations

There was little discussion of U.S.-Japan relations, reflecting the fact that the U.S.-Japan alliance is the most solid of the three sets of bilateral ties. Moreover, the alliance has been strengthened by President Obama's recent trip to Tokyo in which he made clear that although the United States did not take a position on the issue of sovereignty over the disputed Senkaku/Diaoyu Islands, it did consider them to be under Japan's administrative control and therefore covered by Article 5 of the U.S.-Japan Treaty which pledges American assistance in the event of conflict. He also supported Abe's desire to interpret the constitution so as to allow collective self-defense.

The United States also approves of Prime Minister Abe's overall moves on other security and economic reforms even though it has expressed concern over Abe's recent visit to the Yasukuni Shrine and some of his colleague's statements on historical issues. The United States is also reassured by Prime Minister's Abe recent reiterations of the Kono and Murayama statements conveying official apologies over Japan's actions in World War II and its treatment of female "comfort women" or sexual slaves.

On the other hand, some Americans remain apprehensive about Abe. As one American participant put it, "Abe is not a militarist and the security policies he has been pursuing reflect pragmatism and a cautious approach. But his rhetoric leaves room for concern about his vision of Japan's international role." The general feeling was that there is a dichotomy between the "ideological" Abe and the pragmatic Abe and that the latter needs to come to the fore in dealing with the world.
While there are some American concerns about Abe’s vision, there are also Japanese concerns about the dramatically changed security environment in East Asia. As the same U.S. participant said: "Japanese are nothing if not realists about international power. They do not need Mr. Abe to tell them that their country is threatened by North Korean nuclear weapons and by China’s aggressive actions in the East China Sea or that American policy is constrained by declining defense budgets and by a public weary of war and leery of getting entangled in further military conflicts. They know that the United States will remain for years to come the most powerful nation in Asia and in the world and that alliance with the United States must form the bedrock of Japanese security policy. But it is true as well that no matter how much emphasis the U.S. gives to a rebalancing to Asia it cannot regain the position of unchallenged primacy that it enjoyed for so many decades. This is the new reality that Japan and every other country must deal with. China's challenge to America's dominant position in Asia will gain strength over time, propelled forward not only by its military power but by its economic influence."

There was also considerable discussion about the pending Trans-Pacific Partnership (TPP) of which both Japan and the United States are members. Many American participants said the TPP has both deep economic, and strategic geopolitical objectives. For its members "the TPP will foster increased growth and help countries like Japan and Vietnam realize structural reforms needed to remain competitive." By establishing a level playing field on issues such as intellectual property rights (IPR) and the behavior of state-owned enterprises, it will also "over time reinforce political support for free trade in the United States." Strategically, the TPP, together with the Trans-Atlantic Trade and Investment Partnership, or TTIP, "will advance our broader goals of a high-standard, rules-based economic order."

The American participant also noted that National Security Advisor Rice, U.S. Trade Representative Froman and others have said that the United States would welcome China in the TPP, as long as it is prepared to meet the standards. It was noted that many of those standards are consistent with the objectives of China’s recently announced Third Plenum reforms.

There was general agreement among the participants that TPP is crucial both for economic and geopolitical reasons. But there were different American views on its prospects. One participant said that President Obama's visit to Tokyo achieved a "breakthrough" on TPP and "puts us in a good position to reach that goal this year." There is a chicken and egg problem regarding TPA and "fast track." Some noted that the Congress cannot grant "fast track" without knowing the parameters of the deal. Other American participants wondered if the Obama Administration could seriously negotiate TPP without first obtaining "fast track" approval from Congress, because Abe and others would not want to take political risks without "fast track" in hand. Some thought that there would be movement on both TPP and "fast track" after the November 2014 Congressional elections.
V. Regional Security

There was a prolonged discussion of regional security and how best to attain it. American and Chinese approaches to this issue were sharply divergent, with the Japanese naturally endorsing the American view.

American participants argued that the United States had a two-track approach towards regional security which included reassuring allies and friends while promoting positive and constructive relations with China. The United States was not seeking to contain China. The "rebalance" came because of the need to reorient U.S. priorities to ensure that they reflected a clear recognition of Asia's economic and geo-political importance. It was not anti-China, though of course relations with China are key and allied cooperation provides a firm platform for dealing with Beijing.

Chinese participants argued that most all the negative trends in the region were due to the American "rebalance," that it was a move to hem in China, and that the rebalance was stirring up Asian countries against China, including on maritime disputes.

As one Chinese participant said, "In recent years, the most serious tensions between the U.S. and China are about the East and South China seas, or the Western Pacific." These tensions exist because the U.S. sides with other East Asian nations such as Japan, the Philippines and Vietnam on all the "sovereignty, territorial integrity and national security issues" that China has in the region.

The United States, continued the Chinese participant, had a "biased confrontational approach" towards China and "opposes anything China is saying and doing over the disputed issues." The American "pivot" or "rebalancing" strategy aimed to counter the rise of China in Asia and to "protect the American role and influence in the region."

This "one-sided and confrontational American approach" to the territorial disputes that China has with other countries in Asia destroys the possibility of a "new type of major power relationship." And it harms the potential for cooperation between the U.S. and China over other regional and global security issues. The best that could now be hoped for is to avoid direct military confrontation over those territorial disputes.
In sum, American and Chinese participants had sharply divergent explanations for the recent rise of tension in Asia. Many Americans thought that China's aggressive actions were driving many countries in the region away from China and towards America, i.e. that China might be containing itself. There is a seeming disconnect between China’s strategic objectives and its recent provocative moves that were stirring unease in the region and increasing the very military moves and buildups that Beijing objects to. Some Chinese, on the other hand, seemed to believe that it was America's "rebalance" that was at the root of all the tensions in Asia and that America was deliberately using the rebalance in order to contain and to encircle China. It was an example of the classic "chicken and egg" problem regarding cause and effect.

There was also much discussion of the potential merits of continued trilateral Track II or Track 1.5 discussions. A Japanese participant made a strong plea for the creation of a trilateral framework that would help overcome the problems currently plaguing our bilateral ties, especially between Japan and China. "The United States and China will need to play a large role to realize such a scheme, but it will be worth the effort, as the development of the trilateral relationship should contribute not only to the peace and stability of the region but also to smoother bilateral ties among the three countries."

At the very least, said the Japanese participant, there needs to be a trilateral dialogue on "risk management." Such an arrangement could take any form, ranging from "informal dialogue at the Track 2 level" to official talks under a Track 1 structure. If such a trilateral security scheme could be successfully launched, there would be a possibility of inviting other countries in the region such as South Korea to join in the future.

The Chinese participants seemed less enthusiastic, or pointed to official Chinese government concerns. One problem is that there would be two allies lining up against China. As for South Korean concerns over a trilateral, it was suggested that one way to allay ROK concerns would be to exclude North Korea from the trilateral agenda.

VI. Conclusions: Managing the Power Transition

After two days of intense discussion, there was a sense that the tectonic plates in the power arrangements of the region are shifting as China rises, the U.S. rebalances and Japan seeks to remain a major regional actor. But there is no need to panic. This is 2014 and not 1914. The rising tensions in the region can be managed if each of the powers makes the necessary adjustments.

Each of them will, however, be faced with major challenges.
The United States needs to demonstrate to an increasingly anxious region that it has the will, the resources and the stamina to continue its active leadership role in the region. It has to manage a mixed relationship with China, a country with which it shares many common interests but with which it also has important differences. It has to reassure Japan, its major ally in the region, that it will honor its defense commitments at a time when Japan faces serious challenges from a nuclear North Korea and a rising China with whom it has serious differences over territorial and maritime issues. The United States has to participate actively in East Asia's many multilateral organizations such as the East Asia Summit (EAS), Asia-Pacific Economic Organization Forum (APEC) and others. It has to lead a drive towards freer trade in the Pacific by concluding the Trans-Pacific Partnership (TPP) which has both economic and strategic implications. And, above all, it has to project a vision for regional peace and security that takes account of the interests of all the major players.

China, for its part, will need to demonstrate that its rise will in fact be peaceful as it has long insisted it will be, that it can manage cooperatively its territorial and maritime differences with its neighbors, that it is not seeking to drive the United States out of the region, that it will cooperate with its neighbors and with the United States in developing a stable and cooperative regional order, and that it too can project a vision for regional peace and security that takes into account the interests of its neighbors and all the major players, including the United States.

Japan, for its part, is focused under Prime Minister Abe on overcoming a decade of economic stagnation, improving its alliance with the United States and managing its differences with China over territorial and maritime issues. It also needs to improve a strained relationship with South Korea (the ROK), America's other key ally in the region. Japan needs to implement its new security approaches in a reassuring manner that is sensitive to history. Abe’s proposed moves are logical for present-day Japan and would be in the American security interests, but mishandling of history can stir regional concerns and encourage Chinese misrepresentations.

All three of the major players in the region are faced with common challenges. Each of them has a strong interest in avoiding a new Cold War in Asia, or in preventing the region from drifting into a “Cold Peace.” Each of them has an interest in developing a stable and cooperative regional order. And each of them has an interest in increasing trade and investment relations and in developing a stable and cooperative global economic system that benefits them all.

Three Major Tasks

In conclusion, the two-day trilateral discussion highlighted three major tasks for the three powers.
First, the United States and China need to manage a mixed relationship in which they have both a number of common interests and a number of differences. They need to work on expanding cooperation on common interests while compartmentalizing differences so that these differences do not interfere with progress on common interests.

Second, Japan and China need to find a way to shelve their differences over history, territorial and maritime issues while working to develop a more cooperative relationship. The United States should try to facilitate such a result. There are some glimmers of hope. There have been a number of high level exchanges between Tokyo and Beijing in recent months; the Chinese have reduced the number of ship intrusions into contested waters near the disputed territories; and there is some talk of a summit meeting between Prime Minister Abe and PRC President Xi Jinping at the APEC meeting scheduled to take place in Beijing in November 2014.

Third, the three powers need to work towards narrowing their differences over the regional security system. All the countries in the region except China and North Korea welcome the U.S. rebalance to Asia. (It is also welcomed by a great majority of regional security experts. with the single exception of those in China. See "CSIS Survey Finds Robust Support for the United States in Asia." May 27, 2014) The United States should continue to reassure China that its rebalance is not directed against China but is rather a reflection of the growing strategic importance of the Asian region. And China should find a way to accept the rebalance and to cooperate with the United States in developing a stable and cooperative regional security order.

China could go a long way in this direction by seeking to ease tensions with Japan in the East China Sea and with Vietnam and the Philippines in the South China Sea, by stopping unilateral actions that change the status quo, and by embracing a code of conduct with ASEAN and seeking one with Japan to govern their respective behavior in the region’s disputed waters. China also should clarify its claims in the South China Sea. And it should embrace the idea of shelving territorial disputes while seeking joint development of resources.

The United States and Japan, for their part, should step up their efforts to negotiate and sign the TPP agreement which brings together 12 countries in the region in a regional free trade agreement that has both important economic and strategic implications. And both countries should also make clear that once this agreement is finalized, other Asian countries, including China and South Korea, could be included if they meet the necessary requirements.

To achieve peace and stability at a time of a wrenching power transition, it will be necessary—as former British Prime Minister Tony Blair said about the Irish peace process several decades ago—for strong leaders to make "ugly compromises." It will also be necessary for these leaders to guide and manage nationalistic views in their countries and outline a vision of a future for the Asia-Pacific region that is cooperative.
The Forum on Asia-Pacific Security would like to thank the following organizations for their support of this conference:

Carnegie Corporation of New York
China Energy Fund Committee
The Henry Luce Foundation
The Japan Society
Mutual of America
The Tsinghua Center on U.S.-China Relations
US-Japan Foundation
Appendix A – Trilateral Conference Participant List

THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY

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A U.S.-CHINA-JAPAN TRILATERAL CONFERENCE

MAY 21 & 22, 2014

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(in alphabetical order)

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U.S.-Japan-China-ROK Quadrilateral Meeting on North Korea and the Future of the Korean Peninsula: One Last Chance for Diplomacy?*

By Donald S. Zagoria

June 2014

Introduction

The NCAFP's Forum on Asia-Pacific Security (FAPS) held a quadrilateral meeting with American, Japanese, Chinese and South Korean experts, on North Korea and the Future of the Korean Peninsula on May 23, 2014 in New York. The meeting followed a two-day trilateral meeting among American, Japanese and Chinese experts on the U.S.-Japan-China triangle and a separate report on that meeting has already been issued.

The participant list for the quadrilateral meeting is included in the appendix.

The quadrilateral meeting primarily addressed the gathering threat from North Korea to the region. Participants reviewed several aspects of the North Korean issue: how to assess the North Korean nuclear and missile threat; the role of multilateral diplomacy in dealing with North Korea; the prospects for resuming the Six-Party Talks; what to do if diplomacy fails; and the need for a larger strategic vision of the future of the Korean Peninsula. There was also a discussion of several larger regional security issues.

The North Korean Problem

The gathering threat from the North Korean nuclear and missile program dominated much of the discussion at the quadrilateral meeting.

* Several U.S. participants contributed to this report.
There was a substantial degree of consensus on the nature of the North Korea problem and even some (if not complete) agreement on how to deal with it. We will begin with the nature of the problem.

The four parties (U.S., Japan, China, and the ROK) are now at a critical juncture in managing the North Korean nuclear issue. It has been six years since the collapse of the Six-Party Talks in 2008, largely because of North Korea's unwillingness to accept necessary verification measures to confirm its nuclear-related declarations. With the collapse of Six-Party Talks and with no evident prospect of other bilateral or multilateral dialogue on nuclear or missile concerns, there is now no mechanism in place to stop—much less slow—the DPRK's nuclear and missile program.

There has been a surge of North Korean activity including two additional nuclear tests since 2008 after an initial test in 2006. Preparations for a possible fourth nuclear test have been stepped up this spring. North Korea has successfully tested a long-range rocket that will eventually serve as the basis for its nuclear-armed ICBM. It is developing new types of intermediate range missiles. It has restarted the once-frozen five-megawatt reactor at Yongbyon that the DPRK has relied on to produce plutonium for nuclear weapons. And it has developed a sophisticated uranium enrichment capability to give it a second path to producing fissile material for nuclear weapons.

There have been further disturbing trends in North Korea. The DPRK has declared itself a nuclear weapons state and enshrined its nuclear status in its revised constitution. It has made nuclear weapons development one of the twin pillars of its national development plan, together with economic modernization. Last year, the DPRK became the only country in the world to threaten its neighbors and the United States with nuclear weapons.

The DPRK is building towards having the ability within the coming years to strike regional targets with nuclear weapons. Even if Pyongyang does not actually use nuclear weapons against its neighbors or the United States, their development of a nuclear-strike capability would have a profound impact on peace and stability in the Asia-Pacific region. It would increase tensions in the region, give Pyongyang the ability to intimidate its neighbors, raise questions among U.S. regional allies about the reliability of the U.S. extended strategic deterrent, increase the possibility of the proliferation of nuclear weapons in the region, further undermine the global nuclear nonproliferation regime, and spark a debate among North Korea's neighbors, particularly the ROK and Japan, about the need to arm themselves with nuclear weapons.
Shortly after the quadrilateral conference ended, South Korean President Park Geun-hye warned that a fourth nuclear test would have a "huge impact" on the regional security landscape and that "North Korea would effectively be crossing the Rubicon if they were to conduct another nuclear test" (Wall St. Journal, May 30, 2014). Ms. Park suggested that if Pyongyang undertook the fourth nuclear test, the Six-Party Talks would end for good and there would be a "nuclear domino" effect throughout the region.

Some Common Themes

Although there were a variety of views, both on the nature of the problem and on how to deal with it, several common themes emerged from the day-long meeting. In fact, there was a substantial degree of consensus among the participants, including those from China, on many of the following key themes:

First, there was a strong view from several participants, including some from China that the DPRK leadership appears to be unstable. Just in the last two years, there have been three changes of Defense Ministers and four Chiefs of Staff of the armed forces. One participant said there is no clear shape to the current leadership and there is "an unsustainable political status quo." Without a stable leadership it will be difficult for the young and inexperienced new leader, Kim Jong Eun, to make the necessary reforms and to carry out a decisive change in North Korea's current policy.

Second, the North Korean economy is in serious difficulty. There is a wide shortage of energy, food and inputs for sustainable economic recovery. Economic difficulties are growing both because of failed domestic reform and growing outside pressure in the form of UN sanctions and rising pressure from China. As a result of sanctions and uncertainty about North Korea's future policies, there is little foreign interest in investing in North Korea. Foreign banks do not want to deal with Pyongyang.

Third, there is a great deal of uncertainty about North Korea's policies and intentions. To cite just one example, North Korea has announced its intention to participate in the Asian Games in Seoul in October. This could be a positive signal. On the other hand, Pyongyang continues to use very harsh language about the ROK and U.S. leadership while continuing its work on nuclear weapons and missiles.

Another example of uncertainty about North Korea's intentions is the manner in which Pyongyang deals with an American citizen, Kenneth Bae, who is still being held in custody after a year and a half. On the one hand, Pyongyang professes to want better relations with the United States. On the other hand, it refuses to release Bae as a gesture of good will.
Fourth, the most likely scenario for the immediate future is that North Korea will muddle through. There is little possibility of collapse but also little possibility of economic success.

Fifth, if the North Koreans do undertake a fourth nuclear test (which some thought is very likely), there will be a very strong response from all the other parties, including China. All the other parties, including China, must continue to try to find "common ground" and to try to force North Korea to choose between economic development and nuclear weapons.

Sixth, the U.S. and China are actively engaged in trying to find a "roadmap" back to the Six-Party Talks. But the U.S. is not prepared to return to the talks "on a wing and a prayer," there must be some serious steps towards denuclearization by Pyongyang. China, for its part, has taken "meaningful steps" (in the words of one American) to urge Pyongyang to resume implementing its denuclearization commitments in the context of the Six-Party Talks. But Beijing now believes that it has gone as far as it can in applying pressure on North Korea. As a result, a gap has developed between the United States and the PRC over how to handle North Korea. The reason for this difference between Washington and Beijing appears evident. Washington's primary goal is North Korean denuclearization. Beijing's primary goal, on the other hand, continues to be to avoid instability on the Korean peninsula. China may be prepared to use pressure to try to prevent any future North Korean provocations, including a fourth nuclear test, but it continues to fear that excessive pressure on North Korea will trigger a collapse and that will lead to chaos on its border and the possibility of creating a reunified Korea allied to the United States. Despite Beijing's nominal support for a unified Korea, the prospect of a united, democratic Korea tied to the U.S. in a military alliance—and the possibility that U.S. forces would be stationed in a united Korea, perhaps even north of the 38th parallel—is generally unacceptable to China.

Seventh, there is "zero tolerance" for a North Korean nuclear weapons program. Most participants agreed with the leaders of South Korea, the U.S. and Japan who said in one voice at the Nuclear Security Summit in the Hague on March 25, 2014 that a nuclear-armed North Korea is "unacceptable."

Eighth, most participants agreed that China is an indispensable partner in the effort to achieve North Korean denuclearization. The United States and China have been in extended discussions on this issue for the past year. Still it does not appear as if China and the United States have yet reached complete agreement on a "roadmap" back to the Six-Party Talks. Chinese participants at the quadrilateral urged patience and increased efforts to achieve "common ground" on the North Korean nuclear issue.
Ninth, the way forward is to constrain the DPRK’s choices, i.e., force it to choose between guns and butter. If there was one fairly common theme at the quadrilateral meeting, it was an agreement that the five other parties in the Six-Party Talks must force North Korea to choose between economic development and nuclear weapons while trying to convince Pyongyang that it could not have both.

Tenth, there is a need to discuss the broader regional security environment with a focus toward future scenarios for a reunified Korean Peninsula. Doing so will reduce Chinese mistrust of American intentions and thus open China’s policy makers to new strategies to deal with North Korea. An earlier paper on the trilateral U.S.-China-Japan meeting which immediately preceded the quadrilateral contains much discussion of the regional security situation. There was also some discussion of the regional security situation at the quadrilateral and the most striking point to emerge concerned the differences between Chinese and ROK participants over the future alignment of a unified Korea.

ROK participants insisted that even after reunification, there would continue to be a strong rationale for a continued alliance with the United States. And opinion polls of security experts in Korea support this idea. Chinese participants, on the other hand, warned that a unified Korea allied to the United States and Japan would lead to a new Cold War in Asia.

This discussion points to the need for a trilateral U.S.-ROK-China dialogue, either at the Track I or 1.5 levels, on the future of the Korean peninsula.

**Future Scenarios**

Several future scenarios were discussed at the quadrilateral meeting.

*1. Increasing Sanctions*

In the event that diplomacy fails to convince North Korea to resume implementing its denuclearization commitments, several participants argued that putting in place even tougher sanctions would be the likely result. Such a scenario would be almost certain if North Korea conducts its fourth nuclear test, a step that several participants thought likely. Such stepped-up sanctions could target North Korea's banking and financial system, international financial and banking transactions involving the DPRK, and particular North Korean firms. Action could also include stronger measures to contend with proliferation and arms sales by North Korea. Such tougher sanctions would most likely be accompanied by military measures (new deployments, stronger missile defenses, enhanced U.S.-ROK-Japan cooperation, expanded or more frequent military exercises, etc.) that would amount to a containment policy against North Korea. The combination of all these measures could put new pressure on North Korea and might even threaten the regime’s ability to survive.
II. A Last Attempt at Nuclear Diplomacy

There was some discussion of what one participant called a "last attempt at nuclear diplomacy." Such an attempt, according to this participant, could come if North Korea were to take some of the "pre-steps" that the United States, Japan and the ROK have been urging—a missile and nuclear test moratorium, bringing the International Atomic Energy Agency (IAEA) inspectors back to the Yongbyon nuclear complex, and suspending all nuclear programs. If the North were to take such steps, the five other parties in the Six-Party Talks might reduce economic sanctions on North Korea and start a "peace forum" to discuss how to replace the Korean War armistice agreement with a peace treaty that would formally end the Korean War. But any specific measures concerning the "peace regime" need "to be linked to the progress of (North Korea's) abandonment of nuclear arms."

III. Continuation of the Current Impasse

Yet a third future scenario involves the continuation of the current dangerous impasse in which there is no mechanism in place for discussions about North Korean denuclearization and North Korea continues to build up its nuclear and missile capabilities.

Conclusion

The two most likely scenarios for the immediate future are: 1) that North Korea will conduct a fourth nuclear test, an action that will have profound consequences for the security situation in the region; or 2) that an opportunity will arise for yet another attempt at trying to resolve the nuclear and related issues via diplomacy. The United States, its ROK and Japanese allies, and China should make every effort in the coming months to improve the prospects for the second scenario, while also making utmost efforts to prevent the first scenario.

There are several reasons that the North Koreans may want to conduct a fourth nuclear test. They may want to improve the reliability and credibility of their nuclear arsenal as part of their ongoing effort to create a "strategic deterrent." They may also wish to try to intimidate the United States and its allies. Additionally, they may want to improve their bargaining position in anticipation of future negotiations with the United States and others. And finally, they may genuinely believe that they need a reliable nuclear deterrent to deter "hostile actions" from the United States.
But a fourth nuclear test will have adverse consequences for all the parties, including North Korea itself. After another test, the United States and its allies and partners will almost certainly seek to increase sanctions on North Korea, including those that target its financial and banking sectors. Such sanctions will increase the economic malaise already present in North Korea and over time may even threaten regime survival. There is likely to be an increase in military deployments—especially missile defense-related deployments—and exercises that will increase tensions in the region. Further developments in North Korea’s nuclear arsenal will also increase the possibility of proliferation. Most important, as ROK President Park Geun-hye has said, such a test will mean that North Korea has "crossed the Rubicon" and will in all likelihood spell the end of the Six-Party Talks. A North Korean test will also encourage a debate in Japan and the ROK about the wisdom of developing an indigenous nuclear capability. Many of these developments will further endanger the nuclear non-proliferation regime.

China has a strong interest in preventing a fourth nuclear test and almost certainly has warned North Korea against going forward with it. In recent months, Chinese officials, including Foreign Minister Wang Yi, have warned North Korea indirectly but publicly that China will not tolerate "chaos" on its border. Private warnings have probably also been given and there are reports that China has also cut back on its provision of fuel assistance to North Korea as a means of pressuring the regime. Since Beijing is North Korea's most important benefactor in terms of trade and aid (a substantial part of Pyongyang's trade is with China), North Korea cannot easily afford to dismiss such pressure from China.

The United States and its allies have also hinted to Pyongyang that a fourth nuclear test will mean the end of diplomacy in trying to resolve the North Korean nuclear issue. Such a warning is explicit in President Park's recent remarks.

As for North Korea itself, although no one can be certain of how decisions on such matters are made in Pyongyang, there are signs that North Korea is capable of pragmatic action. The recent negotiations with Tokyo over Japanese abductees is one recent example.

If there is another, perhaps last, chance for diplomacy, the United States and its allies should do everything possible to enhance its prospects. The three parties (the U.S., the ROK, and Japan) should again stress to Pyongyang that there is an alternative path to developing nuclear weapons and that if Pyongyang embarks on such a path its actions will be reciprocated. If North Korea takes some of the "pre-steps" that the three allies have been urging—a missile and nuclear test moratorium, bringing IAEA inspectors back to the Yongbyon nuclear complex, and suspending all nuclear programs—the other parties in the Six-Party Talks should make clear their willingness to reduce economic sanctions on North Korea and start a "peace forum" to discuss replacing the Korean War armistice agreement with a peace treaty, a move that Pyongyang has long been urging.
In addition, the United States and China should step up their efforts to find a "roadmap" back to the Six-Party Talks. If the two powers do in fact agree on such a "roadmap," it will sharply increase pressure on Pyongyang to accept it.
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**In cooperation with The Korea Society**

**Presents**

**A U.S.-China-Japan-ROK Quadrilateral Conference**

**May 23, 2014**

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*(in alphabetical order)*

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