



# **NCAFP Trip to Beijing, Shanghai, Taipei, Tokyo and Seoul November 4 – 20, 2019**

By Mark Tokola

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## **Introduction**

The National Committee on American Foreign Policy (NCAFP) made its annual fact-finding trip from November 4 to November 20, 2019, to Beijing, Shanghai, Taipei, Tokyo, and Seoul. The delegation was led by NCAFP President Susan M. Elliott and included: Susan A. Thornton, Paul Tsai China Center at Yale Law School & NCAFP; Raymond F. Burghardt, Pacific Century Institute; James P. Zumwalt (Tokyo), Japan-America Society of Washington, DC & Sasakawa Peace Foundation, USA; Mark Tokola, Korea Economic Institute of America; Ryan L. Hass (Taipei and Tokyo), Brookings Institution; and Rorry Daniels, NCAFP.

Note: This paper follows the convention of anthropomorphizing entire countries, i.e. “China thinks,” “Japan is concerned that,” “South Korea would prefer,” and others. The group encountered ranges of opinions in all of the capitals, but the convention is convenient shorthand for general consensus.

## **Summary**

The NCAFP’s 2019 fact-finding trip to Northeast Asia found widespread uncertainty about the future of the region. Shifts in American policy that portend a change in America’s regional role are causing countries to reassess their circumstances and strategies. In China, there is concern that the United States is moving from decades of engagement and competition towards more confrontational policies. This movement is seen as a larger trend in American thinking, not a phenomenon unique to the Trump administration. The dilemma, as seen from Beijing, is how to retain as much beneficial engagement with the United States as possible while pushing back on America’s efforts to blunt or undermine China’s development or influence.

The United States’ democratic allies in the region, similarly to the Chinese, see the U.S. as engaged in a long-term trend of becoming less predictable, less committed to rules-based systems, and less engaged in the regional and global order. Their response, along with continuing to manage the still fundamental engagement with the United States, is to look toward broader neighborhood collaboration to enhance their security. Japan, Taiwan, and Korea all have versions of new “Southern Policies” intended to strengthen their ties to ASEAN, Australia, New Zealand, India,

and other countries. The current poor relations between Japan and South Korea are, however, an extreme example of the obstacles that will make closer cooperation among the region's democracies difficult. East Asia continues to benefit greatly from peace and stability but is not and cannot be complacent in the face of risk and change.

## **China**

### *China-U.S. relations*

China has two major preoccupations: the relationship between internal reform and economic growth; and its relationship with the United States. A major theme in conversations with Chinese government officials, party leaders, and academics was the link between these two issues. Trade, diplomacy, and people-to-people exchanges with the United States are important to China's continuing economic development. Arguments heard on the trip that China is still a "young" and "developing" state—and therefore should be given tolerance when it comes to forced technology transfer, unfettered access to U.S. academic research, or unequal treatment regarding trade and investment—are difficult to reconcile with China's considerable expansion of interests abroad. The United States' increasing insistence on reciprocal treatment is taken by China as a U.S. attempt to thwart China's ability to reach economic development levels already attained by the U.S. The U.S. is beginning to treat China as a peer, or near-peer, competitor while China claims to regard the U.S. as its strategic and economic superior, one that wishes to force China to accept an endlessly subservient status.

Our Chinese interlocutors asserted the traditional rejection of U.S. "interference" in Chinese internal affairs and included in this definition an emphasis on U.S. support for Hong Kong demonstrators, support for "pro-independence" forces in Taiwan, and "disinformation" campaigns regarding Chinese anti-terrorism programs in Xinjiang and control of the internet and social media within China.

Moreover, some claimed that the U.S. has forgotten, or is choosing to ignore, the fundamental deal that was struck between the U.S. and China decades ago (in their interpretation): the two sides would respect each other's systems, would cooperate when it was in both side's interest to do so, and would continue a high level of engagement to promote mutual understanding. Several of the Chinese with whom we met cited Vice President Pence's speech of October 24, 2019 and Secretary of State Pompeo's of October 30, 2019 as evidence that the United States is becoming more adversarial towards China. In particular, the idea raised in Secretary Pompeo's speech that the United States supports the Chinese people but not the Chinese Communist Party casts aspersions of illegitimacy on the current Chinese system and government.

Our delegation pointed out, and our Chinese interlocutors agreed, that labeling the U.S.-China relationship can get in the way of understanding it. Current parlance including loosely defined terms such as "new Cold War," "strategic competition," and "decoupling" can obscure the complexity of the relationship, which has always included elements of competition and of cooperation. Several Chinese brought up the "Thucydides Trap," American academic Graham

Allison's idea that established powers and rising powers tend towards violent confrontation unless they act deliberately to avoid it. Analyzing U.S.-China relations through the lens of the Thucydides Trap may be attractive in that it absolves China of responsibility for the consequences for their specific objectionable behaviors. If simply being a rising power inevitably creates tension, then the problem is not with their policies but with the structure and times in which we live—elements outside of their control.

Our conversations revealed frustration on the part of the Chinese that the United States fails to appreciate that China does not see itself as on the way to becoming a liberal democracy, but is working out its own system based on its own historical and societal premises. The U.S.-China dialogue would benefit from a conversation about what makes their political systems different and to what extent those differences can be accommodated. One Chinese academic bemoaned the sharp decrease in channels of communication between China and the United States. He said that whereas previously there had been 108 regular, established channels, now there are only two: the ones between President Trump and President Xi and between chief trade negotiators Robert Lighthizer and Liu He.

Two examples of policy divisions based on fundamental differences were seen in the U.S.-China trade negotiations and in Chinese actions to punish the U.S. National Basketball Association (NBA) over a tweet by a general manager expressing support for the Hong Kong demonstrators. In the case of the former, the Chinese have moved away from earlier expressions that U.S. economic pressure could help China achieve structural reform, towards a more fatalist position that the U.S. will never be satisfied with China's economic model but would settle in the interim for increased Chinese purchases of U.S. agricultural goods. They assess that President Trump himself is more interested in U.S. export numbers than in structural changes in China. This space between the priorities of the U.S. president and those of the rest of his team will leave them free to pursue economic reforms that suit their development and social stability goals rather than those that would require more fundamental changes to their economic structures. If U.S. insistence on reciprocal treatment of trade and investment leads to the imposition of new restrictions, then the U.S. would—like China—be moving toward creating different, co-existing but separate systems within world trade.

China's punishment of the NBA for the political tweet of a general manager in support of the Hong Kong protestors is only one example of increasingly disproportionate Chinese reactions to foreign criticism of what it considers its "core interests." As the NBA case demonstrates, Chinese intolerance of dissenting views extends from domestic censorship to international private opinion. The delegation noted in conversations with Chinese that such extreme sensitivity harms China's image. Countries that play significant roles in the world will attract criticism. There is widespread criticism of the United States, including from China, that the U.S. government regards as normal discourse, and such criticism can produce useful policy changes. The response was that China is different from the United States and is still reacting to its "one hundred years of humiliation" (a term it uses for the period from 1839 to 1949).

### *Chinese domestic policy and reform*

The delegation was in China just after the Chinese Communist Party's 4<sup>th</sup> Plenum. Perhaps partly for that reason, our Chinese interlocutors were in a reflective mood regarding internal governance. They were clear that there is need for improvement. When they discussed "reform," however, it was in terms of increased discipline and more efficient state-owned enterprises rather than increased tolerance for political dissent or further market privatization. Xi Jinping had given a long speech at the Plenum which Chinese scholars flagged as important but the meaning of which was not yet completely clear. They suggested we wait for 'explanatory' memoranda to fully understand how what had been said about institutional reform will be made operational.

On economic reform, we heard that the ties between state-owned banks and state-owned enterprises remained problematic; as did the division of resources and services between the central government and the provinces. Further efforts would be required to deal with bad loans and lending practices. However, too rapid a reform would risk a bad outcome. The United States needs to be patient with Chinese economic reform, which may seem slow from an American perspective, but which is happening more quickly than our Chinese contacts had expected. The United States is concerned that the Belt and Road Initiative (BRI) is intended to strengthen China's leverage over recipient countries; it should instead be viewed as an external manifestation of internal efforts to structure investment soundly, and to keep China outward-looking. One foreign business representative with whom we spoke said outsiders tend to overemphasize the difference between Chinese state-owned enterprises and non-state-owned enterprises. They both follow the guidance of the Chinese government, he said, and have deeply entwined relationships. He saw little difference between them in his own business dealings.

One academic with whom we spoke said that China is at an important juncture. The Chinese Communist Party has argued for decades that the reason for party leadership and discipline was to achieve economic development. Now, having achieved a large degree of development, the Party is searching for a new national narrative. Where or to what end is the Party leading China, and what will be the purpose of the Party? This search for a new narrative is taking place in a world that has been trending towards ethnic-nationalism and diminishing enthusiasm for international organizations. Thoughtful Chinese are concerned whether China can develop a positive, constructive national narrative in such an international environment.

### *China's policy towards Hong Kong, Taiwan, and Xinjiang*

One theme that has been appearing with more urgency in China is "unification," referring to both Hong Kong and Taiwan. Chinese officials and academics expressed confidence that Hong Kong authorities would be able to manage the protests that were occurring on the island during the time of the NCAFP November trip. They predictably described the problem as one of lawlessness on the part of protestors. The long-term prescription is improved education in Hong Kong to teach the benefits of working together for the national interest. Chinese media had shown video of the Hong Kong demonstrations as an example of the problems that occur when dissent is allowed to get out of hand and Chinese interlocutors uniformly pointed to low levels of mainland popular support for the protests. China censored *CNN* and *BBC* broadcasts regarding the Hong Kong

protests, showing footage of the demonstrations but blacking out Western analysis of the events. Chinese officials saw no incongruity in such fine-tuned censorship while at the same time complaining to us that Western media is presenting only the protestors' side of the story.

On Taiwan, the Chinese officials and academics with whom we spoke in Beijing and Shanghai at times emphasized their patience, and at other times talked about a "closing window" and the high priority China places on unification. Officials unconvincingly argued that they have no preference in the upcoming January 11 elections in Taiwan between the more independence-leaning incumbent, President Tsai Ing-wen, and the opposition Kuomintang (KMT) candidate, Han Kuo-yu. One official said that if Tsai wins, she cannot separate Taiwan from the mainland, and if Han wins, he cannot deliver unification, as the political issues between the two sides are "too complex." Officials downplayed the prospects of reestablishing official contact between Beijing and Taipei in a second Tsai term, leaving open the possibility of hearing any proposals from the Taiwan side to come up with a suitable replacement for the 1992 Consensus but assessing low probability of such a breakthrough.

The Chinese acknowledged that events in Hong Kong are having an effect on the elections in Taiwan but attributed this to DPP manipulation rather than to concerns among the Taiwan electorate about the PRC's "one country, two systems" formula. One Chinese official told us that Hong Kong and Taiwan are fundamentally different. Hong Kong, as a colony, had not developed an indigenous system of governance, as did Taiwan. China is committed to respecting Taiwan's "way of life" and would not interfere with how Taiwan's society conducts itself. Unification would make political discourse on independence irrelevant. And comparisons to Hong Kong were fruitless, as the "one country, two systems" policy would actually produce one country with three or four systems, if you count Macao, each differing based on local circumstances.

Chinese officials said that the United States no longer abides by its "one China policy" and that the words have become hollow. Chinese scholars told us that they were more worried about a Taiwan crisis being caused by the U.S. government than by the authorities on Taiwan. One told us that he was less concerned about President Trump doing something reckless than that an "anti-Chinese hawk" within the administration might take a provocative action without President Trump's knowledge or consent. Such a provocation could include a port visit to Taiwan by a U.S. navy vessel or an invitation to Taiwanese officials to attend meetings in Washington. Concern that the United States has dismissed the essential deal on U.S.-China relations echoed concern that the United States has forgotten the nuances of cross-strait relations, a development which could prove dangerous.

Chinese officials particularly complained about U.S. officials meeting with Taiwanese officials in Washington, acts and resolutions of the U.S. Congress that seek to "upgrade" the unofficial relationship, U.S. Navy sailings through the Taiwan Strait and a specific claim that a U.S. Navy ship had conducted a port visit in Taiwan. Subsequent conversations revealed that this was likely a reference to the visit of an oceanographic research vessel on loan to the University of Washington.

The delegation had numerous interactions with Chinese interlocutors on the issue of reeducation camps for Uighurs in Xinjiang. The *BBC's* release of an apparent internal Chinese government memos regarding their oppressive management of the camps occurred just prior to our visit. China denied the authenticity of the memos, emphasized the counter-terrorism objectives of these detentions, and claimed that those targeted for the reeducation had “graduated.” They argued that since the mass detention and reeducation program began, there have been no terrorist incidents in China. They asserted that their policy is more effective and humane than that of the United States, which focuses on killing terrorists by drones.

While Chinese interlocutors were clearly wary about U.S. rhetoric of a “new Cold War” and “decoupling,” official interlocutors were at pains to note that U.S.-China relations have been through many ups and downs, and that, in the long run, the logic of essential U.S.-China cooperation would return. They made it clear that China continues to see relations with the United States as foundational for China’s future development, that they expect that the U.S. would continue to be the world leader into the indefinite future and that, in any case, China was not prepared now to take on that role, as it continues for the foreseeable future to focus mainly on its domestic development.

## **Taiwan**

### *Cross-Strait relations*

The officials and non-government representatives we met with in Taipei did not foresee an immediate crisis between Mainland China and Taiwan but were less sanguine about China’s “patience” than the Mainlanders. They described a workable relationship with the Mainland, which included continuing quiet contacts, cooperation in law enforcement and business dealings, but also an increase in diplomatic pressure on Taiwan’s remaining international ties, increasing inducements towards Taiwanese to study, invest, and settle on the Mainland, and an active disinformation campaign to infiltrate Taiwanese social media. The strategy of the “hard getting harder and the soft getting softer,” seems to have continued.

As with U.S.-China relations, it is misleading to label the relationship between Mainland China and Taiwan as simply cooperative or adversarial. Instead, it is a complex relationship in which both sides believe long-term trends are on their side and both are trying to nudge the long-term trend in their favor without risking immediate confrontation. Mainland Chinese believe that the U.S. might introduce a destabilizing factor into cross-Strait relations if it tries to leverage Taiwan in geostrategic competition. In Taiwan, the main concern is that Xi Jinping has promised progress on unification as part of his campaign to secure a third term as leader, and may view the unification “project” as distraction from Chinese domestic problems or as means of channeling Chinese sentiment towards more aggressive policies.

The new package of “26 measures” announced by the PRC shortly before this trip, and intended to draw Taiwan closer to the Mainland, was a topic of conversation on both sides of the Strait. Most were tweaks to inducements already offered to Taiwanese students and investors on the Mainland. The most significant of the 26 measures was an extension of Chinese consular services to Taiwanese traveling in third countries. This sounded like a meaningful attempt to claim increased Mainland authority over holders of Taiwan passports. However, we were told in Taipei that, as a practical matter, Taiwan citizens have long requested assistance from Chinese embassies when needed.

Two factors working in the interest of Taiwan’s incumbent party are the Hong Kong protests and the trade war between China and the United States. Events in Hong Kong are taken as evidence that China’s interpretation of “one country, two systems” is unilaterally in China’s favor and the Chinese government is showing an increasing intolerance towards dissent. None of this makes it attractive for Taiwan to consider ceding any degree of autonomy to China. Our Taiwanese interlocutors rejected Mainland claims that Taiwan has been encouraging or supporting the Hong Kong protests outside of independently organized, small-scale demonstrations of support from Taiwan students. The government of Taiwan does not endorse the flying of the flag of the Republic of China by Hong Kong protestors, as has happened a few times.

Taiwan is also benefiting from a strong economy. Growth is over two percent and rising; it is the currently the best performance among the four “Asian tigers” (South Korea, Singapore, Hong Kong, and Taiwan). Part of this growth is due to a shift of investment away from the Mainland into Taiwan and Taiwan’s economic activities in Southeast Asia. Perhaps \$20 billion in investment that had been planned for the Mainland has shifted toward Taiwan. Perhaps another \$60 billion may be redirected towards Southeast Asia. Although Taiwan’s few remaining diplomatic relations are under pressure from the Mainland, the WTO considers Taiwan as a separate trading entity that is free to pursue free trade agreements with other WTO member states. Taiwanese interlocutors asked about the status of a U.S.-Taiwan FTA; although this does not seem to be a current priority of the USTR, it remains a possibility for the future.

### *January 2020 Elections*

There was strong interest in Mainland China as well as in Taiwan in the outcome of the upcoming January 11<sup>th</sup> national elections. Incumbent President Tsai Ing-wen was holding a commanding 15-point polling advantage over her rival Han Kuo-yu at the time of the delegation’s visit, although all sides cautioned that we should not assume Tsai Ing-wen would be victorious. Mainland Chinese asserted that working-level support for Han Kuo-yu and the Kuomintang Party was underrepresented in Taiwan’s polling and that Taiwan’s stagnant economy (as they describe it) would work against President Tsai. At the time of our visit, the most likely outcome was that President Tsai would be reelected but her Democratic Progressive Party may lose their majority in the national legislature. Although the issue of cross-Strait relations looms large in Taiwan’s politics, voters are more concerned about jobs, economic growth, and day-to-day social issues.

One particular trouble of Taiwan's politics is China's rampant attempts to influence through social media. Sharing a language makes it easier, or course, for the Mainland to carry out such activities. There was an admission during our meetings on the Mainland that China is active in Taiwan's social media, but they unconvincingly described it as natural expressions of the views of concerned Chinese "netizens" rather than government-directed activity. For example, sources in the PRC had spread disinformation (which continues to circulate) that President Tsai Ing-wen falsely claims to have an academic degree from the London School of Economics, despite LSE having verified the authenticity of her degree.

Taiwan has developed robust programs to detect and identify Chinese disinformation, particularly in the run-up to the January 11 election. Their main effort is to expose it as quickly as possible after it appears. Experts told us that it is necessary to respond to new disinformation within two hours of its breakout to contain the fallout; any longer and it tends to take hold. Social media experts from around the world have visited Taipei to study their programs to counter disinformation, some doing so under the U.S.' Global Cooperation Training Framework (GCTF).

The Tsai administration has stated that if reelected it will be open to cross-Strait dialogue. But administration officials also acknowledge that a resumption of official engagement is highly unlikely. Beijing would require fundamental policy changes that President Tsai will not make. Therefore they anticipate a difficult period for cross-Strait relations, especially during the next two years leading up to Xi Jinping's reappointment to a third term. KMT leaders, including some who could be considered "Light Blues," fault Tsai for failing to find some formula that could make dialogue with Beijing possible. They note that improved cross-Strait ties are still the key requirement for Taiwan to deal with its most important challenges, including its international isolation.

#### *Taiwan-U.S. Relations*

Whereas there was concern on the Mainland that the Trump administration may unexpectedly take provocative actions supporting Taiwan, there was a mirror-image but less emphasized concern in Taiwan that the Trump administration could lessen its support for Taiwan as the by-product of a larger deal with China. Taiwan believes it has received appropriate support from the current U.S. government, both the administration and Congress, as it has in the past. We heard deep appreciation for the current level of U.S. arms sales to Taiwan. At the same time, our delegation warned Taiwan interlocutors to be wary of being drawn into partisan politics in Washington. Taiwan has long enjoyed bipartisan support in the United States and should be careful to maintain that broad appeal.

Taipei is working to strengthen its relationship with regional partners, particularly Tokyo, but also with the countries of Southeast Asia, the Pacific islands, and Australia. Taiwan supports a strong U.S. presence in the Indo-Pacific but no longer believes that such a presence can be assumed. One young politician with whom we spoke described an alternate orientation for Taiwan, no longer as a contested appendage of the Asian mainland, but as an oceanic country, focused on sea-based lines of communication and resources instead of looking only across the Strait. This vision is not necessary dependent on the future political relationship between Mainland China and Taiwan.

## **Japan**

### *Japan-China relations*

Japanese foreign policy remains anchored on the U.S.-Japan relationship but is focused on how to deal with an increasingly dominant China in the region. Although China's growth is slowing and it is grappling with internal governance issues, it has become the world's second-biggest economy, is still expanding, and is increasingly assertive. Japan views China as an economic rival for regional influence and as a security challenge. The number of Chinese Air Force incursions into Japanese air space reached 600 in 2019, the highest number since the Cold War. The Chinese Navy has also been increasingly active in and around Japanese waters. In addition, the new phenomenon of Chinese and Russian joint air incursions may be a sign of increasing security cooperation in the region between those two countries.

One of our Japanese interlocutors said that the shared belief of the United States and Japan that China would grow to adopt international standards and norms as it became more integrated with the world economy has proven to be misguided. He said that China's international and domestic policy direction is not predestined, but China is repeating the mistakes Japan made in the 1920s and 1930s. China's focus on "catching up" economically and technologically, its belief that doing so will give it political power, its angst that outside powers are working and conspiring to thwart its rise, and its domestic appeal to ethnic nationalism are highly reminiscent of the path that led Japan to disaster.

The correct policy towards China is not to confront or isolate it, but to pressure and nudge it towards accepting international standards and norms. China should be a full participant in the international system, but one that seeks to cooperate rather than dominate. One specific initiative we heard in Tokyo was to foster a newly created internationally-recognized certification standard for overseas development projects. A "Blue Dot" would be awarded to infrastructure projects in the same way that "Energy Star" badges are affixed to appliances that meet energy saving standards. If countries gave a preference towards accepting "Blue Dot" projects, it could ensure that Chinese-funded projects met labor and environmental standards and were financially sound. Japan rivals China as a provider of infrastructure funding in Asia but has to contend with the inducements China offers to tempt developing countries to accept financially or environmentally unsound projects.

### *Japan-U.S. relations*

Japanese government officials and academics were unanimous that the United States is correct to challenge Chinese assertive behavior but is mistaken in approaching the Chinese threat unilaterally. It would be far more effective if the United States led like-minded countries in a common approach towards China, economically and militarily. It was particularly regrettable that the United States chose to withdraw from the Trans-Pacific Partnership (TPP), which, ironically, the United States had successfully persuaded Japan to join as the best available opportunity to coordinate an economic future for the region. In terms of security cooperation, the Quad of the United States, Japan, Australia, and India can encourage a common approach to their joint security. India, as a “young” country, will be increasingly important in the region and should be cultivated as an economic and security partner.

Japan is pursuing closer relations with regional powers in the belief that “none of us are individually able to influence China but can do so together.” Japan also believes that the United States continues to be the indispensable bedrock to its security and diplomatic interests. If the Japanese believe that the United States is their essential partner, they also believe that multilateral and institutional cooperation is their basic strategic approach. They hope that the United States will return to fully supporting multilateralism, to reunite Japan’s main partner and its main strategy. In the meantime, they find it satisfying that President Trump and Prime Minister Abe appear to enjoy a strong personal relationship.

Several Japanese representatives said that Japan would like to play a more active role in regard to North Korea. Japan is directly involved in the defense of South Korea as host of United Nations Command, Rear (UNC-R) logistics support. If a conflict broke out on the Peninsula, our Japanese interlocutors said that would expect a North Korea attack against Japan: “There would be only one theater of war, and we would be in it.” If North Korea chooses a path of diplomacy and engagement, Japan would like to offer economic and technical assistance. Meanwhile, Japan is actively helping in the effort to enforce sanctions on North Korea, especially on ship-to-ship transfers of coal and petroleum that are being used to evade sanctions. In the long run, it is strongly in Japan’s interest to have a peaceful and prosperous North Korea as a neighbor.

### *Japan-South Korea relations*

At the time of our visit to Tokyo, Japan’s relations with South Korea were at a low point, described by several of our contacts in both Tokyo and Seoul as the worst in the post-war era. Despite the common challenges faced by both sides—including the North Korean missile threat, the challenge of maintaining close economic relations with China despite disputes over security issues, the ongoing burden-sharing negotiations with the U.S. over troops stationed in both countries, the need for both economies to buoy the international rules-based order through so-called “middle power diplomacy,” etc.—there is little political will in either capital to make amends for the series of punitive actions and counteractions taken over the last year.

Although it was commonly understood that the Japanese actions to restrict exports of specific chemicals and remove the ROK from its “white list” of trade partners were a response to developments in Korea regarding issues of wartime history, Japan officially asserted that it was because of its suspicions that South Korea was lax in its enforcement of sanctions against North Korea. South Korea reacted by withdrawing from the 2016 Japan-South Korea General Security of Military Information Agreement (GSOMIA). This agreement enables the Japanese and South Korean governments to share classified military information among the United States, Japan, and South Korea. The United States and Japan strongly criticized South Korea’s action, saying that it should not have expanded its bilateral trade dispute with Japan into the security realm. The South Korean government argued that through its unfounded accusation that Korea was not strictly enforcing sanctions on North Korea, Japan had already asserted a lack of trust in the overall relationship.

One of the most productive meetings of the NCAFP trip was a trilateral Track II meeting held in Tokyo with representatives of Japanese and Korean non-governmental experts and analysts. The discussion was frank but highlighted the importance of the Japan-Korea relationship and common ground. Specifically, the conference discussion suggested that sanctions enforcement is indeed an issue that needs to be explored, it might be a fruitful area for discussion. Such conversations need not be one-sided, but could focus on what both sides could do to strengthen their respective sanctions enforcement regimes. The South Korean government has taken actions against South Korean companies for sanctions evasion, acknowledging that some problems could still be addressed. We carried that idea on to our meetings in Seoul. Japanese experts agreed in our meeting that their legal basis for sanctions enforcement could be improved. Official meetings on the subject are underway. (For more on this specific issue, see the attached U.S.-Japan-ROK Track II conference report.)

## **South Korea**

### *Inter-Korean relations*

Although South Korea is facing many economic and diplomatic challenges, all of our conversations began, and most ended, on the topic of North Korea. After a promising start to inter-Korean dialogue in 2018, including three summit meetings between South Korean President Moon Jae-in and Kim Jong Un, the process has stalled. Since the February 2019 Hanoi summit between President Trump and Kim Jong Un, North Korea has refused to entertain further inter-Korean dialogue. At the time of the trip, North Korea had abided by the September 2018 Comprehensive Military Agreement (CMA) but just after the trip came the DPRK’s first violation of the CMA with artillery firing drills in late November. There are still South Koreans at the liaison office at the Kaesong Industrial Complex (KIC) in North Korea, and routine checks of the military hot line continue, but apart from that, there is no substantive dialogue.

Our South Korean interlocutors attributed North Korea's silence to the refusal by the United States at the Hanoi summit to accept Kim Jong Un's offer of halting nuclear activity at the Yongbyon facility in exchange for the lifting of all post-2016 sanctions. Kim Jong Un had expected a success at Hanoi and the months following have seen rethinking of strategy and recriminations in Pyongyang for the failure. North Korea has also been disappointed by South Korea's continued adherence to United Nations sanctions against North Korea and the lack of concrete economic assistance. Talks on infrastructure projects, including the Han River estuary working group, and people-to-people exchanges are also on hold.

The South Korean government continues to assess that Kim Jong Un has made "an irreversible decision" to decrease military tensions and to work with South Korea to establish a "peace regime" on the Peninsula. A diplomatic path remains open if the United States and South Korea have the patience and foresight to carry it through. They would like to see more discussion with the United States regarding incentives for North Korea to take positive steps.

One South Korean academic observed that the North Korea issue is frustrating for the Moon administration because it is of fundamental interest to South Korea, more than to any other nation, yet Seoul is not in a position of influence: "For Moon Jae-in, it is worse than being hated—he is irrelevant. He has nothing with which to threaten North Korea, and nothing to offer them that they want." That said, there was consensus in Seoul that the only way forward on North Korea is through close coordination with the United States. Success is only possible if Seoul and Washington agree and act together.

### *Korean-U.S. relations*

The relationship between the United States and Korea is at a difficult juncture. Along with the differing emphasis on engagement or firmness with regard to North Korea, bilateral frictions have arisen over military burden sharing, the GSOMIA issue referenced above, and trade relations. On the latter, revisions to the Korea-U.S. Free Trade Agreement (KORUS) have been agreed, but Koreans are still smarting from the shift of U.S. policy from calling the KORUS "a gold standard" to becoming "the worse agreement ever made." Trade data shows that Korea's trade surplus with the U.S. fell faster than that of any other major trading country following KORUS implementation. Most South Koreans feel the U.S. imposition of export quotas on South Korean steel and aluminum to the United States and the continued threat to auto exports amount to economic bullying. They had hoped that massive Korean investment in the U.S. manufacturing sector would serve to stabilize economic relations with the United States.

The NCAFP visit to Seoul came shortly after the United States had made clear that it would be seeking a dramatic increase in the South Korean contribution to the cost of American military basing in Korea, from approximately \$1 billion to \$5 billion per year. The initial shock of the demand abated somewhat when it emerged that the negotiations might take a broader account of including military sales and South Korean contributions to security beyond the narrow scope of actual basing costs of the Special Measures Agreement (SMA). The South Koreans said they were also aware that the U.S. in recent years has used a negotiating strategy of a startling initial demand followed by a more practical approach. Nevertheless, the Koreans with whom we spoke believed

the United States was acting unreasonably in refusing to take account of the South Korean contribution of land to the United States to build Camp Humphrey (the largest U.S. base outside of the United States) and billions spent by South Korea on the construction of Camp Humphrey. The timing of the ask was also a point of stress and consternation—so soon after a hefty increase in the previous round of negotiation in 2018 and so close to an ROK parliamentary election in April 2020.

Any of these issues separately might be taken by the Koreans as a normal disagreement within the scope of a complex alliance. Taken all together, they have raised questions in the minds of Koreans regarding the direction of the United States and what it means for the U.S.-Korean alliance. U.S. pressure on South Korea to withhold economic engagement with North Korea pending progress in the denuclearization talks; “taking Japan’s side” on the GSOMIA issue, as the Koreans see it; demanding further trade concessions from Korea following the successful renegotiation of the KORUS agreement; and “mercenary-like behavior” in terms of sharply increased demands on burden sharing add up to a long list of demands by the United States on South Korea, all within months. One Korean commented, “We used to think of the United States as a generous ally.”

One Korean official pointed to what he described as a systemic problem in the relationship between the U.S. and Korean governments: no one in Washington seems to be responsible for the overall relationship. It has become stove-piped: Stephen Biegun is responsible for North Korean dialogue, Defense Department officials for cost-sharing negotiations, and President Trump seems solely interested in the merchandise trade balance between the United States and South Korea. The United States therefore seems unaware of how these issues interact and their cumulative effect on the alliance.

### *South Korean foreign policy*

South Korean foreign policy is in a bad patch: relations with Japan are at the lowest point in decades; relations with China are still strained by China’s economic retaliation against South Korea following its deployment of the Terminal High Altitude Area Defense (THAAD) anti-missile system in 2017; relations with the United States are troubled, as described above; and the inter-Korean dialogue with North Korea has stalled. South Korea is also beginning to feel the effects of its demographic stress, including an aging population and a low-birth rate. With all of this coming during an economic downturn, South Korea is in an introspective mood.

In the long run, South Korea has much on which to build. It has succeeded in becoming one of the world’s largest economies, has strong comparative advantages in new technologies based on its world-class corporations, has a highly-educated and hard-working population, and is in the center of the world’s fast growing economic region. Looking toward the future, South Korea is interested, as are all the countries we visited, in strengthening ties with other Asia-Pacific countries through its new “Northern Policy” and “Southern Policy.” A reformed North Korea, should that prove possible, would give South Korea overland access to China and Russia and beyond and would provide access to North Korea’s mineral wealth and labor base. Rehabilitating North Korea’s economy would give South Korea an economic challenge worthy of its abilities.

## **Conclusion: The U.S. Role in Northeast Asia**

China, Japan, Taiwan, and South Korea acknowledge that the United States remains the preeminent global power. For each of them, the bilateral relationship that matters most is the one they have with the United States. That, however, also makes them sensitive to changes in American policy and concerned about what those changes mean for their policy orientation.

They largely believe that the United States has become less reliable; less respectful of established policies, norms, and relationships; and less committed to international and regional organizations and forums. They are uncertain whether this is a temporary phenomenon or a long-term trend, but even if current U.S. policies are temporary, the changes have shown that America is less predictable than they had previously believed. The natural policy response is to hedge against over-dependence on the United States. The way to hedge is to place more emphasis on countries other than the United States, whether through accommodation or balance of power coalitions. Historical and competitive factors will make this difficult to achieve, as indicated by the continuing problems between Japan and Korea, which objectively are natural allies—countries with strong common interest.

Modern information flow seems to have weakened mutual understanding. The explosion of access to social media has overwhelmed traditional channels of international dialogue. Social media tends to over-simplify and polarize positions of policy. Chinese perceptions of the United States, and vice versa, are being shaped by imprecise use of charged terms, such as “new Cold War” or “decoupling,” found in messages that are directed towards influencing a domestic audience. Discussions were often sidetracked by confusion not on the analysis, but on facts themselves, as filtered through media and social media.

It is now more necessary than ever for governmental and non-governmental representatives to meet foreign counterparts in person and at length to discuss what we believe about one another, our commonalities, and our differences. Technological innovations in how we inform ourselves about the world have made face-to-face contacts more, not less, necessary. Mutual understanding is no guarantee that conflict can be avoided, but it is a way to avoid lost opportunities for cooperation and to avoid miscalculation.