



Crisis Management in East Asia: Is Prosperity Without Stability Possible?

By Rorry Daniels

June 2020

On June 3, 2020, the NCAFP held a video teleconference (VTC) with participants from the US, Republic of Korea (ROK), China and Japan; to discuss regional stability and conflict management among the major powers in Northeast Asia. The conversation touched on specific regional flashpoints, including the North Korea nuclear issue and recommendations for a framework in which to address this and other contentious issues. This summary covers the main points of discussion; the attached papers detail participant viewpoints.

Participants brought up the following policy priorities and recommendations:

- Creating, testing and globally distributing a vaccine for COVID-19. The pandemic is the top stress on the international system and a vaccine is the prerequisite for any state to pursue its national interests.
- Reenergizing the globalization process by addressing some of its downsides, including income inequality, environmental degradation and asymmetric dependencies.
- Coordinating with and without the DPRK on how to manage recent provocations alongside the immediate needs for health and technical assistance.
- Finding a cooperative path forward for differing development initiatives in Southeast Asia so that countries in the region can have positive-sum economic interactions that are not overly analyzed as indelible strategic choices.
- Using “middle power diplomacy” as a stopgap for multilateral mechanisms and institutions to preserve space for broad coordination on transnational issues.
- Working toward a stable, multilateral consultation and crisis management mechanism for security issues in East Asia, either by building on or repurposing other multilateral groupings (e.g. the Six-Party Talks or ASEAN-centric fora).
- Using words and phrases that clarify national interests rather than obfuscating the operating environment or passing blame to other actors. There was deep concern among participants that rhetorical sparring is destructive to long-term societal relations.

Participants discussed the current geopolitical landscape in terms of layered challenges that are shaping the environment in which states pursue their national interests. One participant saw a blurring of the lines between two sets of relations—security and economic interests; and internal and external policy. These mergers, as discussed among the participants, have resulted in the following foreign policy behaviors and outcomes:

- *Major Power Competition.* The characterization of US-China relations as one between rivals is narrowing the scope of potential cooperation as interests that were previously seen as positive-sum are now couched in zero-sum terms. The COVID-19 crisis seems to have accelerated the impetus for states to become more self-sufficient and has complicated the potential for a Phase Two bilateral trade deal. But the global business community does not

seem to universally share the US government's threat perception of China, and official US policy toward China is still focused on delivering gains from the Phase One trade deal. One participant described decoupling as a mood, not a policy

- *Weaponized Interdependence.* While the US and China seem to be pulling out all stops to use economic leverage to press political and security interests, others are following their example. In Northeast Asia, Japan and the ROK are still locked into a multifaceted dispute over history issues that began in 2019, and seem no closer to compromise now than in the pre-pandemic era.
- *Weakened Multilateralism.* The leadership in both the US and China are suspicious of multilateralism and see international institutions and some state-to-state mechanisms, like alliances, as unacceptable constraints on their behavior. These dominant viewpoints have prompted calls for so-called middle powers to take on a greater leadership role in multilateral settings. So far, the EU and Japan have stepped into limited leadership roles in the World Health Assembly and elsewhere to stop US-China competition from torpedoing attempts at multilateral coordination. Participants were interested in exploring Japan's path to greater global leadership, noting Japan's comparative success in fostering CPTPP and in finding synergies between China's Belt and Road Initiative (BRI) and the Free and Open Indo Pacific concept (FOIP).
- *Inadequate International Focus.* Participants all agreed that the focus of the international community should be on the race to a COVID-19 vaccine and any mitigating therapies for the public health and economic crises unfolding around the world. This unprecedented challenge has created an exceedingly poor setting to manage the long-standing regional security flashpoints; as one participant noted, open wounds are best treated in a sterile environment but will fester and proliferate in a messy one. The major flashpoints in East Asia each have numerous stakeholders and strategic ripple effects—cross-Taiwan Strait relations, the North Korean nuclear issue, maritime and land territorial disputes, resource exploration, technology infrastructure, etc. There is a need to bring common coordination to these issues rather than pursue simultaneous piecemeal approaches.

The sum effect of these trends is to deemphasize stability as a useful and necessary condition for prosperity—rather, the leaders of both the US and China seem more interested in what one participant characterized as selective revisionism, eroding common rules and norms to consolidate and press strategic interests.

In this environment, participants wondered if stability could be preserved from other sources—the business community, international civil society, or a coalition of middle powers that rejects major power competition as the sole or primary paradigm. Japan was the obvious choice in this four-country grouping to play a larger balancing role, but Japanese participants were unsure if their domestic political environment would be conducive to greater responsibility, and how the other players in the region would react.

The key question moving forward is how far these trends will carry. Many participants felt that the US election in November would be a decisive factor in the future of the international global order, but it is not the only factor. Changes in global consumption and labor patterns, the duration of the pandemic, crises that emerge in the interim period, efforts toward diplomatic solutions and long-standing structural domestic challenges in both China and the US will also influence the regional and global landscape in the coming decades.

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

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NCAFP Quadrilateral Videoconference

By Jeffrey A. BADER

Northeast Asia has been a focal point for major power rivalry for over a century, precipitating two wars involving all of the major powers, specifically World War II and the Korean War. This is not a record of stability and conflict management that should give us confidence that the emerging rivalry between the US and China will remain peaceful. This history also reminds us that a conflict involving two powers has an excellent chance of drawing in all of the major actors in Northeast Asia, either directly or indirectly into the conflict.

Stability in Northeast Asia requires above all that the rivalry and competition between the US and China be successfully managed. The US and China simply must develop a different relationship, one which excludes the hostility of recent years, the unpredictable behavior that each has exhibited, and the absence of serious dialogue. Stability in Northeast Asia in the long run is not possible if the current downward spiral continues. But achievement of a stable relationship will be a long and difficult effort. China's leaders do not want to accept the status quo established before their country achieved its current power. For their part, some of America's leaders feel that the US-China relationship needs to be rebalanced not to accommodate a rising China but to prevent it from challenging the US. If the two sides cannot agree on the need for some mutual accommodation to promote stability, it is hard to see how they can undertake the arduous process of developing the means to achieve it.

Major power conflicts have sometimes been triggered by aggressive behavior of smaller countries allied to them, e.g. World War I, the Korean War. There are a number of places where such conflicts could arise in Northeast Asia—e.g. a North Korean provocation, Taiwan independence, activity around the disputed Senkaku/Diaoyu islands—all of which could draw in China and the US and Japan and/or South Korea. The key regional potential flashpoints—North Korea, Taiwan, China-Japan territorial and other disputes—are much less likely to explode into conflict or to escalate if the US and China view their relationship as at least partly cooperative and not zero-sum.

There also are steps that Japan and the Republic of Korea can take to minimize the risk of conflict or escalation of disputes into major power confrontations.

The most potentially explosive issue and greatest threat to peace is North Korea. So long as North Korea remains an isolated, militarist, secretive dictatorship with nuclear weapons hostile to its neighbors and much of the world, it will remain a serious threat. None of the methods used by the major powers or North Korea's neighbors has fundamentally solved this problem, but at least they have achieved deterrence and prevented war since 1953.

The US and China need a dialogue on what each expects if North Korea collapses, which is not an implausible eventuality. Such a dialogue should be between intelligence analysts, diplomatic

officials, and in the last instance military commanders. Our militaries should not encounter each other somewhere in North Korea without knowing what to expect. South Korea also should have a similar dialogue with China, with or without the US (South Korea could coordinate separately with Washington).

Taiwan is the most potentially explosive issue in US-China relations. The US should adhere to its one China policy and so state publicly at the highest levels. It should be cautious about taking steps that will be seen by Beijing as shredding the “unofficial” character of the Washington-Taipei relationship. The one China policy and unofficial relationship with Taiwan have been foundational principles of US policy, and have helped encourage restraint by Beijing. The US also needs to maintain deterrence to discourage use of force against Taiwan. China should resist calls by hotheads to give up on peaceful reunification. China also should show responsiveness to the aspirations of the Taiwan people, facilitating Taiwan’s participation in international organizations and initiating cross-Strait dialogue without preconditions.

Regarding the disputed Senkaku/Diaoyu islands, while the US takes no position on sovereignty, it is committed to the defense of Japan, including the islands. China should understand that this is not a commitment the US will abandon, and it should not militarize the area. Japan should avoid unilateral steps that alter the situation on the islands. China, the US, and Japan have much larger issues to deal with than to risk conflict over these uninhabited rocks.

The US alliances with Japan and the Republic of Korea enhance stability and discourage aggression. Without US guarantees, each country would need to build up its military, perhaps in the nuclear and ballistic missile area, and potentially ignite an arms race and arouse fear from neighbors. The United States should not treat its allies as cash cows, as the current administration is wont to do, but as partners with shared values and interests.

Japan and South Korea each have important relationships with China. Tokyo and Seoul have distinct views about their relations with China, and both the US and China should respect that. Japan and South Korea embrace the US as their security guarantor and partner, but they do not thereby surrender their expectation of robust economic relations with China. Other countries in the region similarly resist the notion that they need to choose between Washington and Beijing. As the key ally of both Japan and the Republic of Korea, the US has the right to expect consultation on major strategic and foreign policy decisions and to have its views integrated into those policy choices.

History is a lesson but also a burden. Our four countries will not forget the horrors of the past, but political leaders should calm the waters, not stir them up. Relations between Japan and Korea, Japan and China, Korea and China, and the US and China all suffer from leader-driven obsessions or political manipulation of history. Often, ordinary people are well ahead of their political leaders in treating former adversaries as friends. Our leaders should follow their example.

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Multilateral Cooperation in the Era of Major Power Competition

By CHO Byung-jae

The Environment for Multilateral Cooperation

Multilateral cooperation has enjoyed widespread support in the post-Cold War era. Particularly, in the 1990s and 2000s, East Asia went through a period of robust multilateral consultations, with ASEAN playing one of main roles.

Since then, three trends have transformed the overall environment for cooperative multilateralism. The first trend is geopolitical competition among the great powers, particularly the United States and China. As other centers of power emerged, the US' ability to shape the international agenda and drive collective action diminished.

Second, existing multilateral cooperation mechanisms failed to prove competent enough to tackle a new international agenda. In particular, these mechanisms were not prepared to cope with the vulnerabilities created by globalization: inequality, integration and interdependence, information revolution, individual privacy, intellectual property, emerging technologies, AI, surveillance, etc.

Third, as the contradictions of neoliberalism sharpened and nation states attempted to address these issues, multilateral cooperation began to decisively shrink. President Donald Trump was elected in the United States and multilateral cooperation gave way to a bilateral approach. Regionwide economic initiatives like RCEP and TPP have almost stalled. A competition between China's Belt and Road Initiative and the US Indo-Pacific Strategy has emerged instead.

In Northeast Asia, the Six-Party Talks on the North Korean nuclear issue started in 2003 and South Korea-Japan-China Trilateral summits began in 2008. But now the Six-Party Talks have been abandoned, and trilateral cooperation is not as fruitful as before.

The key to the regional stability in Northeast Asia is peace on the Korean Peninsula. South Korea exerted much effort, initiating inter-Korean summits and facilitating bilateral US-North Korea summits. These positive moves are now put on hold due to the COVID-19 pandemic and the upcoming US presidential election. South Korea is trying to resume inter-Korean dialogue and cooperation in such areas as disease control, but without much success so far.

Prospects for Multilateral Cooperation

In a world of sovereign states, multilateralism cannot solve geopolitics. Furthermore, due to border closures and export bans on medical equipment during the initial stage of the coronavirus outbreak, the widespread perception is that multilateralism has been seriously damaged. Nevertheless, our common interests dictate that we preserve space for multilateral cooperation. After all, we are living in an interconnected world and the future is more important than the past.

Multilateral cooperation has two dimensions: consultation and action. The current pandemic is inadvertently highlighting these two aspects. Actions for disease control cannot but be taken at the local level. At the same time, multilateral consultation is indispensable to detecting the spread of viruses and sharing experiences of how to manage them. Experts warn that infectious diseases will come back periodically. The need for multilateral cooperation is bound to grow, and cooperation and solidarity are essential. Multilateral cooperation will be more effective than individual efforts, especially for vaccine development.

The coronavirus has also shown that, in addition to infectious diseases, there are other existential threats to humanity. With lockdowns and stay-at-home orders, the coronavirus paradoxically shows what an overwhelming task it is to tackle climate change. In November 2019, the Intergovernmental Panel on Climate Change (IPCC) reported that, in order to limit the rise of temperatures within 2°C, it is imperative to reduce CO₂ emissions by 7.5 percent annually between 2020 and 2030.¹ During forced confinements, daily global CO₂ emissions decreased by 17 percent in early April compared with 2019 levels.² The impact on 2020 annual emissions is estimated to be between -4 and -7 percent, depending on the duration of the confinement.³ Reducing global carbon emissions of such a magnitude is not something a single country can handle. It requires not only multilateral consultation but also multilateral action. Other issues that require multilateral actions include cybersecurity; nonproliferation; disarmament and arms control, including preventing a space arms race; and managing markets and economic activities.

However, it will never be easy to secure space for multilateral cooperation. At the core of the problem is the geopolitical competition between the United States and China. Multilateralism assumes voluntary self-constraint on the power of major players. When they judge such self-constraint as not serving their interests, space for multilateralism will be limited. It is worrisome to see both the United States and China escalating their rhetoric.

Nevertheless, we do not need to be overly pessimistic. Several mitigating factors are in place to prevent major power competition from going out of control. There are diverse and layered

¹ Le Quéré, C., Jackson, R.B., Jones, M.W. *et al.* « Temporary reduction in daily global CO₂ emissions during the COVID-19 forced confinement. » *Nature Climate Change*. 19 May 2020. Web. <<https://doi.org/10.1038/s41558-020-0797-x>>

² Ibid.

³ Ibid

channels of dialogue that have been accumulated between two sides over the past 30 years. A good example is the Strategic and Economic Dialogue through which the two sides discussed differences and pursued coordination during the eight years under the Obama administration. Secondly, the two economies have become irreversibly interwoven. It will take much time and pain to restructure the existing global supply chain (GSC). We need to think about how to build a new chain before we break the old one. Lastly, all other countries in the region do not want to see the US-China relationship rupture or to be compelled to make choice between the US and China.

All in all, reason and interest will prevail. The recent US Strategic Approach to the PRC Report said: “Even as we compete with the PRC, we welcome cooperation where our interests align.”⁴ When one side has grievances against the other, it is better to strengthen alliances and partnerships within a multilateral framework. Coalition-building, rather than the ‘America First’ policy, will better serve US interests. China still needs to maintain a stable relationship with the US in order to achieve its social and economic development targets. The coronavirus pandemic continues, and it is not a good time to have a major disruption in the US-China relationship.

On the Korean Peninsula, stabilizing inter-Korean relations is the key to peace and stability of the region. South Korea and all related parties need to find ways to resume dialogue with North Korea and to explore, with the changing environment in mind, how to creatively reformulate their approaches.

Policy Recommendations

1. Distinguish between multilateral consultation and multilateral action. It is essential to have communication lines open and preserve as many existing channels as possible.
2. Seek cooperation on regional and issue-specific areas instead of pursuing universal or comprehensive multilateralism. With a weakened base for multilateral cooperation, it will not be easy to secure support for any ambitious projects. Small and practical initiatives will find a more receptive audience and have a better chance of success. Korea, Japan and China need to further explore the possibility of trilateral cooperation.
3. Form a mid-power league of like-minded and similarly-situated countries. A good example of this league is the joint proposal of Germany and France to form ‘an alliance for multilateralism’ on the sideline of the 2019 UN General assembly.⁵ We expect that Japan, a big power itself, can play an important role here. From the big powers’ perspective as well,

⁴ The White House. *United States Strategic Approach to the People’s Republic of China*. May 2020. Web. <<https://www.whitehouse.gov/wp-content/uploads/2020/05/U.S.-Strategic-Approach-to-The-Peoples-Republic-of-China-Report-5.20.20.pdf>>

⁵ On 26 September 2019, during the High-Level Week of the UN General Assembly, France and Germany organized an “Alliance for Multilateralism” event alongside Canada, Mexico, Chile, Singapore and Ghana. The Alliance for Multilateralism itself was first launched on 2 April 2019 by the French and German Foreign Ministers: “Alliance for Multilateralism.” The French Ministry for Europe and Foreign Affairs. <<https://www.diplomatie.gouv.fr/en/french-foreign-policy/united-nations/alliance-for-multilateralism-63158/#:~:text=The%20Alliance%20for%20Multilateralism%2C%20launched,that%20the%20challenges%20we%20are>>

the presence of a group of mid-sized countries would be useful to alleviate and buffer conflicts.

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US-China-Japan-ROK Cooperation for Regional Stability

By KIM Sung-han
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Conditions for Regional Stability after COVID-19

One of the major differences between President Donald Trump and his predecessor, President Barack Obama, is that the former is not interested in promoting multilateral cooperation but in creating a new global value chain. Trump will not change his mind unless he finds that multilateral cooperation will help his reelection.

The Trump administration labels China as a revisionist power seeking to “shape a world antithetical to US values and interests, displacing the United States in the Asia-Pacific region, expanding the reaches of its state-driven economic model, and reordering the region in its favor.”⁶ In this sense, the Trump administration’s massive trade pressure on China last year was seen as part of its comprehensive strategy of dealing with China’s behavior.

Now it seems President Trump’s reelection strategy consists of China-bashing and the restructuring of the global value chain to “decouple” from China. China-bashing has been a bipartisan issue in the US, so it will likely continue. The global value chain issue, like the Economic Prosperity Network (EPN), is also driven by anti-Chinese sentiment; Trump seems to expect Japan, South Korea, Taiwan, Vietnam, Indonesia and Australia to join the US-led “production alliance” in the Indo-Pacific.

However, US allies and friends will try to maintain existing trade and investments with China, while Japan, South Korea, Taiwan and Australia may be thinking about their roles and positions within the division of labor for key high-tech sectors, such as next-generation semi-conductors, AI, and quantum computing. This means that the Trump administration’s attempts to change the current global value chain is unlikely to succeed, and it will instead be transformed into a new division of labor for key sectors of the fourth industrial revolution, rather than other sectors of the economy that are yet to be closely linked to the fourth industrial revolution.

In this vein, the conditions for regional stability include: 1) US leadership and Chinese prudence; 2) management of US-China strategic competition; 3) a constructive role for Japan; 4) concerted efforts for resolving the North Korean nuclear problem; and (5) US-China-Japan-ROK cooperation for human security with a focus on Southeast Asia.

⁶ The White House. *National Security Strategy of the United States of America*. December 2017. Web. <<https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>>

Don't Forget North Korean Nukes

Right after COVID-19 broke out in China, North Korea closed its border, which was surprising given that China accounts for 90 percent of North Korea's foreign trade. This also meant North Korea gave up on its efforts to take advantage of the loopholes in economic sanctions imposed by the UN Security Council in order to prevent the inflow of COVID-19. The informal economy maintained by the smuggling of daily necessities from China has been suspended to prevent the virus from spreading into North Korea.

This is a big gamble for the North Korean regime since its prolonged self-containment would threaten the daily survival of its common citizens, thereby destabilizing the *Jangmadang* economy (the small informal market that largely relies on smuggled Chinese goods). This could emerge as a detonator against the survival of the North Korean regime. As a preventive (or pretentious) measure, the Kim Jong Un regime recently test-fired short-range ballistic missiles and sent a message to the US that North Korea could play a spoiler for the reelection of President Donald Trump, who is struggling to control the rampant spread of COVID-19 in the United States.

COVID-19, therefore, is having a gloomy impact on US-ROK-DPRK relations. It has chilled inter-Korean relations even further than what has already subsided as a result of stalled US-DPRK nuclear talks. The Moon Jae-in administration of South Korea has offered to cooperate with North Korea on COVID-19, but it has been virtually rejected by North Korea's hostile attitude. President Trump has also offered cooperation over COVID-19, including humanitarian aid, but North Korea is unlikely to accept it unless the United States eases the economic sanctions as North Korea has "desperately" demanded since the Hanoi summit last February.

In the forthcoming months, North Korea will be taking a cautious but provocative attitude so that the COVID-19 pandemic will play a catalyst for the US to revisit its North Korea policy and ease economic sanctions, which would create a strategic victory for North Korea. This is one of the reasons why North Korea has not rapidly increased the ballistic missile range in recent provocations. However, if Kim ultimately finds this cautious tactic unworkable, he will take more provocative and aggressive actions after the COVID-19 situation in China has stabilized enough for the border with North Korea to be reopened. North Korea will then rapidly move to test mid-to long-range ballistic missiles, not excluding the possibility of an ICBM test. President Trump could stretch his appeasing hands to Chairman Kim before an ICBM is test-fired. President Moon would welcome this gesture, but it is unlikely to happen since a US appeasement policy to North Korea will guarantee neither diplomatic success nor denuclearization of North Korea.

Against this backdrop, the intensified strategic competition between the US and China during the COVID-19 pandemic has given South Korea serious strategic concerns that China might drive a wedge between Seoul and Washington, particularly when it comes to dealing with the North

Korean nuclear problem. With the intensifying Sino-US rivalry, it will be very hard for South Korea and the United States to expect North Korea to make real progress on denuclearization. North Korea will be very tempted to try to balance one side against the other by linking the North Korean issue to the delicate structure of great power competition.

Against this backdrop, the US, South Korea and China should define “complete denuclearization” clearly and make concerted efforts to reciprocate it with peace regime-building on the Korean Peninsula, rather than relying on the premature lifting of economic sanctions. We need to exchange North Korea’s real progress in denuclearization (agreeing on the roadmap for denuclearization and dismantlement of Yongbyon nuclear complex) with peace regime-building measures on the Korean Peninsula, such as the exchange of liaison offices between US and NK, four-party talks (to replace the armistice regime of the Korean War with the peace regime), US-North Korea/Japan-North Korea diplomatic normalization talks and phased lifting of economic sanctions.

US-China-Japan-ROK Cooperation for Human Security

Japan has maintained a good relationship with China since late 2018 and can play a constructive role to reduce the emerging confrontation between the US and China. Japan is a part of the Quad and has advanced the Free and Open Indo-Pacific strategy (or vision), but at the same time, it has been maintaining cooperation with China on the Belt and Road Initiative. Japan should propose a trilateral ministerial meeting or a trilateral forum at the Track 1.5 level.

Southeast Asia has become the frontline for US-China strategic competition and a focal point for cooperation and competition among US, China, Japan and South Korea. These four countries, while respecting ASEAN centrality, should have a consultative meeting with ASEAN regarding the agenda of “human security.” Japan should propose a multilateral/regional forum to include China to discuss measures for addressing “human security” challenges in the Asia-Pacific region. Japanese human security diplomacy, as proposed by former Prime Minister Obuchi Keizo, was well-received right after the East Asian financial crisis. It is time for Japan to revive this concept again, together with its partners.

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The COVID-19 Pandemic and the Necessity of Multilateral Cooperation in East Asia

By OBA Mie
June 2020

The COVID-19 pandemic does not herald a new phase of the international order. Rather, it is clarifying the various trends, problems, and contradictions that have emerged and become more visible during the 2010s. The main issues that the COVID-19 pandemic is pushing are the possibility of the emergence of a decoupling world due to the escalation of Sino-US rivalry, the prioritization of inward-looking and domestic-oriented policies, and the contradiction of these trends with the liberal economy.

The COVID-19 pandemic is also accelerating Sino-US confrontation. This ongoing confrontation precedes the pandemic and has three dimensions rooted in the Sino-US rivalry: opposing economic initiatives, competing political systems, and different social values and norms. Before the outbreak of the pandemic, China's economic influence had been expanding worldwide through several projects, including the Belt and Road Initiative (BRI), while under the Trump administration the United States clearly demonstrated its hardline stance against China. While pursuing a trade deal with China, the US tried to put pressure on third countries to reassess the risk of doing business with China. In addition, the Sino-US rivalry is quite apparent in the struggle over primacy in the high-tech field. The escalation of this rivalry might lead to more decoupling and confrontation between two global economic systems. Currently, many companies and governments in the Western world are aware of the risk of over-reliance on the Chinese economy as a consumer market and for their production bases, and are trying to diversify their business bases to decrease their dependence on the Chinese economy. Such trends might lead to the increased promotion of decoupling.

As with economic decoupling, conflicts over competing political systems are also becoming a serious issue. Many intellectuals have discussed the retreat of liberal democracy in recent years, but the elites of the United States, Japan, and other Western countries basically agree on the critical importance of the preservation of democratic values. However, China's authoritarian regime effectively controls society. Moreover, some other countries seem to follow authoritarian methods. Countermeasures against the pandemic have fostered strong government control, which has sometimes led to the suppression of the diverse voices and criticisms of civil society in Southeast Asian countries, including Cambodia, Thailand, Indonesia, and Myanmar. The escalation of the Sino-US rivalry in both economic and political dimensions might lead to decoupling in various strata, and split East Asia into two camps. Such a scenario might seriously damage the liberal international order worldwide.

In addition, almost all countries worldwide are facing the challenges of the pandemic, and are relying on a unilateral approach rather than a multilateral approach or international cooperation to overcome it. Unfortunately, international cooperation to overcome the pandemic crisis seems to be limited. The World Health Organization (WHO) is trying to play a role by providing valuable information about COVID-19 and the global state of the pandemic, along with rallying international collaboration. However, the WHO does not have enough power to mediate the growing tension between China and the US. It did not succeed in reaching agreements on effective and specific measures that should be promoted through international collaboration. Before the pandemic, multilateralism had been damaged by the inward-looking patriotism of some Western countries—Trump’s “America first” policy, for instance. On the other hand, China’s growing presence in global governance with international institutions had already made the situation in various fields more complex than before. The WHO’s case in this pandemic reveals new trends in multilateralism in the ongoing power balance changing in the world.

Members of the Association of Southeast Asian Nations (ASEAN) prioritized domestic-oriented measures over regional cooperation against the pandemic, although several ASEAN meetings resulted in member countries agreeing on the necessity of regional collaboration in order to deal with the current pandemic and prevent future outbreaks. Each member has locked down some cities and/or the country as a whole, restricted and prohibited the entry of foreign citizens, and adopted other measures. Border closures, together with domestic-oriented policies of each country, have cut off cross-border transfers of citizens, businesses, and supply chains of various goods. Such a trend is also visible in all East Asian countries. With the drastic decrease in the interchange of goods and people throughout East Asia, the unilateral policies of East Asian countries prevent the promotion of effective regional cooperation.

The spread of COVID-19 is one of the examples of the negative aspects of globalization. By shedding light on the negative effects of globalization, the pandemic has upended the international liberal order, which, since the end of the Cold War, has been largely rooted in the progress of globalization process. The COVID-19 pandemic itself is one of the negative consequences of increasing globalization. In addition, it reveals the prevalence of great disparity and social division, as countries, regions, industries, and people in certain social strata have not prospered under globalization, unable to compete on price, or take part in global value chains. Economic disparity and social divisions have worsened due to damage from the pandemic in East Asian countries, including Japan, the Republic of Korea (ROK), and Southeast Asian countries.

The possibility of the emergence of a decoupling world due to the escalation of Sino-US rivalry, the prioritization of inward-looking and domestic-oriented policies, and the contradiction of these trends with the liberal economy, will be a serious obstacle for the promotion of multilateral cooperation in the future, not only across the region but also worldwide. However, in order to address various issues, the intrinsic characteristics of the current intertwined world make international and regional cooperation critical. There are many issues to be managed in East Asia to preserve peace and stability, including those related to the Korean Peninsula, Taiwan Strait, East China and South China Seas, etc. To address these complex issues peacefully and fairly, multilateral cooperation and collaboration is necessary.

If decoupling due to the escalation of the Sino-US confrontation increasingly divides the world, it will impede the promotion of effective multilateral cooperation globally and regionally. Therefore, policy-making circles and related intellectuals in the United States, China, Japan, and the ROK should seriously work on avoiding the actualization of decoupling while utilizing Track 1.5 and II diplomacy to freely discuss and exchange information and opinions. Countries need to recognize that decoupling has to be prevented, and in the long term, there also needs to be a review of the current liberal international order itself.

Since the end of the Cold War, the liberal international order has contributed significantly to the world's economic growth and relative international political stability and security. The contradictions of this order sustained by the excessive growth of globalization have prevailed during the 2010s and have become more apparent due to the COVID-19 pandemic. The current international order should be reshaped to achieve a fairer and more balanced globalization by addressing inequalities and responding to the risks associated with the liberalization of national borders. The need to provide public goods, such as safety, environmental preservation, and public hygiene, should also be recognized. These are challenges that should have been confronted long before the novel coronavirus pandemic, but the outbreak highlights the importance of a newer version of the order with a more balanced and regulated system of globalization.

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Priority Issues Between China, the Republic of Korea, Japan, and the US

By Daniel R. RUSSEL

The points below are a shorthand inventory of some of the security issues that threaten the four countries. They are by no means complete. I attempted to indicate what might be called for to keep these issues from escalating out of control. Whereas in a constructive international environment, problems can be treated or given time to heal; but in an unhealthy strategic environment, these problem areas can become infected.

We are in an unhealthy and unstable environment partly because both China and the United States are dissatisfied with the status quo but determined to retain or obtain certain unilateral advantages. This is not a recipe for stability. An indicator of the pathology in today's environment is the fact that planet Earth has been attacked by a non-human force that in a short space of time has killed millions of people across all national borders—the Novel Coronavirus. This is the textbook case for global collaboration, and yet it has instead reinforced nationalism.

The problems listed below are formidable challenges that can overwhelm us with their daunting magnitude. But we cannot afford to be paralyzed in the face of these complex problems. It might prove useful to start with those small steps that seem doable, even if they are modest, in an effort to retrain our defunct habits of cooperation and refresh our capacity for compromise and collaboration.

At a minimum, we should work to avoid a second cold war—after all, the first one was not all that much fun.

Traditional Security Issues

- DPRK threat from nuclear-armed missiles, proliferation, cybercrimes, etc.
 - Decay in unity among the four (+ Russia) has benefited DPRK and increased risk.
 - Forging consensus around a common objective is prerequisite for reducing threat.
- Risk of military confrontation over competing claims to resource-rich waters in the East China Sea and the South China Sea
 - Conflicting claims may not be settled, but guidelines on acceptable behavior are needed to prevent escalation and manage risk.
- Growing tensions in the Taiwan Strait
 - The Taiwan issue is no longer static and a shift in the status quo will either be dangerous and potentially violent, or the product of a process of compromise and trust-building.
- Unsafe military intercepts or encounters in air and sea

- All parties should adhere to agreements and best practices for handling unplanned encounters and institute crisis-management mechanisms.

Non-traditional Security Issues

- COVID-19 pandemic response and public health issues
 - Collaboration is needed in vaccine development, manufacturing, distribution, in public health infrastructure support in developing world, and in debt relief.
- Climate change and effects of extreme weather
 - More urgent action is needed in carbon emission reduction, carbon trading systems, and weather-resistant infrastructure investments.
- Cybersecurity, including cybercrime, cyber threats against infrastructure, etc.
 - These threats are increasing exponentially, but the region lacks a process for developing and enforcing cyber safeguards, or for reaching consensus on standards.
- Technology competition, digital governance, and information warfare, including the implications of the development of artificial intelligence, and including the spread of surveillance technology to authoritarian regimes
 - Steps are needed to dial back techno-nationalism. We lack a process for reaching consensus on standards, for developing sensible protections for national security, or for safeguards for the integrity of scientific research or for collaboration.
- Nuclear security and non-proliferation; terrorism and transnational crime; migration and human trafficking; and narcotics
 - All are significant threats requiring coordinated action, including to build local governance, anti-corruption, and law enforcement capability.

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Some Thoughts on Ways to Maintain Regional Stability

By TAKAHARA Akio

June 2020

In the midst of the COVID-19 crisis, China has not decreased its assertive activities in the East and South China Seas. While China appears serious about improving relations with its neighbors, particularly when Sino-US relations are further deteriorating, it has not learned that aggressive actions in the neighboring seas cannot help but neutralize any diplomatic efforts it makes.

At the National People's Congress that opened on May 22nd, it was announced that there will be a 6.6 percent increase in the defense budget for 2020 from the previous year.⁷ Although the rate of increase is less than in previous years, it is set much higher than the expected GDP growth rate (the IMF's prediction in April was 1.2 percent) and the increase in the overall budget. In fact, according to the 2020 national budget, the total revenue is to decrease by 5.3 percent, and there will also be a decrease in the expenditures for many items.⁸ For example, the budget for diplomacy will go down by 11.8 percent, and the central expenditure for items that can be delayed will be cut by more than 50 percent.⁹ The central government has announced that the saved money will be used mainly for employment and welfare of the people.¹⁰ However, there is no guarantee that the local governments will use it this way, since they tend to prefer investment to consumption.

At this time, however, the spokesperson for the PLA delegation to the National People's Congress told the Chinese media that, in deciding the defense budget, one must calculate the economic costs but pay more attention to the security ledger.¹¹ Then, he listed the risks and challenges that China is facing, such as hegemonism and power politics (implicating the United States), unilateralism and rising risks in geopolitics, and struggles with separatism, including the DPP government of Taiwan's movement towards independence and improvement of its international image with the help of other countries. This all sounds like China has chosen guns over butter, and history tells us that such a path is dangerous to take. In fact, this is a time that we all should revisit and remember the lessons of history.

While China increases its military and paramilitary might, its neighboring nations must mobilize all available means to maintain peace and stability. There should not be any power void, so balancing Chinese power by strengthening the alliance network is necessary to prevent

⁷ "Full text: Report on China's central and local budgets," finalized and passed on May 28, 2020. *Xinhua Net*. 30 May 2020. Web. <http://www.xinhuanet.com/english/2020-05/30/c_139100956.htm>

⁸ *Ibid.*

⁹ *Ibid.*;

"Premier Li Keqiang's remarks at a press conference held immediately after the closing of the NPC." *Xinhua Net*. 28 May 2020. Web. <http://www.xinhuanet.com/politics/leaders/2020-05/29/c_1126047196.htm>

¹⁰ *Ibid.*

¹¹ "Wu Qian: An Appropriate and Stable Growth of China's Defense Budget is As It Ought to be and is Very Necessary" (in Chinese), *Global Net (huanqiu wang)*. 26 May 2020. Web. <<https://mil.huanqiu.com/article/3yOQKrRzNWh>>

adventurism and to deter the use of force. However, we will fall into a security dilemma and an arms race if we only rely on power. Thus, a strategic dialogue must continue between China and the US alliance network, and mechanisms for crisis management must always be maintained and constantly validated. In particular, Japan should revive the idea of holding a security dialogue with the United States and China.

At the same time, China and the rest of the region need to cooperate on promoting economic development and enhancing human security in the region. This involves tackling all kinds of non-traditional security threats and common issues, including new coronaviruses, environmental degradation and climate change, drug trafficking, piracy, depletion of fishing resources, etc. In fact, there is already substantial cooperation under way, and there should be more public relations efforts to inform people of these positive efforts. Overall, economic decoupling with China will deeply destabilize the region.

There is no need to overestimate and demonize the Belt and Road Initiative (BRI). Instead, Japan, the US and the ROK should find ways to cooperate with China in developing the region and to make the Free and Open Indo-Pacific Vision (FOIP) coexist with the BRI. Both FOIP and BRI have two aspects: strategic and economic. If we focus solely on the strategic side, there is only competition. But if we also pay attention to the economic side the two visions can co-exist and cooperate. Both FOIP and BRI are like constellations: what's real and tangible are the stars, namely, the projects. Two constellations can share stars without any problems. If the projects are open, transparent, profitable, and not undermining the fiscal soundness of the recipient nation, regional nations can and should cooperate with the BRI and FOIP. But we should also not be dazzled by the pomp of BRI, which is a symbol of Xi Jinping's authority and power. If Xi has enough confidence to say that China will cooperate with the FOIP Vision, he will be able to reverse the downward trend in international relations from geopolitical competition to peace and co-prosperity.

Efforts to maintain the regional power balance and enhance interdependence are probably not enough to assure regional stability. We also need to promote intellectual exchanges, especially youth exchange, in order to share information, values and feelings. Again, history shows that hot-headed nationalism is a toxic pill. It could momentarily unite a nation but will eventually destroy it. Now the perception gap between China and others is dangerously wide, and much of that is caused by a serious information gap. There is a need to be careful of theft of technology and other illegal activities, but that risk should not deter the exchange of students and researchers. In order for long-term regional stability, we would like China to change. However, the outside world cannot change China; only the Chinese can. It is important to acknowledge that the Chinese are changing, and as a result, China has changed greatly in the past 40 years. It takes a long time for China to change in a big way. However, we can contribute to this process by supporting the Chinese people to change themselves.

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How to Maintain North-East Asia's Stability in an Era of Major Power Competition

By ZHANG Tuosheng
June 2020

Since the end of the Cold War, many destabilizing factors have remained in Northeast Asia, such as fluctuating relations between major powers, serious opposition between the US and South Korea on the one hand and North Korea on the other, and serious nuclear proliferation on the Korean Peninsula, disputes and frictions over territorial or maritime rights and interests, the development of pro-independence forces in Taiwan and the consequent turmoil across the Taiwan Strait, and uneven economic development across countries. However, Northeast Asia has, in general, maintained a trend of peaceful development and is playing an increasingly important role in world economic development.

Over the past two years, the reemergence of major power competition has significantly increased destabilizing factors in Northeast Asia, posing serious challenges and risks to the peaceful development of the region in the following areas:

1. China-US and Russia-US relations have sharply deteriorated, leading to a serious undermining of coordination and cooperation on global and regional issues. The weakened cooperation on denuclearization of the Korean Peninsula and the lack of coordination on COVID-19 pandemic response have been manifest examples in this regard.
2. The trade war and the tech war launched by the US against China have not only seriously damaged the economic, trade, scientific and technological cooperation between the two countries but also severely impacted and harmed the industrial, supply and value chains in Northeast Asia.
3. In order to suppress China, the Trump administration has been playing the Taiwan card at will; and the Democratic Progressive Party (DPP) regime in Taiwan, with its vision for Taiwan independence, has seized the opportunity to counter China through an alliance with the US. In this connection, the Taiwan Strait has once again become the biggest security hotspot in Northeast Asia.
4. Regional military competition moves rapidly toward a regional arms race.
5. Small and medium-sized countries in the region may face the difficult situation of having to choose sides, making it even more challenging to develop multilateral security cooperation mechanisms in the region.

In view of the serious negative effects of major power competition and in order to maintain regional stability, all countries in the region will have to make greater efforts together.

First, they should reach a common understanding as soon as possible on opposing and preventing a new cold war. China and the US bear the greatest responsibility in this regard, and other countries should also play important roles.

Second, at present and for a fairly long period of time to come, countries should first cooperate on fighting the COVID-19 pandemic and the accompanying regional and global economic recession (depression) and financial shock (crisis). Since the outbreak of the pandemic, China, Japan, the ROK and other countries have carried out good cooperation. Hopefully in the future, the US will also join and play its due role as a major country.

Third, in addition to cooperation on the pandemic response, countries should also vigorously carry out cooperation on other nontraditional security issues, including dealing with climate change, protecting the ecological environment, combating terrorism and transnational crimes, maintaining nuclear security, conducting maritime search and rescue and humanitarian relief, and carrying out international disaster relief operations. Rising nontraditional security threats confront all countries in the region, and strengthening nontraditional security cooperation will play an important role in easing major power competition and stabilizing the region.

Fourth, joint efforts to denuclearize the Korean Peninsula and develop a peninsular peace mechanism should continue. On this issue, countries have far greater common interests than differences. To break the current deadlock in US-DPRK dialogue, countries should consider restarting the Six-Party Talks at an appropriate time and strive to gradually develop it into a regional, multilateral security cooperation mechanism. This will be of great significance to mutual accommodation and inclusive development between major powers.

Fifth, China, Japan and the ROK should continue their efforts to have an FTA as soon as possible. This is not only in the common interests of the three countries but also conducive to regional economic development. It will also play a buffer role in the China-US trade friction.

Sixth, all countries in the region should adhere to the general direction of trade liberalization and jointly promote deepening globalization. In this connection, efforts must be made to improve and overcome the negative aspects of globalization. Countries should adhere to multilateralism and actively promote WTO reforms so that the globalization process will become more open, inclusive, mutually beneficial and balanced. Joint efforts in this area will play an important role in steering regional competition, especially between China and the US, towards a healthier future.

Seventh, countries should work together to prevent an arms race in Northeast Asia. If the US and its allies continue to strengthen regional missile defense deployment, or if the US starts to deploy land-based intermediate-range missiles in Japan and South Korea, China will have to respond strongly. Such moves will lead to an arms race in the region and bring about a more serious security dilemma. To avoid such a course of development, the relevant countries should hold

bilateral dialogues (since it is currently not realistic to have multilateral ones) on arms control topics.

Finally, in the event that the COVID-19 virus will be present for a long time, and in addition to dialogue on the pandemic response, countries should also resume bilateral economic, diplomatic, security and military dialogues as soon as possible. These may first start out as video conferences and then gradually move to combinations of online and offline exchanges. For countries that have the pandemic under control, diplomatic fast tracks should be feasible. In addition, if China, Japan, and the ROK resume their trilateral cybersecurity consultation mechanism, and if China, the US and Japan, or China, Japan and the ROK are able to launch a trilateral security dialogue, there will be benefits for regional stability.

In addition to the above-mentioned joint efforts, China should take action in the following three aspects to prevent regional competition or conflict escalation.

First, China will try its utmost to stabilize relations with the US and prevent things from moving towards vicious competition, confrontation or a new cold war. At the press conference held during the recent National People's Congress session, Chinese Foreign Minister Wang Yi stressed again that China remains prepared to work with the US in the spirit of non-conflict, non-confrontation, mutual respect and win-win cooperation, as well as build a relationship based on coordination, cooperation and stability.¹² This is encouraging. The Cold War was the product of US-Soviet interactions, a pattern that should not be repeated. Choices made by China will have an important influence on the future China-US relations. China should have full confidence in this agency. At present, China must prioritize the prevention of maritime and cyber emergencies with the US and the strengthening of crisis prevention and management. Even though it is hardly possible for China to initiate anything during the US presidential election, it should strive to resume strategic dialogue with the US to manage serious differences and stimulate some new positive interactions and cooperation after the election.

Second, China should maintain the improvement momentums in its relations with the ROK and Japan. In recent years, these countries have overcome serious difficulties and brought the two sets of bilateral relations back to a normal track, which represents a very positive and significant change in the regional situation. At present, China is actively cooperating with the ROK and Japan on pandemic control and resuming economic cooperation, attaching great importance to managing differences with its two neighbors to prevent the COVID-19 pandemic from reversing progress already made to improve relations. The sustained and stable development of these two bilateral relations will not only benefit regional stability but will also be conducive to the stability of China-US relations.

Third, on the basis of adhering to the One China Principle, China will do its best to maintain peace and stability across the Taiwan Strait and strive for a peaceful reunification, which will serve the common interests of all countries in the region. To this end, the Chinese Mainland will continue

¹² "State Councilor and Foreign Minister Wang Yi Meets the Press." *Ministry of Foreign Affairs of the People's Republic of China*. 25 May 2020. Web. <https://www.mfa.gov.cn/mfa_eng/wjbxw/t1782369.shtml>

to promote economic and trade exchanges and cooperation with Taiwan to seek further integration. At the same time, it will also remain resolute against Taiwan independence and manifest a strong military deterrence so that the pro-independence forces will not dare to take risks to provoke military crises or conflicts across the Taiwan Strait.

In short, Northeast Asia is at a critical moment. Will it enjoy more peaceful development or move toward a new cold war? I argue for strengthened cooperation to overcome difficulties and to remove the shadow of a new cold war, which will thus allow our region to take steps forward along the path of peaceful development. This should be our only answer and commitment.

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