

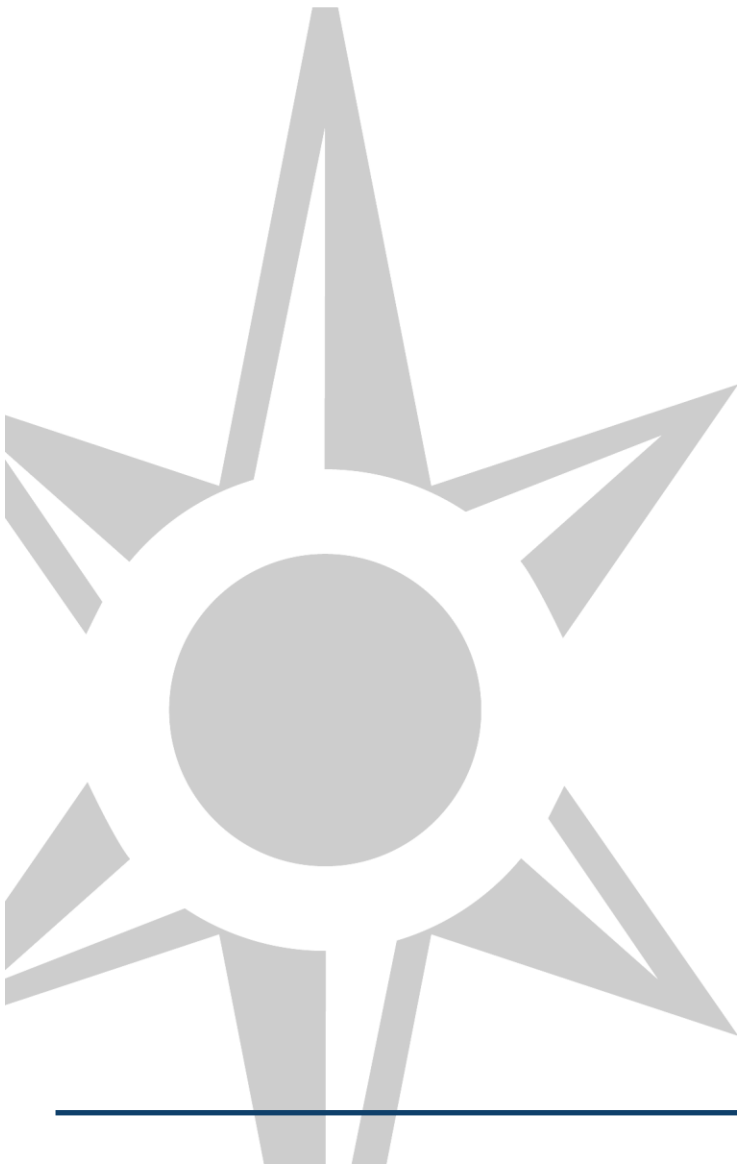
COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL
ON EAST ASIA BILATERAL RELATIONS

EDITED BY
CARL BAKER
BRAD GLOSSERMAN

SEPTEMBER – DECEMBER 2016
VOL. 18, NO. 3
JANUARY 2017



PACIFIC FORUM CSIS

Based in Honolulu, Hawaii, the Pacific Forum CSIS operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, D.C. Founded in 1975, the thrust of the Forum's work is to help develop cooperative policies in the Asia-Pacific region through debate and analyses undertaken with the region's leaders in the academic, government, and corporate arenas. The Forum's programs encompass current and emerging political, security, economic/business, and oceans policy issues. It collaborates with a network of more than 30 research institutes around the Pacific Rim, drawing on Asian perspectives and disseminating its projects' findings and recommendations to opinion leaders, governments, and publics throughout the region.

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COMPARATIVE

C O N N E C T I O N S

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BRAD GLOSSERMAN, PACIFIC FORUM CSIS

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HONOLULU, HAWAII

COMPARATIVE CONNECTIONS

A TRIANNUAL ELECTRONIC JOURNAL ON EAST ASIAN BILATERAL RELATIONS

Bilateral relationships in East Asia have long been important to regional peace and stability, but in the post-Cold War environment, these relationships have taken on a new strategic rationale as countries pursue multiple ties, beyond those with the US, to realize complex political, economic, and security interests. How one set of bilateral interests affects a country's other key relations is becoming more fluid and complex, and at the same time is becoming more central to the region's overall strategic compass. *Comparative Connections*, Pacific Forum's triannual electronic journal on East Asian bilateral relations edited by Carl Baker and Brad Glosserman, with Ralph A. Cossa serving as senior editor, was created in response to this unique environment. *Comparative Connections* provides timely and insightful analyses on key bilateral relationships in the region, including those involving the US.

We regularly cover key bilateral relationships that are critical for the region. While we recognize the importance of other states in the region, our intention is to keep the core of the e-journal to a manageable and readable length. Because our project cannot give full attention to each of the relationships in Asia, coverage of US-Southeast Asia and China-Southeast Asia countries consists of a summary of individual bilateral relationships, and may shift focus from country to country as events warrant. Other bilateral relationships may be tracked periodically (such as various bilateral relationships with Australia, India, and Russia) as events dictate. Our Occasional Analyses also periodically cover functional areas of interest.

Our aim is to inform and interpret the significant issues driving political, economic, and security affairs of the US and East Asian relations by an ongoing analysis of events in each key bilateral relationship. The reports, written by a variety of experts in Asian affairs, focus on political/security developments, but economic issues are also addressed. Each essay is accompanied by a chronology of significant events occurring between the states in question during the four-month period. A regional overview section places bilateral relationships in a broader context of regional relations. By providing value-added interpretative analyses, as well as factual accounts of key events, the e-journal illuminates patterns in Asian bilateral relations that may appear as isolated events and better defines the impact bilateral relationships have upon one another and on regional security.

The online version of *Comparative Connections* is available at <https://cc.csis.org>.

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BY SHEILA SMITH, COUNCIL ON FOREIGN RELATIONS & CHARLES MCCLEAN, UNIVERSITY OF CALIFORNIA, SAN DIEGO

The US presidential election was the primary influence affecting US-Japan relations in the fall of 2016. Japan was brought into the spotlight during the campaign with Trump repeatedly criticizing Tokyo for unfair trade practices and free riding in the alliance. The outcome of the election left many Japanese worried about the future of the alliance. Prime Minister Abe quickly reached out to President-elect Trump, arranging a meeting with him in New York on Nov. 18. Beyond the attention given to the election, the LDP and Abe also sought to support the Obama administration by ratifying the Trans-Pacific Partnership and promoting maritime capacity building in Southeast Asia. President Obama and Prime Minister Abe met for the last time in Hawaii on Dec. 27. Uncertainty abounds on the economic and strategic fronts in the coming year, but the biggest unknown for the bilateral relationship will be the new US president and his approach to Asia.

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BY BONNIE GLASER, CSIS/PACIFIC FORUM & ALEXANDRA VIERS, CSIS

Summits between Barack Obama and Xi Jinping in September and November helped to keep tensions in check in the last four months of 2016. Despite persisting differences over how much pressure to impose on North Korea after Pyongyang conducted its fifth nuclear test, the US and China agreed on a new UN Security Council sanctions resolution. The US Navy conducted another freedom of navigation operation (FONOP) near the Paracel Islands in the South China Sea. A Chinese Navy vessel snatched a US drone, claiming it was threatening the safety of the Chinese ship and its crew, and returned it to the US five days later. Incremental progress was made on trade disputes at the 27th annual US-China Joint Commission on Commerce and Trade (JCCT) in Washington, DC. Meanwhile, the election of Donald Trump as the next US president threatened to inject significant uncertainty into US-China relations as Trump received a phone call from Taiwan's President Tsai Ing-wen and suggested that he might use Taiwan as a bargaining chip to extract concessions from China on other issues.

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BY STEPHEN NOERPER, KOREA SOCIETY AND COLUMBIA UNIVERSITY

North Korea opened the final months of 2016 with a bang by conducting its fifth nuclear test on Sept. 9. It followed up with a series of rocket and missile tests, culminating the year with Kim Jong Un's claim of an imminent long-range ballistic missile capability. Yet, political transition in South Korea and the United States proved the hallmarks of late 2016, suggesting potential shifts in the approaches on the Peninsula, while underscoring the firm commitment of the US and ROK to their alliance. The Park-Choi scandal led to massive protests the final two months of the year and an impeachment vote on Dec. 9 by the National Assembly, confusing political observers about the implications for South Korean political stability. Donald Trump's surprise victory in the US raised questions among Koreans about US reliability as an alliance partner.

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BY SHELDON SIMON, ARIZONA STATE UNIVERSITY & CARL BAKER, PACIFIC FORUM CSIS

The rather bizarre behavior of Philippine President Rodrigo Duterte dominated the news in late 2016. The former Davao mayor displayed his well-known anti-US feelings while aggressively pursuing his allegedly extrajudicial campaign against Philippine drug trafficking. Duterte's invective ran the gamut from accusations that the US still treated the Philippines as a colony to a vulgar epithet directed at President Obama. There were also threats to end all bilateral military exercises and to terminate bilateral defense agreements. Philippine officials tried to soften Duterte's remarks and US officials offered reassurances that the US would remain a reliable defense partner and planned to continue providing military assistance. Elsewhere, the US continued to focus attention on maritime security while avoiding direct involvement in the emerging controversy over treatment of the Muslim population in Rakine State, Myanmar.

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BY ROBERT SUTTER, GEORGE WASHINGTON UNIVERSITY & CHIN-HAO HUANG, YALE-NUS COLLEGE

Chinese leaders steered relations in Southeast Asia to their advantage after successfully countering the adverse ruling of the arbitral tribunal in The Hague against China's controversial claims in the South China Sea. The remarkable turnabout in the Philippines, from primary claimant to pliant partner, and notable restraint on the South China Sea disputes by other claimants and concerned powers allowed Beijing to seek greater regional influence. In the closing months of 2016, Beijing made major advances with visits by the Philippine president and Malaysian prime minister, Premier Li Keqiang's participation at ASEAN and East Asia Summit meetings in September, and President Xi Jinping's participation at the APEC Leaders Meeting in November. China adopted a stronger regional leadership role as the US failed to implement important initiatives, notably the Trans-Pacific Partnership (TPP). The main uncertainty in China's positive outlook was President-elect Donald Trump who repeatedly criticized China, foreshadowing a less predictable and less reticent US approach to differences with China.

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BY DAVID G. BROWN, JOHNS HOPKINS SCHOOL OF ADVANCES INTERNATIONAL STUDIES & KEVIN SCOTT

After President Tsai's inauguration, Beijing continued to press her to accept the 1992 Consensus on one China. When China blocked ICAO from inviting Taipei in September, Tsai reacted sharply. In her "Double Ten" remarks, she reaffirmed her cross-strait policy and said she would neither give in to pressure nor return to past confrontational actions. In October, CCP General Secretary Xi Jinping made remarks implying Beijing's understanding that Tsai would not endorse one China. The election of Donald Trump created in Taipei both hope of friendship from Republicans and concern Taipei could become a pawn in Trump's bargaining with China. Trump's tweets about his telephone conversation with Tsai and comments about one China and trade have sparked intense speculation and uncertainty about their implications for cross-strait and US relations with Taiwan and China.

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BY AIDAN FOSTER-CARTER, LEEDS UNIVERSITY, UK

South Korea's hardline response to North Korea's nuclear and missile tests earlier in the year, which led to a complete severing of all inter-Korean contact, meant there was effectively no relationship between the two Koreas in final months of 2016. With the stalemate in relations coupled with the political turmoil in both Washington and Seoul, Aidan Foster-Carter provides his analysis to help understand how we got here by looking back and, even more importantly, looking forward. While North Korea watches and waits, there is a worrying power vacuum in Seoul in the wake of "ChoiSungsil-gate." The next move largely depends on how South Korea responds to the impeachment of President Park Geun-hye.

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BY SCOTT SNYDER, COUNCIL ON FOREIGN RELATIONS & SEE-WON BYUN, GEORGE WASHINGTON UNIVERSITY

North Korea's fifth nuclear test on Sept. 9 and the intensified test-firing of a range of missile types throughout 2016 underscored existing weaknesses in using dialogue and sanctions as a response. The timing of Pyongyang's latest provocations coincided with the G20 Summit in Hangzhou and ASEAN-related meetings in Vientiane. President Park Geun-hye used the venues for sideline talks with President Xi Jinping and President Obama. The nuclear test directly challenged a [nonproliferation statement](#) adopted by East Asia Summit (EAS) members on Oct. 8, which urged North Korea to abandon its weapons programs. Following extended negotiations with the US, China finally joined the international community in adopting [UN Security Council Resolution 2321](#) on Nov. 30. In addition to strains in the China-DPRK relationship, regional coordination on North Korea remains challenged by disputes between China and the ROK over THAAD and illegal Chinese fishing.

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BY JAMES J. PRZYSTUP, INSTITUTE FOR NATIONAL STRATEGIC STUDIES, NATIONAL DEFENSE UNIVERSITY

Prime Minister Abe and President Xi met twice in the last four months of 2016. Both committed to advancing the relationship during 2017, taking advantage of the opportunities presented by historic anniversaries – the 45th anniversary of normalization and the 40th anniversary of the Japan-China Friendship Treaty. Both leaders also committed to the early implementation of an air and maritime communications mechanism. Notwithstanding the increasing air and maritime interactions between the PLA and the Japanese SDF and Coast Guard, working-level officials were unable to reach agreement. At the end of the year, the Abe government announced a record high defense budget for 2017; days later the China's aircraft carrier transited in international waters between Okinawa and Miyakojima into the western Pacific. Meanwhile public opinion polling revealed growing pessimism in Japan with respect to China and Japan-China relations.

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BY DAVID KANG, UNIVERSITY OF SOUTHERN CALIFORNIA & JIUN BANG, UNIVERSITY OF MICHIGAN

Going into the final months of 2016, Seoul-Tokyo relations had been on a positive trajectory, creating that ill feeling that it was time for things to go awry. While the relatively calm period witnessed palpable results with the signing of the General Security of Military Information Agreement (GSOMIA) and solidarity against North Korea's provocations, the political chaos in South Korea that climaxed with the impeachment of President Park Geun-hye in December put the brakes on further developments. The scandals surrounding the abuse of power involving a shadowy confidante made it difficult to shake off the feeling that the administration's deals with Japan have become tainted. Now, South Korean presidential hopefuls are tapping into public discontent to undermine the "comfort women" deal reached in December 2015, and there is high skepticism in the media over the implementation of GSOMIA.

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BY YU BIN, WITTENBERG UNIVERSITY

The end of 2016 was a period of extraordinary uncertainty in world affairs. Much of the world was engulfed by waves of [refugees](#), terror [attacks](#), and rising populism, culminating in the election of Donald Trump as president in the US. Against this backdrop, top Chinese and Russian leaders interfaced regularly. Military ties also gained momentum as the two armed forces conducted a joint exercise in the South China Sea and stepped up coordination in missile defense. Twenty years after their “strategic partnership of coordination,” the two countries still resist a formal alliance, but the perceived challenge to their national interests and strategic space by Western alliances seems to have led to more proactive and coordinated actions. Meanwhile, both Moscow and Beijing were anxiously awaiting the Trump presidency. Welcome to the brave new world of the reversed strategic triangle, Trump style.

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BY SATU LIMAYE, EAST-WEST CENTER

India deployed its prime minister, president, and vice president as well as key Cabinet officials across East Asia and the Pacific in 2016 in support of its “Act East Policy.” [Since 2015 was the first full year of India “acting east”](#) under Prime Minister Narendra Modi’s administration, 2016 was not expected to be a defining year in India-East Asia relations and it was not; rather, India’s engagement was robust but not riveting. After years of negotiating, a nuclear deal between India and Japan was one major development. More troubling, trade and investment ties were lackluster due to a range of international as well as specific bilateral factors, although India continues to participate in negotiations for the Regional Comprehensive Economic Partnership (RCEP) agreement. India-China relations were noticeably cool and contentious. Still, India pursued broad and innovative outreach initiatives despite more pressing priorities, limited leverage, and East Asia’s own flux, contestations, and uncertainties. An example of innovation was President Mukherjee’s first-ever state visit to Papua New Guinea. He also made the first Indian presidential visit to China since 2000. Meanwhile, Vice President Ansari made a first-ever vice presidential visit to Brunei and to Thailand after a 50-year gap. So, India “acted east” as Modi promised soon after taking office in 2014, but it was hardly a bravura performance.

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COMPARATIVE

C O N N E C T I O N S

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Regional Overview

US ASIA POLICY, SYMBOLICALLY SPEAKING

RALPH COSSA, PACIFIC FORUM CSIS
BRAD GLOSSERMAN, PACIFIC FORUM CSIS

Once every four years, our Regional Overview attempts to reassure our readers that, despite a new US administration and/or new secretary of state, US Asia policy will remain generally consistent. This year we are trying to reassure ourselves. It is, of course, premature to be making firm pronouncements about an incoming administration's policies, but by now signals are usually becoming pretty clear. It seemed safe to assume (as we did at the time), that the incoming Obama administration would pursue the same general policies and national security objectives in the Asia-Pacific as its predecessor: support for existing alliances as the foundation of regional security policy, constructive engagement with China, support for free trade and promotion of human rights, and a strong deterrence posture regarding North Korea, combined with firm support for nonproliferation regimes. This could yet be the case for the incoming Trump administration, but the signals are, at best, mixed, in part because we find ourselves responding to tweets – which transition team spokesmen caution should be taken “symbolically” not literally – rather than clear policy pronouncements. As a result, regional leaders, while hoping for the best (or at least more of the same) seem to be preparing themselves for a variety of outcomes, even as some try to shape the future environment.

This article is extracted from [*Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations*](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Ralph Cossa and Brad Glosserman, “Regional Overview: US Asia Policy, Symbolically Speaking,” *Comparative Connections*, Vol. 18, No. 3, pp. 1-8.

What (we think) we know thus far

Experience tells us to discount at least half of what is said during presidential campaigns: Jimmy Carter was going to withdraw US troops from the Korean Peninsula; Ronald Reagan was going to recognize Taiwan; Bill Clinton was going to get tough on the “butchers of Beijing”; etc. The challenge is predicting correctly which half to discount.

According to [NBC News](#), the president-elect ran and won a campaign in which he took 141 distinct policy positions on 23 issues over the course of 511 days. In the two months since being elected, Trump has taken 15 new policy stances on nine different issues. Therefore, it’s anyone’s guess which pronouncements will become policy.

Our default position – and much more importantly, the default positions of the tens of thousands of diplomatic, defense, and security officials and civil servants who will show up for work on Jan. 20 – is to believe that the US foreign policy establishment will continue pursuing the policies and initiatives they were pursuing on Jan. 19, until directed otherwise. Policy changes, to the extent they are made, will come from Cabinet officials (not yet fully vetted, much less confirmed) and from presidential directives, not tweets.

So what do we (think we) know thus far? It seems safe to assume that Obama’s “pivot” toward Asia will likely exit when he does. But this does not mean the focus on Asia, present (by other names) in all administrations since the end of the Cold War, will end. If the number of tweets we have seen about China and North Korea are any indication, Asia – for better or for worse – will remain high on the Trump administration’s agenda.

Anticipated policies and relations with individual regional states are covered elsewhere in *Comparative Connections*. It is important here to note that the centrality of US alliances has been a bipartisan constant in US security policy since the end of WWII and the US focus on Asia as a national security priority has enjoyed bipartisan support since the end of the Cold War. It’s unfortunate – and potentially misleading – that virtually every news story about Prime Minister Abe’s late December visit to Pearl Harbor included some reference to Trump’s alleged disdain for alliances, usually citing flippant comments made by candidate Trump (and not yet repeated by the president-elect). But few mentioned the positive impression gained by Abe after his face-to-face meeting with the president-elect: “Mr. Trump is a leader in whom I can have great confidence.” None

mentioned Trump’s assurances to Korean President Park that he was committed to a “strong, firm” alliance and that America would be with Korea “until the end.” Most importantly, President Obama, after his first face-to-face session with the president-elect noted Trump “expressed a great interest in maintaining our core strategic relationships” – another strong indication that US alliances and commitments in Asia (as well as with NATO) will continue under President Trump.

In this regard, the selection of an experienced, strong-willed, and battle-hardened general to head the Pentagon also bodes well for a continued US commitment to its alliance relationships. Assuming he is confirmed, Gen. James Mattis – who clearly understands the importance of alliances and deterrence – will be a voice of reason.

Many pundits have been commenting, mostly negatively, on Trump’s choice of retired military officers to fill several national security positions: secretary of Defense (Gen. Mattis), homeland security (Gen. John Kelly) and national security advisor (Lt. Gen. Michael Flynn). Such concerns appear misplaced. Experience tells us that generals are least inclined to recommend the use of the military instrument since they are most aware of the human consequences of imploring such an option. Gen. George C. Marshall served both as secretary of Defense and secretary of State with distinction. More recently, former Chairman of the Joint Chiefs of Staff Gen. Colin Powell was a voice of reason and caution during service as secretary of State and earlier as national security advisor to the president; former NSC Advisor Lt.Gen. Brent Scowcroft (former Pacific Forum CSIS Board of Governors Chairman) is another sterling example.

Another bipartisan constant in US foreign policy has been the firm commitment to nuclear nonproliferation. While candidate Trump had a rather cavalier attitude toward nuclear weapons – “If Japan had that nuclear threat, I’m not sure that would be a bad thing for us.” – he has since tweeted that “The @nytimes states today that DJT believes ‘more countries should acquire nuclear weapons.’ How dishonest are they. I never said this!” True, he never said those exact words, but the implication was there.

However, a Trump advisor (unnamed) recently commented that President-elect Trump has reportedly “moved on to talk about non-proliferation in a way that you would hear from any Republican president,” and further noted that “We are very much committed to both non-proliferation and assuring the allies that not

only will they continue to be under the nuclear umbrella, but that we are going to be strengthening our missile defense in ways that alleviate some of their concerns about North Korea.”

If this is Trump’s real view – and it certainly should be – one hopes that he will firmly and consistently say these words himself, and sooner rather than later. Nuclear policy is about more than just national interests, it’s about national survival. His New Year’s comment regarding North Korea – “North Korea just stated that it is in the final stages of developing a nuclear weapon capable of reaching parts of the U.S. It won’t happen!” – is clearly consistent with the views and aspiration not just of President Obama but several of his predecessors as well. Even candidate Trump’s expressed willingness to sit down and talk with North Korean leader Kim Jong-Un is reminiscent of President Obama’s inaugural promise to extend a hand to those who would unclench their fist.

One area where Trump has been clear – and in our opinion clearly wrong – has been in rejecting President Obama’s signature multilateral trade deal. In one of his first policy pronouncements (or, more accurately, day one promises) after being declared the victor on Nov 9, Trump stated: “On trade, I’m going to issue a notification of intent to withdraw from the TPP.... Instead we will negotiate fair bilateral trade deals that bring jobs and industry back onto America shores.”

Trump has argued that he is not against free trade, only “bad” deals. If, as the above may imply, he is prepared to pursue a bilateral agreement with the largest TPP partner – Japan – that can help repair some of the damage caused by his intended abrogation of US international trade leadership, but at some point he needs to readdress the multilateral agreement (just as Presidents Clinton and Obama learned to live with NAFTA, after both campaigning against it).

Other than walking away from TPP, which includes four members of the Association of Southeast Asian Nations (ASEAN), the good news is Southeast Asia was not an issue in the presidential campaign. As a result, reaffirming the US commitment to ASEAN’s centrality in promoting constructive multilateral security cooperation should be easy (but not overlooked).

In late September, when everyone (your authors included) were blissfully assuming that the very predictable former Secretary of State Hillary Clinton would soon be setting US Asia policy, Salena Zito of *The Atlantic* presciently warned that “the press takes

[Trump] literally, but not seriously; his supporters take him seriously, but not literally.” Foreign policy experts and pundits still need to heed this warning, at least until Jan. 20.

In short, and in our never-ending effort to reassure, we note that the US commitment to Asia is not new. With every passing year, the region continues to grow in importance to the US, politically, economically, and strategically. While it is difficult not to take the president-elect’s tweets and earlier campaign promises seriously, policy pronouncements – which must be taken more literally – have yet to be issued. We will therefore watch the confirmation hearings for secretary of Defense and secretary of State with great interest while awaiting President Trump’s first State of the Union Address.

Asia Reacts (Cautiously)

As allies and adversaries grappled with the prospect of a Trump presidency that might, our reassurances notwithstanding, actually make good on campaign rhetoric to reassess US engagement with the world, some governments moved to fill the looming vacuum. Japanese Prime Minister Abe Shinzo was especially energetic, in keeping with his determination to ensure that Japan remains at the forefront of regional diplomacy. Abe reached out to the Philippines’ mercurial president, Rodrigo Duterte, after Duterte indicated he would distance his country from the US and join China and Russia in a new geopolitics. Abe offered the Philippines new ships and surveillance aircraft in September and followed up with a summit with Duterte in October.

In December, Abe pushed the Japanese Diet to ratify the TPP despite US threats of withdrawal – which would neuter the deal – to demonstrate his government’s commitment to the embattled trade agreement and put Tokyo at the forefront of regional rule making. Abe then held a “hot spring summit” with Russian President Vladimir Putin in December in an attempt to settle the island dispute that has blocked closer relations between their two countries since the end of World War II when the Soviet Union seized four Japanese islands north of Hokkaido. By all reports, Abe made no progress with Putin on the territorial issue – few observers expected any – but the two leaders concluded economic agreements that could begin the reconciliation process and put Japan at odds with Western countries that seek to punish Russia for its annexation of Crimea and fomenting instability in Europe. December concluded with agreement between Tokyo and Jakarta to establish

the Japan-Indonesia Maritime Forum. The forum aims to engage Jakarta, which will hopefully use its influence on ASEAN, and shape regional maritime security discussions in ways that are congenial to Japan's outlook and interests.

Abe wasn't alone in seeking to shape the regional order; China was equally active. Beijing also reached out to Duterte – he visited China before going to Japan – and the two countries reached a *modus vivendi* on their territorial dispute, as Robert Sutter and Chin-Hao Huang detail in their chapter on China-Southeast Asia relations. That visit followed the seventh Xiangshan Forum, the ever-more popular meeting that China created to rival (and eventually overtake) the IISS Shangri-La Dialogue as the pre-eminent Asia-Pacific defense conclave. This year, representatives from more than 60 countries discussed “Strengthen Security Dialogue and Cooperation and Build a New Type of International Relations,” a topic of mounting relevance and urgency as the Trump presidency approached.

Nor can we overlook multilateral efforts to strengthen a regional order that appeared to be weakening. The 28th and 29th ASEAN Summits, and the associated ASEAN Plus Three and East Asia Summits, were held in Vientiane, Laos in early September. The meetings were the usual pro forma get-togethers, complete with renewed commitments to ASEAN centrality, community building, and calls to honor previous pledges. Expectations were low, given that Laos, the host, was widely seen as “challenged” by the task of chairing ASEAN, as well as firmly within “the China camp,” and thus unlikely to press Beijing on contentious issues. It was therefore a bit of a surprise when the EAS Chairman's Statement expressed concern about “developments in the South China Sea” and affirmed the commitment to resolving disputes in accordance with principles of international law.

The November APEC Economic Leaders Meeting produced the usual promise to fight protectionism, boilerplate that assumed larger significance after Trump's victory and his pronounced readiness to slap big tariffs on US trading partners that he accused of unfair trade practices. President Obama used the meeting to make another push for the TPP, telling a press conference that “not moving forward would undermine our position across the region and our ability to shape the rules of global trade in a way that reflects our values and our interests.” The [APEC Leaders Statement](#) endorsed both the TPP and the Regional Comprehensive Economic Partnership (RCEP) as paths to a broader Free Trade Area of the Asia-Pacific.

The prospect of US withdrawal from TPP makes RCEP even more important. Yet as interest in RCEP grows, negotiations continue to be fitful. Originally slated for conclusion this year, the talks are going slower than anticipated; a full schedule of RCEP meetings at the ministerial and official levels is planned for 2017 to complete the negotiation process.

Largely overlooked (at least in the US) in the heat of the presidential campaign, President Obama participated in the 11th (his 10th and final) G20 Summit in Hangzhou, China in early-September. According to the White House [Fact Sheet](#), Obama reiterated US support for an open, integrated global economy, underpinned by a level playing field that gives workers and businesses a fair opportunity to compete. Leadership of the G20 now falls to Germany's Angela Merkel, with the next summit (Trump's first) set for Hamburg in early July 2017.

Finally, the United Nations Security Council (UNSC) in late November finally got around to responding to the latest round of DPRK nuclear and missile tests, passing “the strongest set of [sanctions](#) ever,” include cutting North Korea's coal exports, one of the Kim regime's few remaining sources of hard currency. Pyongyang was not amused, releasing a statement that, “DPRK strongly censures and categorically rejects [UNSCR2321] as another excess of authority and violation of the DPRK's sovereignty by the UNSC acting under instructions of the U.S.” Nor is it likely to be deterred. According to *Yonhap*, the North has conducted 25 ballistic missile tests and two nuclear tests in the past year alone.

In summing up his nation's nuclear accomplishments of the past year, Kim Jong Un, in his New Year's Address, bragged that “We conducted the first H-bomb test, test-firing of various means of strike and nuclear warhead test successfully to cope with the imperialists' nuclear war threats, which were growing more wicked day by day, briskly developed state-of-the-art military hardware, and *entered the final stage of preparation for the test launch of intercontinental ballistic missile [emphasis added]*.” Many news reports assessed the highlighted portion (erroneously?) as a signal that an ICBM test was imminent, perhaps to coincide with Trump's inauguration, but clearly no time frame was given. It was this quote that also drew Trump's “It won't happen!” tweet. We're betting it will, as Pyongyang will inevitably find a way to test its ICBM capabilities and the incoming US administration.

REGIONAL CHRONOLOGY

SEPTEMBER – DECEMBER 2016

Sept. 4-5, 2016: Eleventh [G20 Summit](#) is held in Hangzhou, China.

Sept. 5, 2016: North Korea launches three [Rodong](#) ballistic missiles from its east coast into the Sea of Japan (East Sea) landing about 400km inside Japan's Air Identification Zone.

Sept. 6, 2016: UN Security Council issues a strong condemnation of North Korea's latest missile tests and threatens to take "further significant measures" against Pyongyang.

Sept. 6, 2016: Japan's Prime Minister Abe Shinzo meets Philippine President Rodrigo Duterte in Vientiane and agrees to provide two large-sized patrol ships and lend up to five used surveillance aircraft to the Philippines.

Sept. 6-8, 2016: The 28th and 29th ASEAN Summits, the 19th ASEAN Plus Three Summit, and the 11th East Asia Summit are held in Vientiane.

Sept. 9, 2016: DPRK conducts its fifth [nuclear test](#) since 2006 and its second this year. The rest of the world sharply condemns the action.

Sept. 13-15, 2016: Myanmar State Counselor Aung San Suu Kyi visits Washington and meets President Obama and other senior officials.

Sept. 13-19, 2016: China and Russia conduct *Joint Sea 2016* naval exercise off Guangdong Province in the South China Sea. The joint drill is described as "a strategic measure" and a concrete action to promote the China-Russia comprehensive strategic partnership.

Sept. 18, 2016: US Secretary of State John Kerry, Japanese Foreign Minister Kishida Fumio, and South Korean Foreign Minister Yun Byung-se meet in New York to discuss responses to North Korea's latest nuclear test.

Sept. 26, 2016: United States places sanctions on Chinese firm Dandong Hongxiang Industrial Development Company Ltd and four company officials and files criminal charges against them for assisting North Korea with its nuclear and missile programs, a move representing the first-ever sanctions on a Chinese entity over Pyongyang's weapons programs.

Sept. 26, 2016: US and South Korean navies conducted a joint exercise near the North Korean maritime border. The exercise marks the first time joint forces conducted naval training in an area closest to North Korea's maritime border in the East Sea or Sea of Japan.

Sept. 30-Oct. 1, 2016: Informal US-ASEAN Defense Minister Meeting is held in Honolulu to discuss a range of issues, including terrorism, maritime security, and humanitarian assistance and disaster relief.

Sept. 30-Oct. 4, 2016: Two Chinese frigates in transit from the Gulf of Aden visit Yangon's Thilwa deep-sea port for what "a show of diplomatic cooperation between the two nations."

Oct. 1, 2016: Philippine Defense Secretary Delfin Lorenzana, Malaysian Defense Minister Hishammuddin, and Indonesian Defense Minister Ryacudu reach agreement on the sidelines of the ASEAN-US Defense Dialogue in Hawaii to explore joint air patrols in transit corridors considered by the three nations as maritime areas of common concern.

Oct. 2, 2016: Two US Navy ships, the submarine tender *USS Frank Cable* and guided-missile destroyer *USS John S. McCain* make a port call in Vietnam's Cam Ranh Bay as part of naval engagement activities between the US and Vietnam.

Oct. 3-5, 2016: Lt. Gen. Anthony Crutchfield, deputy commander of US Pacific Command, visits Myanmar to meet senior government officials, ethnic leaders, and Myanmar youth.

Oct. 4-11, 2016: US and the Philippines conduct *Philippine Amphibious Landing Exercise (PHIBLEX)*, which President Rodrigo Duterte says will be the last joint US-Philippine exercise during his term in office. The exercise ends one day earlier than originally planned.

Oct. 10-12, 2016: Seventh [Xiangshan Forum](#), co-hosted by Chinese Association for Military Science and the China Institute for International Strategic Studies, is held in Beijing under the theme of “Strengthen Security Dialogue and Cooperation, and Build a New Type of International Relations.” Representatives from more than 60 countries attend.

Oct. 10-15, 2016: US and ROK conduct [Invincible Spirit](#) naval exercises to “strengthen maritime interoperability and tactics, techniques and procedures,” in South Korean waters.

Oct. 11, 2016: South Korea says it would use greater force, including firearms, against Chinese boats fishing illegally in its waters and summons China’s ambassador to protest a clash between a Chinese vessel and a ROK Coast Guard boat.

Oct. 11, 2016: South Korean President Park Geun-hye tells ROK government to prepare for large-scale defections from DPRK, days after a direct appeal to its citizens to flee their country.

Oct. 13, 2016: Thailand’s [King Bhumibol Adulyadej](#) dies at the age of 88 after extended illness.

Oct. 13-14, 2016: Chinese President Xi Jinping [visits](#) Cambodia and meets Premier Hun Sen and other senior leaders.

Oct. 15-16, 2016: India hosts eighth [BRICS Summit](#) in Goa. The theme of India’s BRICS Chairmanship is **Building Responsive, Inclusive and Collective Solutions**.

Oct. 18-21, 2016: Philippine President Duterte leads a delegation that includes more than 200 business leaders to China. He meets President Xi Jinping and other senior leaders and a [joint statement](#) is issued.

Oct. 19, 2016: South Korean Foreign Minister Yun Byung-se and Defense Minister Han visit Washington and meet Secretary of State John Kerry and Secretary of Defense Ashton Carter for the fourth US-ROK 2+2 meeting.

Oct. 21, 2016: The *USS Decatur* conducts a “freedom of navigation” operation near the Paracel Islands in what the US described as a “routine, lawful manner.” China responds by lodging a protest with the US referring to the operation as “illegal” and “provocative.”

Oct. 22-23, 2016: Navies of Japan, South Korea, and the US participate in a joint naval exercise off the southern coast of South Korea’s Jeju Island.

Oct. 24-27, 2016: Sixth Plenum of the Central Committee of the Communist Party of China is held in Beijing.

Oct. 25-27, 2016: President Duterte visits Japan and meets Prime Minister Abe Shinzo and other senior leaders.

Oct. 26-27, 2016: US Deputy Secretary of State Antony Blinken visits Japan for fifth round of deputy-level US-Japan-South Korea trilateral consultations.

Oct. 28-29, 2016: Deputy Secretary Blinken visits South Korea to discuss strategies to deal with North Korea.

Oct. 30, 2016: Deputy Secretary Blinken visits Beijing to meet Executive Vice Foreign Minister Zhang Yesui for the third interim Strategic Security Dialogue, continuing discussions between the two sides on strategic security issues including DPRK and maritime issues.

Oct. 31-Nov. 4, 2016: Malaysian Prime Minister Najib Razak visits China and meets President Xi Jinping and other senior leaders.

Nov. 3, 2016: Fifteenth Shanghai Cooperation Organization (SCO) Prime Minister's Meeting is held in Bishkek.

Nov. 8, 2016: Donald Trump is elected 45th president of the United States.

Nov. 10, 2016: Vietnam announces cancellation of its plan to construct two nuclear power plants, citing the high cost and slower than expected growth in the demand for electricity.

Nov. 11, 2016: The Obama administration announces that it will not seek congressional ratification of the Trans-Pacific Partnership (TPP) trade agreement.

Nov. 14-18, 2016: US and Brunei conduct the 22nd iteration of *Cooperation Afloat Readiness and Training (CARAT)* naval exercises involving shore-based and at-sea training events.

Nov. 19-20, 2016: Asia-Pacific Economic Cooperation Economic (APEC) Leaders Meeting is held in Lima, Peru.

Nov. 20, 2016: Philippine President Rodrigo Duterte declares the lagoon at Scarborough Shoal as a marine sanctuary and off-limits to fishermen. Chinese Foreign Ministry refuses to comment.

Nov. 21, 2016: US-Philippines Mutual Defense Board and Security Engagement Board (MDB-SEB) is held in Manila. A [joint statement](#) says that "We look forward to continued, close cooperation in areas central to both our national and security interests including humanitarian assistance and disaster relief, counter-terrorism, cyber security, and maritime security."

Nov. 22, 2016: Japan and South Korea sign a General Security of Military Information Agreement (GSOMIA), which will allow them to share sensitive information on the threat posed by North Korea's missile and nuclear activities.

Nov. 30, 2016: UN Security Council passes [UNSC Resolution 2321](#), which imposes new sanctions on North Korea aimed at cutting its annual export revenue by a quarter in response to North Korea's fifth nuclear test in September.

Dec. 1, 2016: North Korea condemns the new UNSC sanctions, saying the "UN Security Council has once again overstepped its authority and infringed on our sovereignty" and that "There is nothing in the UN Charter or any other international law that defines nuclear tests as threats to international peace or security."

Dec. 2, 2016: Taiwan President Tsai Ing-wen and President-elect Donald Trump have a telephone conversation, marking the first time a Taiwan president has had official contact with a US president or president-elect since the US broke ties with Taiwan in 1979. Chinese Foreign Minister Wang Yi characterizes the exchange as a "petty action" by Taiwan.

Dec. 9, 2016: South Korea's National Assembly votes 234-56 to impeach President Park Geun-hye over her role in a corruption and influence-peddling scandal, forcing her to immediately hand over the running of the country to a caretaker prime minister.

Dec. 14, 2016: CSIS Asia Maritime Transparency Initiative (AMTI) reports that [satellite imagery](#) shows China has apparently installed "significant" defensive weapons on a series of artificial islands it built in the South China Sea.

Dec. 15, 2016: Chinese Navy warship seizes an underwater drone deployed by the *USNS Bowditch*, a US oceanographic survey vessel, in international waters in the South China Sea, triggering a formal diplomatic protest from the US and a demand for its return.

Dec. 20, 2016: Chinese Navy returns the underwater drone to the US Navy "after friendly consultations between the Chinese and US sides."

Dec. 20-21, 2016: Indonesian Coordinating Maritime Minister Luhut Panjaitan visits Japan and meets Foreign Minister Kishida. They sign a Memorandum of Cooperation to establish the Indonesia-Japan Maritime Forum.

Dec. 24, 2016: China's first aircraft carrier *Liaoning* sets off for the Western Pacific for its first open-sea training exercise, according to the Chinese Defense Ministry.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

US-JAPAN RELATIONS

US-JAPAN RELATIONS AND THE TRUMP EFFECT

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The US presidential election was the primary influence affecting US-Japan relations in the fall of 2016. Japan was brought into the spotlight during the campaign with Trump repeatedly criticizing Tokyo for unfair trade practices and free riding in the alliance. The outcome of the election left many Japanese worried about the future of the alliance. Prime Minister Abe quickly reached out to President-elect Trump, arranging a meeting with him in New York on Nov. 18. Beyond the attention given to the election, the LDP and Abe also sought to support the Obama administration by ratifying the Trans-Pacific Partnership and promoting maritime capacity building in Southeast Asia. President Obama and Prime Minister Abe met for the last time in Hawaii on Dec. 27. Uncertainty abounds on the economic and strategic fronts in the coming year, but the biggest unknown for the bilateral relationship will be the new US president and his approach to Asia.

This article is extracted from [Comparative Connections](#): *A Triannual E-Journal on East Asia Bilateral Relations*, Vol. 18, No. 3, Jan. 2017. Preferred citation: Sheila Smith and Charles McClean, "US-Japan Relations: US-Japan Relations and the Trump Effect," *Comparative Connections*, Vol. 18, No. 3, pp. 9-16.

US presidential election

The US presidential election dominated the news in the fall of 2016, even in Tokyo. Democratic nominee Hillary Clinton and Republican nominee Donald Trump squared off in three debates in September and October as momentum built toward the Nov. 8 election. Expectations ran high for Clinton as polls suggested she had a strong lead, but by mid-October there were troubling signs. The hacking of the Clinton campaign's email accounts and *WikiLeaks'* publication of their contents was attributed to Russian sources by US intelligence agencies. Further damage to the Clinton campaign came when FBI Director James Comey announced that new emails from Clinton's personal server, which she had used while she was secretary of State during the first Obama administration, were being investigated for possible security violations. Meanwhile, polls began to show the Trump campaign making significant inroads in Pennsylvania, Florida, and New Hampshire. On election night, Trump's surprising wins in Michigan and Wisconsin, longstanding Democratic strongholds, ensured his victory.

Trump secured 306 electoral votes to Clinton's 232, passing the 270 electoral votes required to win. Clinton conceded overnight, and two days later, the president-elect met President Obama in the White House to organize the transition. The popular vote took time to count, however, and ultimately showed a [2.9 million](#) vote lead for Clinton. But despite protests, the Electoral College met on Dec. 19 to formalize the election of Donald Trump as the 45th US president. In addition, the Republican Party held onto its majorities in the House of Representatives (241 seats to the Democrat's 194 seats) and Senate (52 seats to the Democrat's 46 seats), ensuring that Trump will enter office with his party controlling both houses of Congress.

In Tokyo, the Liberal Democratic Party (LDP) pushed forward ratification of the Trans-Pacific Partnership (TPP) trade deal during the fall Diet session in the hope of providing momentum for a possible vote in the lame-duck session of US Congress. Trump's victory, however, ended hope that TPP would be ratified by the US in the foreseeable future – if ever. Candidate Trump had been clear that he would oppose not only the TPP but also call for a renegotiation of the North American Free Trade Agreement (NAFTA), and that these two items were at the top of his list of things to do during his first 100 days in office. By year's end, as Trump nominated people for critical trade policy positions, it was clear that the incoming US administration would be taking a

far harder line on enforcing existing trade arrangements, and crafting far more protectionist policies toward China.

President-elect Donald Trump

Japan rarely figures prominently in US elections, but the candidacy of Donald Trump in the 2016 presidential election brought Japan back into the spotlight. Trump repeatedly criticized Tokyo for its [unfair trade practices](#) and its [free riding](#) in the alliance, even going so far as to suggest Tokyo should [acquire nuclear weapons](#) and defend itself. These shock waves reverberated across the Pacific leaving many Japanese worried about the future of the alliance should Trump win. With a desire to shake-up the old order, Trump took aim at many of the postwar global institutions and argued that it was time to put "America First."

Trump's win was a surprise to many in the US and abroad, and in the immediate aftermath of the election, even the candidate himself seemed stunned at his victory. President Obama and the president-elect met quickly, two days after his electoral win, to set a course for the transition. By year's end, Trump had nominated personnel for most of his Cabinet posts. His foreign policy team includes Lt.Gen. (ret.) Michael Flynn as national security advisor, Gen. (ret.) James Mattis as secretary of Defense, and ExxonMobil CEO Rex Tillerson for secretary of State. On the economic policy front, Trump tapped former Goldman Sachs partner Steve Mnuchin for secretary of Treasury, billionaire investor Wilbur Ross for secretary of Commerce, and Robert Lighthizer, a Washington lawyer and former trade official for President Reagan, for US trade representative. In addition, he appointed Peter Navarro, his Asia policy advisor for the campaign, to a new position as director of the White House National Trade Council. The incoming administration's Asia policy remains unclear, but early indications suggest relations with China will define its approach to the region and trade policy is likely to drive early priorities.

Prime Minister Abe quickly reached out to President-elect Trump after the election, arranging a meeting with him in New York on Nov. 18 on his way to the APEC Economic Leaders Meeting in Lima, Peru. Abe had met the Democratic candidate for president, Hillary Clinton, on Sept. 20 during his visit to New York for the UN General Assembly. The Trump-Abe meeting was characterized as a personal meeting, and no government officials participated. After the meeting, Abe told the awaiting press that he was confident he could "[build a relationship of trust](#)" with the president-

elect. Although the content of their conversation remained private, most believe that Abe sought to begin a conversation on the alliance and on the geopolitics of Asia.

Despite the personal overture by Abe, Tokyo has much at stake as the Trump administration seeks to recalibrate US relations with China. The Abe Cabinet has sought closer relations with Taiwan, and would have little problem with a Washington that seeks to strengthen its support for Taipei. However, upending the one China policy could lead to significant deterioration in US-China relations, and to increased military tensions in and around Japan. Furthermore, Abe has been a strong advocate of the TPP, and continues to advocate for US participation. The future economic foundations of the US-Japan relationship could be shaken should the US pursue a more protectionist trade agenda.

The End of TPP?

Despite efforts made in both countries, progress on ratifying the TPP trade agreement proved uneven throughout the fall in Japan and the US. Prime Minister Abe took the lead in pushing the TPP agreement forward in Japan, and managed to secure final ratification from the Diet on Dec. 9, despite some resistance from opposition parties. President Obama, on the other hand, originally hoped to ratify TPP in the lame-duck session of Congress following the presidential election, but the victory by Trump, a staunch opponent of the trade deal, put an end to any hopes for ratification by the US Congress. For the full TPP agreement to enter into force, both Japan and the US must approve the deal. Without US support, it is unclear whether there is any path forward for the ambitious 12-member trade agreement, which may soon come to an end after nearly a decade of negotiations.

In the US, convincing members of Congress to ratify TPP after the election never looked to be an easy sell for the Obama administration. While just over a year ago, Republican lawmakers lined up to give Obama trade promotion authority and express their general support for TPP, many members of the party cooled to the deal in the lead-up to the November election, particularly as Trump repeatedly attacked TPP as a “[horrible deal](#)” and a “death blow for American manufacturing.” After Trump’s victory, congressional leaders moved quickly to dispel any hopes that they would buck Trump and back efforts to ratify TPP. On Nov. 9, Senate Majority Leader Mitch McConnell (R-KY) [ruled out](#) any

consideration of TPP before Trump takes office. The next day, Senate Minority Leader Chuck Schumer (D-NY) told labor leaders at a meeting that the trade deal would [not be ratified](#). By the end of the week, several Obama administration officials had said that they had [given up](#) trying to win congressional support for TPP in the lame-duck session, and that the future of the trade deal would be up to Trump and Republican lawmakers. On Nov. 21, Trump [released a video](#) saying that he would withdraw the US from TPP on Jan. 20, his first day in office.

TPP’s future thus looks dire, yet some still hold out hope for movement on trade under Trump, even if it takes a different form than TPP, given that there was general support for free trade – at least prior to the election – among the [public](#), Republicans, and several of Trump’s proposed Cabinet members. Vice President-elect Mike Pence was an [avid proponent](#) of TPP, but switched to opposing the deal in July when he joined the Republican ticket. Rex Tillerson, Trump’s proposed secretary of State, previously [heaped praise](#) on TPP as CEO of ExxonMobil. More recently, Trump’s picks to lead the Treasury (Steve Mnuchin) and Commerce (Wilbur Ross) departments have said that the Trump administration will certainly promote trade pacts, but that it will re-focus US negotiations toward completing [bilateral agreements](#), which could include Japan. Ross in particular has deep ties to Japan – he is chairman of the Japan Society in New York and received the Order of the Rising Sun, Gold and Silver Star from the Japanese government in 2014. On Dec. 1, Ross sent a delegation to meet Finance Minister Aso Taro in Tokyo to stress the importance of US-Japan economic cooperation under Trump.

While the US Congress has yet to officially deliberate over TPP, in Japan, Prime Minister Abe made passage of TPP a legislative priority as soon as the extraordinary session of the Diet opened on Sept. 26. The hope of Abe’s Cabinet at the time was that swiftly passing TPP would [put pressure](#) on Washington to follow in Tokyo’s footsteps after the November election. Despite the emphasis placed on TPP by the Abe administration, ratification of the trade deal ran into a couple of roadblocks as it moved through the Diet. Abe’s LDP controls a majority of seats in both houses of Parliament, yet the government faced renewed pressure from the opposition Democratic Party (DP), led by Murata Renho following her election as party president on Sept. 15. The DP capitalized in particular on a series of gaffes by LDP lawmakers that suggested the ruling party would use its legislative majorities to “[steamroll](#)”

TPP-related bills through the Diet. First, on Sept. 29, LDP Lower House member Fukui Teru resigned as chair of the Lower House Special Committee on TPP after reports came out that he had discussed forcibly holding a vote to pass the trade legislation. Then, on Oct. 18, Agriculture, Forestry, and Fisheries Minister Yamamoto Yuji – who took up the post in Abe’s Cabinet reshuffle last August – joked about “[railroading](#)” the bill through the Diet while at a party. In protest, opposition parties walked out of Diet deliberations on TPP on Oct. 20, and later attempted a no-confidence motion against Yamamoto on Nov. 10, though he easily survived the motion with the support of the ruling LDP-Komeito coalition.

Despite the delays caused by opposition resistance to the agreement, TPP did successfully make it out of the special Lower House committee on Nov. 4, and it passed by plenary vote on Nov. 10 with the support of the LDP, Komeito, and Ishin no Kai. The Upper House took up deliberations on Nov. 14, and ultimately ratified TPP on Dec. 9.

Abe’s leadership in securing ratification for TPP in Japan seemed to mean little, however, in the face of Trump’s strong and consistent opposition to the deal. With no sign of life for TPP in the US, discussions are now focused on whether there is any future for the trade agreement. Some argue that the member countries should renegotiate TPP without the US, but many leaders, including Abe, have previously said that TPP is “[meaningless](#)” without US participation. Abe has also warned that an impasse on TPP implementation would likely cause Japan to shift its attention toward [other regional trade pacts](#), such as the Japan-China-Korea Free Trade Agreement and the Regional Comprehensive Economic Partnership (RCEP). These deals notably include China, but exclude the US. Proponents of TPP have long warned that failure to ratify the agreement would not only hurt US economic growth, but also cause it to [lose market access](#) in the region compared with countries such as China. If TPP cannot be salvaged, it remains to be seen whether China will take up a greater role in establishing norms for Asia-Pacific trade, or if the Trump administration can make sufficient progress on bilateral deals to reassure allies of continued US economic leadership in the region.

Continuing maritime tensions

Asia’s maritime tensions have not abated in the wake of the UNCLOS Tribunal award in July. If anything, increased unease about Chinese intentions in the South

China Sea, and particular attention to the growing presence of Chinese military forces in the East China Sea, led to close consultation between US and Japanese military forces.

Japanese policymakers continued to closely monitor Chinese maritime activities in the East China Sea. Chinese military activity in waters south of Japan increased noticeably by the end of the year, with [Chinese fighters accompanying bombers](#) out to the Pacific through the Miyako Strait near Okinawa as well as through the [Bashi Strait](#) south of Taiwan. China’s Ministry of Defense issued a protest against “aggressive” behavior by Japanese fighters, an accusation Japan’s Chief Cabinet Secretary Suga Yoshihide [adamantly denied](#), saying it was “extremely regrettable and [harms improving ties](#) between Japan and China.” On Dec. 25, the [Chinese aircraft carrier Liaoning](#) and its accompanying task force passed through the East China Sea and between the Okinawa Islands as it headed toward the Pacific Ocean. The *Liaoning* then proceeded to the South China Sea where it [conducted exercises for the first time](#) with its carrier based *J-15* fighters.

Meanwhile, high-level US-Japan consultations on defense and maritime issues continued. Adm. Harry Harris, head of the US Pacific Command (PACOM), stopped in Tokyo in October as part of his tour of US allies in Asia and to attend the inaugural ceremony for Lt. Gen. Jerry Martinez, who took command of US Forces Japan. On Oct. 5, Harris and Defense Minister Inada Tomomi met in Tokyo to discuss US-Japan coordination in the face of [escalating North Korea provocations](#). These discussions continued a week later on Oct. 14, when Gen. Joe Dunford, chairman of the US Joint Chiefs of Staff, hosted a trilateral meeting with Japanese Chief of the Joint Staff Adm. Kawano Katsutoshi and Korean Chief of the Joint Staff Gen. Lee Sun-jin at the Pentagon to discuss a [coordinated response](#) to North Korea; Harris also attended. Later in the fall, Secretary of Defense Ash Carter visited Tokyo as part of a worldwide tour, and met Prime Minister Abe and Defense Minister Inada on Dec. 6-7 to further [affirm US commitment](#) to stability and security in the Asia-Pacific. A week later, on Dec. 14, Harris said in a speech at the Lowy Institute in Australia that there would be [no change in this commitment](#) to the region under President Trump.

Prime Minister Abe also sought to ease tensions between Washington and Manila when he invited Philippine President Rodrigo Duterte to visit Japan on Oct. 26 to discuss [maritime cooperation](#). The visit also

provided an opportunity for Abe to announce additional coast guard ships would be provided to Manila in 2017.

Japan has also continued to build its own maritime capacity. The Abe Cabinet approved a ¥5.05 trillion (\$41.4 billion) budget for fiscal year 2017, just shy of the Ministry of Defense's request. This is the [highest defense budget on record](#), continuing for a fourth year the Abe administration's emphasis on updating Japan's defenses. The highlights of this budget include strengthening maritime defenses in the East China Sea, including a more mobile joint force comprised of amphibious landing and helicopter units as well as expanding SDF bases in the offshore Okinawa Islands, such as Miyakojima, Yonaguni, and Anami Oshima. In addition, the prime minister announced yet another year of budget growth for Japan's Coast Guard, spending ¥210.6 billion (\$1.79 billion) for fiscal year 2017. The Japan Coast Guard (JCG) will now dedicate 27 percent of its budget [to surveillance of the Senkaku Islands](#). Another helicopter-capable carrier and large patrol ship are included. By 2020, the total JCG fleet will include 142 ships, up from the current 128. The tensions with China over the East China Sea are expected to continue. *Yomiuri Shimbun* reported that China has [applied to name undersea features](#) near Japan's exclusive economic zone (EEZ), suggesting a heightened legal contest between Japan and China over rights to develop undersea mineral resources near the outlying Okinawa Islands, which is near the edge of the continental shelf. Even as military activities increase in and around the East and South China Seas, the legal contest over maritime access to resources in Asia continues.

Abe and Obama say farewell

President Barack Obama and Prime Minister Shinzo Abe met for the last time in Hawaii on Dec. 27, 2016. Obama's support for the US-Japan alliance spanned five Japanese prime ministers, beginning in 2009 when Prime Minister Aso Taro visited Washington, the first leader to meet the newly inaugurated President Obama.

The Obama administration worked through the difficult Japanese political transition later that year, navigating the uncertainty of alliance policy in the first year of the Democratic Party of Japan's (DPJ) Cabinet. Japan faced two significant national crises during the Obama years. The first was the Great East Japan Earthquake in March 2011. The alliance response, organized as *Operation Tomodachi*, brought the US and Japanese militaries together to work as first responders in the wake of the earthquake and devastating tsunami as well as to manage the meltdown of reactors at Fukushima Daiichi

nuclear plant. The second was the rising tensions between Tokyo and Beijing over the Senkaku Islands. In 2010, a Chinese fishing trawler captain instigated a diplomatic standoff that over two years would ultimately result in a transformed maritime balance around the islands in the East China Sea. President Obama would become the first US president to openly declare that the US-Japan security treaty would be applied should any nation use force against these islands, and his administration worked with both DPJ and LDP Cabinets to revise the bilateral military guidelines to include an Alliance Coordination Mechanism to jointly manage gray-zone contingencies and prevent war.

Perhaps the most memorable contribution of the two leaders, however, has been their focus on reconciliation between the people of the US and Japan. In 2016, the year after the difficult 70th anniversary of the end of World War II in Asia, both visited the traumatic sites of war – Obama visiting [Hiroshima](#) in May and Abe visiting [Pearl Harbor](#) in December. Survivors of those devastating attacks, now in their late eighties and nineties, sat in the front row as the leaders of the US and Japan paid respect to those who died and marked the incredible journey of transformation from adversaries to allies traveled by generations of Americans and Japanese. As Asia's geopolitics become increasingly fraught, Obama and Abe also sought to remind others around the region to seek peaceful means of resolving their differences.

Conclusion

The US and Japan are facing an increasingly full agenda of cooperation in the Asia Pacific. Uncertainty abounds, both on the economic and strategic fronts. Perhaps the biggest unknown will be the new US president and his approach to Asia. Abe's early outreach to President-elect Trump has created an opportunity for high-level discussions on how the US-Japan alliance can navigate the transition process in Washington. US presidential transitions take time and President-elect Trump will for some months be focused on getting his new team in place. Despite the rhetoric and the tweets, the next US president will need to build a relationship with Congress and with the various constituencies that will seek to shape his approach to Asia. A majority Republican Congress provides a considerable boost in support for some of the Trump agenda, but the new administration and Congress will have to feel their way through some of their differences. Already it seems they will take different positions on the US relationship with

Russia. How the US Congress will seek to shape US policy on trade and on the US-PRC relationship remains to be seen.

As a new administration comes into office, however, Asia will not stand still. Several concerns stand out for Tokyo and Washington in the early months of the new year. Tensions between the US and China will likely spill over to affect Japan, and the military activities of the People's Liberation Army Navy (PLAN) in and around Japan suggest that the potential for military tensions in the East and South China Seas should not be underestimated. Furthermore, Pyongyang as always remains high on the list of potential problems for any new US president. Kim Jong-un has not disappointed; he has announced that his country has an intercontinental ballistic missile (ICBM) [capable of hitting the US](#) at the ready. President-elect Trump tweeted that he will not allow Kim to threaten the US, but it remains to be seen how the incoming administration will [cope with a provocation](#) from North Korea. A weak government in Seoul, now embroiled in the impeachment of President Park Geun-hye, could complicate a trilateral response. Beijing's role in response to an ICBM test would likely be harder to gauge given the uncertainty of the Trump administration's approach to China.

Expect 2017 to be a full year of consultations between Tokyo and Washington. Prime Minister Abe is likely to continue to seek to keep the US close, but also to continue to increase Japan's efforts at military self-reliance. As Minister of Defense Inada said in a press conference on Nov. 11, the US election "provided the opportunity to think more seriously about [what Japan could do on its own](#) to defend itself." A dialogue on China will be a top priority for the new year, and a renewed discussion on how the US and Japan can lead the economic integration of Asia.

CHRONOLOGY OF US-JAPAN RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 6, 2016: Japan's Prime Minister Abe Shinzo meets Philippine President Rodrigo Duterte in Vientiane and agrees to provide two large-sized patrol ships and lend up to five used surveillance aircraft to the Philippines.

Sept. 16, 2016: Naha branch of the Fukuoka High Court rules that Okinawan Gov. Onaga Takeshi's cancellation of the landfill project for construction of a replacement facility for Futenma was illegal.

Sept. 18, 2016: US Secretary of State John Kerry, Japanese Minister for Foreign Affairs Kishida Fumio, and South Korean Minister of Foreign Affairs Yun Byung-se [hold trilateral US-Japan-Korea ministerial meeting](#) on the sidelines of the UN General Assembly (UNGA) in New York.

Sept. 19, 2016: Prime Minister Abe Shinzo and Democratic Presidential Nominee Hillary Clinton meet on the sidelines of the UNGA in New York.

Sept. 20, 2016: Prime Minister Abe and President Obama hold informal talks on the sidelines of the UNGA in New York.

Sept. 21, 2016: Prime Minister Abe and Vice-President Biden meet on the sidelines of the UNGA in New York.

Sept. 27, 2016: Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel [testifies](#) before the House Foreign Affairs Committee Subcommittee on Asia and the Pacific on trilateral cooperation between the US, Japan, and South Korea.

Oct. 5-6, 2016: Adm. Harry Harris, head of the US Pacific Command, visits Japan and meets Minister of Defense Inada Tomomi.

Oct. 7, 2016: Vice Minister Sugiyama Shinsuke meets US Permanent Representative to the UN Samantha Power in Tokyo to discuss North Korea's nuclear tests and missile launches.

Oct. 13, 2016: US Special Envoy for North Korean Human Rights Issues Robert King meets Minister for the Abduction Issue Kato Katsunobu and Ministry of Foreign Affairs Deputy Director General for Asian and Oceanian Affairs Osuga Takeshia in Tokyo.

Oct. 14, 2016: Chief of Japanese Joint Staff Adm. Kawano Katsutoshi, Commander of Combined Forces Command and US Forces Korea Gen. Vincent Brooks, Chairman of the Korean Joint Staff Gen. Lee Sun-jin, Chairman of the US Joint Chiefs of Staff Gen. Joe Dunford, and Commander of the US Pacific Command Adm. Harris meet at the Pentagon to discuss [trilateral cooperation](#) in response to North Korean nuclear and missile threats.

Oct. 25-27, 2016: US Assistant Secretary of State for Arms Control, Verification, and Compliance Frank Rose visits Tokyo to discuss space security, arms control, and international security.

Oct. 26, 2016: US Deputy Defense Secretary Bob Work and Japanese Administrative Vice Defense Minister Kuroe Tetsuo meet at the Pentagon.

Oct. 26-27, 2016: Deputy Secretary of State Antony Blinken meets Japanese Vice Foreign Minister Sugiyama and Korean First Vice Foreign Minister Lim Sung-nam for the fifth round of Deputy-level trilateral consultations in Tokyo.

Nov. 3-4, 2016: The 53rd Japan-US Business Conference is held in Tokyo.

Nov. 8, 2016: Donald Trump is elected 45th US president.

Nov. 9, 2016: Prime Minister Abe speaks with President-elect Trump over the phone for 20 minutes to congratulate Trump and discuss US-Japan relations.

Nov. 10, 2016: Japan's House of Representatives votes to ratify the Trans-Pacific Partnership (TPP) trade agreement.

Nov. 11, 2016: Japan's House of Councillors begins deliberations on the TPP trade agreement.

Nov. 17, 2016: Prime Minister Abe travels to New York to meet President-elect Trump.

Nov. 17, 2016: Naha District Court orders Japanese government to pay damages due to aircraft noise from US air base in Okinawa, but rejects plaintiffs' demand to halt flights.

Nov. 18, 2016: Secretary of State Kerry and Foreign Minister Kishida meet on the sidelines of the APEC Ministerial Meeting in Peru.

Nov. 20, 2016: President Obama and Prime Minister Abe hold informal talks on the sidelines of the APEC Economic Leaders Meeting in Peru.

Nov. 21, 2016: President-elect Trump publishes a [video message](#) on his first 100 days in office, and announces that he plans to withdraw from the TPP trade deal on his first day as president.

Nov. 23, 2016: Defense Secretary Ash Carter says that he [welcomes](#) the Japan-Korea GSOMIA security agreement signed today.

Dec. 6, 2016: Defense Secretary Ash Carter [meets](#) Prime Minister Abe in Tokyo.

Dec. 6, 2016: Parliamentary Vice Minister for Foreign Affairs Takisawa Motome meets family members of former US prisoners of war (POWs) in Tokyo.

Dec. 7, 2016: Defense Secretary Carter and Japanese Defense Minister Inada meet in Tokyo to discuss [security](#) within the Asia-Pacific Region.

Dec. 9, 2016: Japan's House of Councillors votes to approve the TPP trade agreement, ensuring its ratification.

Dec. 12-13, 2016: US and Japan hold a bilateral Extended Deterrence Dialogue (EDD) in Honolulu, Hawaii.

Dec. 14, 2016: US Marine Corps *MV-22 Osprey* crashes off Okinawa, crew members are rescued.

Dec. 17-19, 2016: Assistant Secretary for East Asian and Pacific Affairs Daniel Russel travels to Japan to discuss bilateral and regional issues of mutual concern.

Dec. 19, 2016: US hosts a US-Japan-Korea trilateral cyber experts meeting on cybersecurity of critical infrastructure in Washington.

Dec. 20, 2016: Japan's Supreme Court rules in favor of the central government in the lawsuit brought by Okinawan Gov. Onaga concerning the Futenma base relocation, likely allowing construction to resume.

Dec. 27, 2016: Prime Minister Abe visits Pearl Harbor with President Obama.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

US-CHINA RELATIONS

CHINA PREPARES FOR ROCKY RELATIONS IN 2017

BONNIE GLASER, CSIS/PACIFIC FORUM
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Summits between Barack Obama and Xi Jinping in September and November helped to keep tensions in check in the last four months of 2016. Despite persisting differences over how much pressure to impose on North Korea after Pyongyang conducted its fifth nuclear test, the US and China agreed on a new UN Security Council sanctions resolution. The US Navy conducted another freedom of navigation operation (FONOP) near the Paracel Islands in the South China Sea. A Chinese Navy vessel snatched a US drone, claiming it was threatening the safety of the Chinese ship and its crew, and returned it to the US five days later. Incremental progress was made on trade disputes at the 27th annual US-China Joint Commission on Commerce and Trade (JCCT) in Washington, DC. Meanwhile, the election of Donald Trump as the next US president threatened to inject significant uncertainty into US-China relations as Trump received a phone call from Taiwan's President Tsai Ing-wen and suggested that he might use Taiwan as a bargaining chip to extract concessions from China on other issues.

This article is extracted from [*Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations*](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Bonnie Glaser and Alexandra Viers, "US-China Relations: China Prepares for Rocky Relations in 2017," *Comparative Connections*, Vol. 18, No. 3, pp. 17-25.

Barack Obama and Xi Jinping meet twice

Presidents Barack Obama and Xi Jinping met twice between September and December 2016, the eighth and ninth meetings between the two leaders over the past three and a half years. The September meeting took place on the eve of the Group of 20 Summit in Hangzhou. Although the talks were productive and the G20 Summit went smoothly, Obama's visit was marred by the image of the US president disembarking from the belly of Air Force One on foldout stairs rather than the rolling air stairs with a red carpet that is used for most of the US president's foreign trips. President Obama [dismissed](#) the media narrative that he had been snubbed by the Chinese, suggesting instead that the incident was a result of excessive US security requirements. The episode wasn't mentioned by either leader when they met later at the West Lake State House.

According to the Chinese media, Xi Jinping told Obama that the US and China have far more common interests than differences and expressed his hope that bilateral relations would remain on the right track. China's Foreign Ministry [described](#) the talks as "candid, in-depth, and friendly" and said that the two presidents had reached a series of "important consensuses." In remarks to the press prior to the meeting, President Obama [said](#) he welcomed China's contribution to global development, peacekeeping and refugee assistance, while also noting ongoing differences on human rights, cyber, and maritime matters. Just before the two presidents began their talks, they attended an event where both deposited ratifications of the Paris Climate Change Agreement.

The Chinese side issued a [list](#) of 35 "outcomes" of the meeting between the two presidents. At the top of the list was the statement that the two sides "commended the important progress made in the building of a new model of major country relationship between China and the United States" since the two leaders met in Sunnylands in June 2013. The US side released a somewhat shorter "fact sheet" that [detailed](#) progress the US and China have made in addressing global and regional challenges and in strengthening bilateral ties.

Xi and Obama held their final meeting as presidents on the margins of the APEC Economic Leaders Meeting in Lima, Peru in mid-November. In joint remarks to the press before the closed-door meeting, Obama [described](#) US-China ties as "the most consequential in the world" and emphasized that he and Xi had worked together to make their relations "durable and productive."

President Xi told the press that the meeting was taking place at a "hinge moment" and indicated his hope for a smooth transition and continued cooperation. According to a statement [issued](#) by the Chinese Foreign Ministry, both leaders "reviewed and summarized" the development of US-China relations over the past three-and-a-half years and agreed to ensure that "healthy and stable" bilateral relations are passed on to the next US president. The MFA cited Obama as saying that he and Xi "established a candid, friendly, and constructive relationship and enhanced mutual trust." The White House [readout](#) of the meeting highlighted the two leaders' concerns about North Korea's accelerated development of nuclear weapons and ballistic missiles, and noted Obama's encouragement of Chinese economic reforms and the need for a level economic playing field.

In between the two presidential meetings, Obama met Premier Li Keqiang in New York on the sidelines of the 71st UN General Assembly in September. *Xinhua* reports indicated that Li characterized economic and trade cooperation as the "ballast stone" and "propeller" of bilateral relations and urged completion of the bilateral investment treaty as soon as possible. Other topics discussed included North Korea, China's currency exchange rate, sustainable development, refugees, peacekeeping and other global issues, in addition to Taiwan and Tibet.

North Korea's fifth nuclear explosion tests US-China ties

On Sept. 9, the day after President Obama returned to the US from his visit to China and Laos, North Korea conducted its fifth nuclear test. China [expressed](#) its "strong opposition" to the test and reiterated its support for denuclearization of the Korean Peninsula. Obama [condemned](#) the test "in the strongest possible terms as a grave threat to regional security and to international peace and stability." He did not mention China in his statement, but it wasn't long before other senior US officials called on Beijing to address the growing threat. Speaking at a press conference, Secretary of Defense Ash Carter [said](#) that "China has and shares an important responsibility" for the test and "has an important responsibility to reverse it." He called on Beijing to apply more pressure to compel Pyongyang to end its destabilizing behavior.

Just over two weeks later, the US Department of Justice [named](#) the Dandong Hongxiang Industrial Development Co. and four Chinese company officials in an indictment charging them with conspiring to evade sanctions on

North Korea, violating US regulations against support for designated weapons of mass destruction proliferators, and money laundering. Twenty-five bank accounts controlled by Dandong Hongxiang were seized and the Chinese company along with the four Chinese officials were added to the US Treasury sanctions blacklist. The action marked the first time that the Obama administration imposed secondary sanctions on a Chinese firm for its dealings with North Korea that aid its development of nuclear weapons and delivery capabilities. According to the *New York Times*, before the US took action, it [sent](#) law enforcement officials to Beijing twice to warn the Chinese of the illegal activities of the Dandong-based company. Signaling a willingness to sanction other Chinese companies, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel [told](#) a press conference in mid-October that Washington reserves the right to punish Chinese companies that violate US sanctions on North Korea if Chinese authorities do not take action.

Throughout October and November, US and Chinese officials engaged in talks to draft a new United Nations Security Council resolution that would further tighten sanctions on North Korea. The United States reportedly sought to eliminate the “livelihood purposes” loophole from UNSCR 2270 that China interpreted as a green light to continue imports of large quantities of North Korean minerals, especially coal. Chinese UN Ambassador Liu Jieyi [told](#) *Reuters* that China “cannot really affect the well-being and the humanitarian needs of the people and also we need to urge various parties to reduce tensions.”

North Korea was high on the agenda when US Deputy Secretary of State Antony Blinken met Chinese Foreign Minister Wang Yi in Beijing at the end of October. Around the same time, Joseph Yun, special representative for North Korea policy and head of the US delegation for Six-Party Talks, held talks with Special Representative of the Chinese Government for Korean Peninsula Affairs Wu Dawei. On Nov. 1, US National Security Adviser Susan Rice and Secretary of State John Kerry met Chinese State Councilor Yang Jiechi in New York. Although their talks were wide ranging, a significant amount of time was spent discussing how to narrow differences on a new sanctions package.

The US and China finally came to agreement in late November and the UN Security Council unanimously [adopted](#) UNSCR 2321 on the final day of that month, 82 days after North Korea’s nuclear test, the longest period of time it has taken to pass a new resolution since Pyongyang’s first nuclear test in 2006. The new

resolution did not eliminate the “livelihood loophole,” but instead imposed a binding cap that cuts North Korea’s coal exports by about 60 percent. It also banned the export of non-ferrous metals such as copper, nickel, and silver. Taken together, those restrictions aim to deny Pyongyang at least \$800 million in revenue annually. The resolution also restricts the ability of North Korean workers to be employed abroad and bars the import of new luxury items.

In a [statement](#) after voting on the draft resolution, Ambassador to the UN Liu Jieyi urged all parties concerned to “fully and earnestly” implement all UNSC resolutions regarding North Korea. He noted that the “relevant measures are not intended to have adverse humanitarian and livelihood consequences for the civilian population of the DPRK or to affect negatively normal economic and trade activities.” Liu also criticized the US, although not by name, saying that “certain parties have continued to strengthen their military deployments, increase their military presence, and scale up military exercises.” In addition, he noted China’s opposition to the deployment of the Terminal High Altitude Area Defense (THAAD) anti-ballistic missile system on the Korean Peninsula. Liu called for all parties to “keep their eyes on the overall picture, meet each other halfway, and refrain from any rhetoric or action that might aggravate tensions.” The top priority, he asserted, is for the parties concerned to resume dialogue and negotiations aimed at achieving denuclearization as well as peace and stability on the Peninsula.

China’s first overt action to comply with the new resolution was announced on Dec. 10, when China declared that it would suspend coal imports from North Korea for three weeks. It is doubtful, however, that the temporary suspension will have much impact. In advance of the imposition of the new sanctions, China imported 1.8 million tons of coal worth \$101 million from North Korea in October alone, a nearly 40 percent increase in volume year-on-year.

FONOP and a drone snatch in the South China Sea

Relative quiet ensued in the South China Sea in the wake of the UNCLOS tribunal’s ruling in mid-July in favor of the Philippines in its case against China. That quiet was interrupted on Oct. 21 by a US freedom of navigation operation (FONOP) challenging China’s claim to sovereignty over waters encompassed by the entire group of Paracel Islands. In 1996, contrary to UNCLOS, China established 28 basepoints from land features in the Paracels and connected those using

straight baselines. The USS *Decatur*, an *Arleigh Burke*-class guided-missile destroyer, crossed these illegal baselines and conducted maneuvering drills demonstrating high seas freedoms. Following the FONOP, a Department of Defense spokesman [said](#) that the *Decatur* conducted the transit “in a routine, lawful manner.” The operation was the fourth US FONOP in the South China Sea since last year. A total of 164 days had elapsed since the last US FONOP in the South China Sea in May, much longer than the 95 days and the 105 days between the prior FONOPs (Oct. 27, 2015 to Jan. 30, 2016, and Jan. 30, 2016 to May 10, 2016). China’s Defense Ministry spokesperson [condemned](#) the move as “illegal and provocative,” saying that two Chinese Navy warships had warned the US warship to leave the area. The spokesperson maintained that the US action “proved that the US side is the troublemaker in the stability of the South China Sea” and said that Beijing would work together with other nations to defend peace and stability in the area.

In a show of force, China flew an *H-6K* bomber along the disputed nine-dash line in the South China Sea on Dec. 8, passing over a number of disputed islands. The last time that China flew bombers around the nine-dash line was 2015. It was unclear whether this flight was a reaction to US FONOPs, was intended to signal Chinese sovereignty and jurisdictional claims within the nine-dash line, or was a warning to President-elect Trump to not cross Chinese redlines.

China’s ongoing militarization of the seven features it occupies in the Spratly Island chain was [publicized](#) by the Center for Strategic and International Studies’ Asia Maritime Transparency Initiative (AMTI) in mid-December. According to AMTI, satellite imagery shows the Chinese have built significant point-defense capabilities, including large anti-aircraft guns and probably close-in weapons systems (CIWS) at each of its outposts in the Spratlys. China’s Foreign Ministry spokesperson [insisted](#) that the deployment of weapons had “nothing to do with militarization,” saying the construction of the facilities was both “necessary” and “normal.” China’s Defense Ministry also portrayed the deployment as defensive, but at the same time suggested it was in response to a perceived threat. [Writing](#) on its verified social media account, the Defense Ministry said, “If someone were flexing his muscles outside your door, wouldn’t you get a slingshot ready?”

Just days later on Dec. 15, a Chinese search and rescue vessel snatched a US drone, which was in the process of being recovered by a US Navy oceanographic vessel, the *USNS Bowditch*. According to the Pentagon, the drone

had been carrying out scientific research. The incident took place approximately 50 nm northwest of Subic Bay in the exclusive economic zone (EEZ) of the Philippines. Although the Chinese vessel replied when the *Bowditch* contacted it through bridge-to-bridge communications, it ignored the US demands to return the drone and said that it was “returning to normal operations.” The Pentagon formally [protested](#) the seizure of the drone, which it termed stolen US military property.

The incident was leaked less than a day after it happened and within the next 24 hours the Chinese Defense Ministry issued a [statement](#) claiming that a PLA Navy ship found an “unidentified device in relevant waters in the South China Sea” and acted “to prevent any threat to the safety of the ship and its crew.” The statement criticized the US for publicly “hyping” the incident. It also reiterated long-standing Chinese opposition to US close-in reconnaissance and military operations, calling for the US to halt such activities. Five days after the incident, the same PLAN ship that snatched the drone handed it off to a US guided-missile destroyer, the *USS Mustin*, in the same location where it had been taken. China tried to play down the episode and issued a statement saying that the transfer of the drone was smoothly completed after “friendly consultations” between the two sides. The Pentagon statement indicated that the US perceived the drone snatch as more serious than the Chinese did. It said that the US would continue to investigate the “unlawful” seizure. In addition, the statement said, “The US remains committed to upholding the accepted principles and norms of international law and freedom of navigation and overflight and will continue to fly, sail, and operate in the South China Sea wherever international law allows, in the same way that we operate everywhere else around the world.”

The 27th Joint Commission on Commerce and Trade

US Trade Representative Michael Froman and Commerce Secretary Penny Pritzker, together with Chinese Vice Premier Wang Yang, co-chaired the 27th annual US-China Joint Commission on Commerce and Trade (JCCT) in Washington, DC on Nov. 21-23. Throughout the series of meetings, which covered topics ranging from agriculture to cybersecurity, high-level trade officials from the US and China [addressed](#) bilateral challenges and discussed opportunities for collaboration, while also preparing for Washington’s transition to a new administration.

Steel overcapacity has recently become a prominent issue on the global economic stage and was a major

topic of discussion at the 2016 US-China Strategic and Economic Dialogue last June. As the world's top producer of steel, China has drawn worldwide criticism for overproduction and dumping steel into foreign markets. The G20 commitment to establish a "Global Forum" to help address excess capacity in steel was reaffirmed at the JCCT meetings. Both the US and China agreed to "jointly promote the expeditious establishment" of the Forum, as well as to share best practices for addressing steel production concerns.

Protection of intellectual property (IP) remains a major source of friction in the US-China relationship despite ongoing technical cooperation programs that aim to strengthen China's legal system with regards to IP. A notable outcome of this JCCT, according to the [US Fact Sheet](#), is China's agreement to "take further efforts to combat bad faith trademark filings." Regarding technology transfer, the Fact Sheet also noted China's active research on "the Technology Import and Export Administration Regulations (TIER) to address US concerns." While both statements lack specificity, they mark incremental progress from the Chinese side toward upholding IPR.

US Secretary of Agriculture Tom Vilsack also participated in the 27th iteration of the JCCT meetings in an effort to assist the US agriculture industry to expand agricultural trade with China. US agriculture industry is eager for China to accept new varieties of genetically modified agricultural products, but Beijing has yet to begin its biotech approval process. The US sees biotech agricultural trade as advantageous to both China and the US, as the current lack of market access hurts US farmers as well as China's livestock and innovation industries. US officials expressed frustration that China had not fully implemented commitments on agricultural biotechnology that it made in 2015.

Despite unwillingness to make headway on biotech crops, Vice Premier Wang noted that there is interest from Beijing in expanding cooperation in "agricultural technology, management, internet and farming and exploring the third country market." Ultimately, the absence of progress in this realm proved frustrating for Vilsack and Froman, with the latter noting to reporters at the conclusion of the JCCT, that "in the area of agricultural biotechnology ... we were disappointed with our inability to make more progress."

Coming just weeks after the US presidential election, the JCCT was likely the last opportunity for President Obama to conclude a long-awaited US-China Bilateral Investment Treaty (BIT) before leaving office.

Statements released by both sides did not even mention whether the BIT was discussed. Whether and how to proceed will now fall to the Trump administration.

The final JCCT of the Obama administration produced a commitment by both the US and China to continue cooperation to address bilateral problems, including China's anti-monopoly law, overcapacity issues (steel, aluminum, soda ash), food safety, innovation and cyber security, IP rights, the pharmaceutical industry, theater films, and trade policy. The two countries will evaluate efforts made in each of the aforementioned areas at the 28th JCCT in 2017.

IPR remained a forefront issue in US-China relations as the US Trade Representative (USTR) office [identified](#) three Chinese companies and six Chinese markets on its 2016 blacklist of "notorious marketplaces" in late December. The USTR blacklist identifies companies known for the sale of counterfeit products and violations of IP rights. Notably, Alibaba's Taobao website was placed back on the list after being taken off in 2012, as the USTR called the marketplace of "concern due to the large volume of allegedly counterfeit and pirated goods available." The Ministry of Commerce [charged](#) that including Chinese companies on the list was "irresponsible" and said it hoped that the US will objectively evaluate China's work on IPR protection."

President-elect Trump and China

Following the US presidential election on Nov. 8, President Xi Jinping sent a congratulatory letter to President-elect Donald Trump. In the letter, Xi [acknowledged](#) that the US and China share "broad common interests," and bear "special and important responsibilities" when it comes to maintaining world peace and stability. The note also expressed Xi's hope that the US and China will "expand bilateral cooperation in all fields" in accordance with the principles of "non-conflict, non-confrontation, mutual respect, and win-win cooperation." Six days later, after Trump told the media that he had not yet heard from China's leader, Xi followed up with a phone call. According to a *Xinhua* readout of the call, Trump and Xi [established](#) a "clear sense of mutual respect." Trump's transition office stated that the president-elect shared Xi's view that the two leaders will share "one of the strongest relationships for both countries moving forward."

The Chinese were likely reassured by Xi's phone call with Trump, but their hopes that Trump would prioritize good relations with China were dashed when Trump accepted a phone call from Taiwan's President

Tsai Ing-wen on Dec. 2. During the 10-minute call, Trump and Tsai acknowledged “close economic, political and security ties” between the US and Taiwan and discussed “strengthening defense” and promoting economic developments, according to Taiwan’s Office of the President. Trump is believed to be the first US president-elect to speak directly with Taiwan’s leader since Washington broke diplomatic relations with Taiwan in 1979.

Uncertain of Trump’s intentions and anxious to prevent deterioration in US-China relations, Beijing responded cautiously to Trump’s break with diplomatic convention. The next day, Chinese Foreign Minister Wang Yi [played down](#) the call, saying it was a “petty action” by Taiwan. Wang also gave Trump the opportunity to repair the damage, saying that the call would not change Washington’s “One China” policy, which, he underscored, is the cornerstone of US-China bilateral ties. Although the Obama administration played no role in the call, Ned Price, a spokesman for the US National Security Council, said “there is no change to our longstanding policy on cross-strait issues.” When asked about the call in a regular press briefing, the Chinese Foreign Ministry spokesperson [told](#) reporters that Beijing had “lodged solemn representations with the relevant party on the US side.”

In response to an onslaught of criticism after his call with Tsai, President-elect Trump took to Twitter, [writing](#): “Interesting how the U.S. sells Taiwan billions of dollars of military equipment but I should not accept a congratulatory call.” A few days later he tweeted:

Did China ask us if it was OK to devalue their currency (making it hard for our companies to compete), heavily tax our products going into their country (the US doesn’t tax them) or to build a massive military complex in the middle of the South China Sea? I don’t think so! Trump reiterated his message on Dec. 11 in an interview with *Fox News*. The president-elect said he saw no reason to [adhere](#) to the one China policy, implying the 37-year old stance could be used as a bargaining chip to obtain trade concessions from China. Trump also cited China’s currency devaluation and militarization of the South China Sea as harmful to US interests, implying that Taiwan could be used to as leverage to change Chinese behavior in these areas.

The Chinese Foreign Ministry spokesperson [responded](#) to Trump’s comments at a regular press briefing the following day, saying that the one China policy is “the political foundation for the development of China-US

ties,” without which, “there is no possibility for the two countries to grow their relations in a sound and steady way and cooperate on key areas.” Following days of fairly mild responses from Beijing, the state-run *People’s Daily* [posted](#) an editorial warning Trump that pushing China on Taiwan “would greatly reduce the chance to achieve the goal of making America great again.”

As China scrambled to ascertain whether Trump’s statements represented forthcoming policy changes, Trump announced the appointment of Peter Navarro, an anti-China trade hawk, to head the newly created National Trade Council. As 2016 came to a close, anxiety in Beijing about the future of US-China relations was likely running very high.

CHRONOLOGY OF US-CHINA RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 2, 2016: Chinese Vice Premier Wang Yang meets US Secretary of Treasury Jacob Lew in Hangzhou ahead of the 11th G20 Summit.

Sept. 3, 2016: US President Barack Obama and Chinese President Xi Jinping meet in Hangzhou for six hours in advance of the G20 Summit.

Sept. 3, 2016: US and China formally join the Paris climate agreement, handing UN chief Ban Ki-moon the documents of ratification.

Sept. 7, 2016: Speaking to reporters after returning from a two-week trip in Asia, Air Force Secretary Deborah Lee James says China is pursuing militarization in the South China Sea with the intent to “extend their reach” as a global power.

Sept. 8, 2016: At a meeting in Vientiane, President Obama tells the leaders of ASEAN that the July 12 arbitration ruling was “binding” and “helped to clarify maritime rights in the region.”

Sept. 9, 2016: Secretary of Defense Ash Carter says China bears “great responsibility” for North Korea’s fifth nuclear test and calls on Beijing to apply pressure to stop Pyongyang’s behavior.

Sept. 13, 2016: Obama administration launches a new trade enforcement action against China at the World Trade Organization over excessive government support for its agriculture sector.

Sept. 19, 2016: Premier Li Keqiang meets President Obama on the margins of the UN General Assembly to discuss pragmatic cooperation on bilateral and international issues such as trade, the Korean Peninsula, and climate change.

Sept. 21, 2016: US House Subcommittee on Seapower and Force Projection holds a hearing on “Seapower and Projection Forces in the South China Sea.”

Sept. 22, 2016: US House Foreign Affairs Committee Subcommittee on Asia and the Pacific holds a hearing on “Diplomacy and Security in the South China Sea: After the Tribunal.”

Sept. 26, 2016: US Department of the Treasury imposes sanctions on four individuals and Dandong Hongxiang Industrial Development Co, for supporting North Korea’s WMD proliferation efforts.

Sept. 27, 2016: The US Space Subcommittee of the House Science, Space, and Technology Committee holds a hearing on “Are We Losing the Space Race to China.”

Sept. 29, 2016: Two US Navy ships, the *USS Bonhomme Richard* and the *USS Green Bay*, make a port call in Hong Kong, the first such visit since China rejected a visit by a US aircraft carrier five months ago.

Sept. 29, 2016: Defense Secretary Carter says the US will sharpen its military edge in the face of Chinese territorial expansionism, which would ensure the US “remains the region’s strongest military and security partner of choice.”

Oct. 12, 2016: Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel says that Washington reserves the right to punish Chinese companies that violate US sanctions on North Korea if Chinese authorities don’t take action.

Oct. 14, 2016: US Treasury issues its 16th currency report under the Obama administration, which keeps China on a watch list for currency manipulation based on its large goods trade surplus with the US, but says China's overall performance improved since April.

Oct. 19, 2016: China wins a WTO complaint against the US Commerce Department's methods of determining anti-dumping duties on Chinese products in a WTO dispute panel ruling.

Oct. 20, 2016: Representatives from US Department of State and China National Space Administration discuss civil space cooperation at second Civil Space Dialogue in Washington.

Oct. 21, 2016: *USS Decatur*, a US Navy destroyer, sails near Paracel Island land features occupied by China, and is warned by two Chinese ships to leave the waters. The Chinese Defense Ministry calls the move "illegal" and "provocative."

Oct. 21, 2016: In a letter to US Trade Representative Michael Froman, eight US senators ask the Obama administration to take action against China over unfair subsidies to the Chinese aluminum industry.

Oct. 23, 2016: Chinese Vice Premier Wang Yang exchanges views with US Treasury Secretary Jacob Lew via telephone on issues related to the two countries' economic relations.

Oct. 28, 2016: Admiral Sun Jianguo, deputy chief of Joint Staff Department of China's Central Military Commission, meets with US Principal Deputy Under Secretary of Defense for Policy David B. Shear, in Beijing on the margins of the interim Strategic Security Dialogue.

Oct. 29, 2016: An interim Strategic Security Dialogue is held in Beijing chaired by US Deputy Secretary of State Antony Blinken and China's Executive Vice Foreign Minister Zhang Yesui.

Oct. 30, 2016: Foreign Minister Wang Yi meets Deputy Secretary of State Antony Blinken in Beijing, and says the two countries should create positive momentum to bilateral ties, especially ahead of the US presidential election.

Oct. 31, 2016: Special Representative of the Chinese Government for Korean Peninsula Affairs Wu Dawei meets newly-appointed US Special Representative for North Korea Policy of the Department of State Joseph Yun in Beijing.

Nov. 1, 2016: Secretary of State John Kerry and National Security Adviser Susan Rice meet Chinese State Councilor Yang Jiechi in New York.

Nov. 2, 2016: In a letter to US Treasury Secretary Jack Lew, twelve US senators urge that a national security review panel reject Chinese aluminum giant Zhongwang International Group Ltd.'s proposed \$2.3 billion purchase of US aluminum products maker Alaris Corp.

Nov. 7, 2016: US Commerce Department launches two new investigations into whether Chinese steelmakers are shipping metal to the US via Vietnam to evade US import tariffs.

Nov. 9, 2016: President Xi Jinping sends a congratulatory message to Donald Trump on his election as president. Vice President Li Yuanchao sends a congratulatory message to Mike Pence on his election as vice president.

Nov. 13-18, 2016: US-China joint humanitarian aid and disaster relief drill is held at a military base in Kunming. More than 100 Chinese soldiers and 89 US soldiers join the drill.

Nov. 13, 2016: President Xi calls President-elect Trump and tells him that cooperation is the only choice for relations between the two countries.

Nov. 16, 2016: Ambassador of China Cui Tiankai says at a film screening in Washington DC that China and the US must avoid being overly suspicious of each other's strategic tensions.

Nov. 19, 2016: President Xi meets President Obama on the sidelines of the Asia-Pacific Economic Cooperation forum in Peru to discuss smooth transition of US leadership and implications for US-China relations.

Nov. 21, 2016: Vice Premier Wang Yang says at the closing ceremony of the US-China Tourism Year 2016 in Washington that the year-long series of cultural and people-to-people exchanges gave fresh impetus to bilateral relations.

Nov. 21-22, 2016: The 14th plenary session of the US-China Joint Liaison Group on Law Enforcement Cooperation (JLG) is held in Beijing.

Nov. 21-23, 2016: The 27th Session of the US-China Joint Commission on Commerce and Trade (JCCT) is held in Washington, co-chaired by Vice Premier Wang Yang, Secretary of Commerce Penny Pritzker and US Trade Representative Michael Froman, with Secretary of Agriculture Tom Vilsack also in attendance.

Nov. 23, 2016: Secretary of Commerce Pritzker says the US does not support granting China market economy status under World Trade Organization rules.

Nov. 31, 2016: Incoming Senate Minority Leader Chuck Schumer expresses concern to US Trade Representative Froman about takeovers of US companies by China's Dalian Wanda Group Co. and other Chinese companies.

Dec. 2, 2016: US House of Representatives passes National Defense Authorization Act for FY 2017, which for the first time includes non-binding language calling for senior military exchanges with Taiwan.

Dec. 2, 2016: Citing a national security risk, President Obama blocks a Chinese investor's proposed takeover of Aixtron SE, a German maker of semiconductor manufacturing equipment.

Dec. 2, 2016: President-elect Trump receives a phone call from Taiwan's President Tsai Ing-wen who called to congratulate him on his victory.

Dec. 3, 2016: China lodges "stern representations" with the US after Trump's phone call with Tsai Ing-wen, urging that the US carefully handle the Taiwan issue.

Dec. 6-9, 2016: Chinese fleet, composed of the guided-missile frigates *Yancheng* and *Daqing*, and the supply ship *Taihu*, make a port visit in San Diego.

Dec. 7, 2016: Senator Marco Rubio (R-FL) introduces a bill that would slap sanctions on China for its destabilizing actions in the East and South China Seas.

Dec. 7, 2016: Third US-China High-Level Joint Dialogue on Cybercrime and Related Issues, co-chaired by Chinese State Council Guo Shengkun, Attorney General Loretta Lynch, and Secretary of Homeland Security Jeh Johnson is held in Washington DC.

Dec. 8, 2016: China's flies an *H-6K* bomber and other aircraft along the nine-dash line in the South China Sea, passing over a number of disputed land features.

Dec. 8, 2016: National Security Advisor Susan Rice meets State Councilor Guo Shengkun.

Dec. 12, 2016: On *Fox News Sunday* President-elect Trump says the US does not necessarily have to maintain its long-standing position that Taiwan is part of "one China" unless Beijing is willing to make deals on trade.

Dec. 12, 2016: China files a complaint at the World Trade Organization against the US and Europe after they reject giving China market economy status.

Dec. 15, 2016: Obama administration files a WTO challenge to Chinese restriction on grain imports (corn, rice and wheat) in the form of tariff-rate quotas, which allegedly blocked \$3.5 billion in imports in 2015 alone. This is the 15th WTO action by the Obama administration against Beijing.

Dec. 15, 2016: China seizes an unmanned underwater vehicle (UUV) operated by the US oceanographic survey ship *USNS Bowditch* approximately 50 nm from Subic Bay, Philippines.

Dec. 16, 2016: Pentagon spokesman says through direct engagement with Chinese authorities, the two countries have secured an understanding that China will return the UUV to the US.

Dec. 20, 2016: China's PLA Navy vessel returns the seized UUV to the guided missile destroyer *USS Mustin*, in approximately the same location from where it was taken.

Dec. 20, 2016: Foreign Minister Wang Yi meets outgoing US Ambassador to China Max Baucus in Beijing, and states that while "there are certainly some contradictions between China and the US ... the common interests between both countries far outweigh the differences."

Dec. 22, 2016: Chinese Foreign Ministry spokesperson says THAAD "severely disrupts the regional strategic balance, damages strategic and security interests of countries in the region, including China, and thus runs counter to peace and stability of the Korean Peninsula." She further states China "will definitely take necessary measures to safeguard its security interests."

Dec. 23, 2016: President Obama signs into law the national Defense Authorization Act for Fiscal Year 2017, which calls for senior military exchanges between the US and Taiwan.

Dec. 24, 2016: China's first aircraft carrier *Liaoning* sets off for the Western Pacific for its first open-sea training exercise, according to the Chinese Defense Ministry.

Dec. 25, 2016: Foreign Ministry says China has expressed "stern representations" with the US after President Obama signed into law the national Defense Authorization Act for FY 2017.

Dec. 27, 2016: US charges three Chinese traders with hacking into the computer systems of prominent US law firms and stealing nonpublic information on mergers and acquisitions.

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US-KOREA RELATIONS

UNREST AND TESTS

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North Korea opened the final months of 2016 with a bang by conducting its fifth nuclear test on Sept. 9. It followed up with a series of rocket and missile tests, culminating the year with Kim Jong Un's claim of an imminent long-range ballistic missile capability. Yet, political transition in South Korea and the United States proved the hallmarks of late 2016, suggesting potential shifts in the approaches on the Peninsula, while underscoring the firm commitment of the US and ROK to their alliance. The Park-Choi scandal led to massive protests the final two months of the year and an impeachment vote on Dec. 9 by the National Assembly, confusing political observers about the implications for South Korean political stability. Donald Trump's surprise victory in the US raised questions among Koreans about US reliability as an alliance partner.

This article is extracted from [*Comparative Connections*](#): *A Triannual E-Journal on East Asia Bilateral Relations*, Vol. 18, No. 3, Jan. 2017. Preferred citation: Stephen Noerper, "US-Korea Relations: Unrest and Tests," *Comparative Connections*, Vol. 18, No. 3, pp. 27-32.

More DPRK tests and new claims

In early September, North Korea took several actions that increased tensions in the region. First, it launched three missiles into Japanese territorial waters on Sept. 5. (The DPRK previously launched ballistic missiles on April 15, April 23, April 27, April 28, May 31, June 21, July 9, July 18, August 2, and August 23.) The US “strongly” [condemned](#) the action, which the State Department spokesman characterized as “far too common in the past several months.” On Sept. 9, North Korea upped the ante and conducted its fifth nuclear test, defying UN Security Council Resolution (UNSCR) 2270. The resultant 5.3 magnitude tremor indicated a significant test – similar to or exceeding January’s fourth test, which had a 10 kiloton yield. Its first test a decade prior was of barely a single kiloton yield. South Korea described the Sept. 9 test as the “largest” to date; some US experts suggested the possibility of a 20-30 kiloton yield, far in excess of the 15 ton yield at Hiroshima.

The international community expressed outrage. ROK President Park Geun-hye condemned the act as “self-destruction” and “maniacal recklessness,” and the US warned of “serious consequences.” The US, South Korea, and Japan, which have enhanced their trilateral coordination markedly over the year in response to rapid DPRK nuclear and missile developments, called an emergency closed-door session of the UN Security Council, which strongly condemned the test and called for significant measures. China expressed “resolute opposition” to the DPRK test, but demurred on further action. After nearly two months of negotiation to achieve a new resolution, the UNSC adopted [Resolution 2321](#), which addressed illicit use of diplomatic pouch services by North Korean diplomats, illegal labor-related remittances, increased inspections of DPRK-flagged aircraft, and limitations on coal exports, among other measures. North Korea brushed aside the criticism and continued its intermediate-range missile tests. However, its attempted *Musudan* launches on Oct. 14 and Oct. 20 failed.

At yearend, Kim Jong Un reminded the world in his annual [New Year](#) speech that North Korea is serious about becoming a global nuclear threat by claiming an imminent long-range ballistic missile capability. While experts acknowledged North Korean progress on developing its missile technology, there was also skepticism about its imminence. President-elect Trump managed to overstate Kim’s claim by tweeting “North Korea just stated that it is in the final stages of

developing a nuclear weapon capable of reaching parts of the U.S. It won’t happen!”

In late 2016, US policy observers, scholars, and think tanks readied analyses on the DPRK challenge and suggested a range of responses with the new US administration in mind. Several analysts warned of a possible early nuclear or long-range missile test by North Korea to challenge the incoming US administration, while others cautioned (or hoped) that the DPRK might test dialogue before weapons and opt for a wait-and-see attitude.

Pondering political change

Anticipated changes in administrations in Washington and Seoul – both unexpected, but for different reasons – created concern in both capitals about the stability of the US-ROK relationship. In Washington, South Korean fears of Trump presidency became real on Nov. 8. In Seoul, the strength of the Park administration’s commitment to strengthening the alliance seemed less certain following the impeachment of Park on Dec. 9.

Throughout fall and early winter, ROK delegations – official and unofficial – visited the United States to ascertain the potential for US policy shifts toward the Peninsula in what most thought would be a new Clinton administration. A few high-level visits were postponed as attention shifted to Park’s predicament, but Korean policy makers and analysts continued to press their US counterparts on the implications of the Republican win in the November elections. Much of the concern was driven by Donald Trump’s comments during the presidential campaign challenging the value of the US alliances and demanding more compensation for stationing US military forces abroad – he even suggested that South Korea and Japan should develop their own nuclear weapons. Yet, after the election he moved quickly to mute concern over those comments and suggested a potential meeting with North Korea’s leader. In one of his first calls as president-elect, Trump assured President Park of the solidity of the US commitment to the alliance and shared concern over North Korea.

Americans in turn pondered events in Seoul – in the end largely viewing the [massive protests](#) as a sign of democratic resilience and the strength of civil society. Nevertheless, US observers wondered about the impact of the Dec. 9 impeachment vote by the National Assembly, and, if upheld by Korea’s Constitutional Court, who might emerge as president and what might be new policy directions. Wrapped up in the protests

against Park was the issue of the Terminal High Altitude Area Defense (THAAD) anti-missile system deployment to South Korea. It appears uncertain whether the US system will be in place prior to the next presidency or factor in as an issue in campaign debates.

Path to impeachment

Accusations against President Park Geun-hye and her intimate friend Choi Soon-sil of influence peddling – with almost \$70 million raised among Korea's top conglomerates, or *chaebol*, for two foundations being the centerpiece – and Choi's access to classified information led South Korea's National Assembly to its Dec. 9 impeachment vote. Public protests grew over the final two months of the year, with several Saturday night gatherings topping 2 million people. The Seoul protests drew US media interest with some observers suggesting the outcry matched or exceeded the size of the protests that followed Park Chung-hee's coup in 1961 and the Kwangju massacre in 1980, and were as significant as those of the 1987 democratic movement.

Concern over access to President Park's speeches and decisions by Choi, a friend and spiritual advisor befriended after the assassination of Park's mother in 1974, led to accusations of undue influence and strong-arm tactics designed to enrich Choi and possibly Park herself. Though ostensibly for sport and culture, the foundations that benefited were possible slush funds for Choi and, some suggested, for Park for life after her presidential tenure. Meetings between the president and 17 – and then seven – of the largest *chaebol* leaders to solicit pledges raised eyebrows, as did a litany of subsequent accounts of business support for Choi's daughter's equestrian training, Choi's business interests in Germany, a male host's dispute with Choi, a video of presidential clothing purchased at significant discount, and a Blue House stash of Viagra, ostensibly to negate altitude sickness for a presidential delegation visiting Africa, but never used.

Questions were also raised over the timeline of President Park's activities during the tragic sinking of the *Sewol*, the 2014 ferry disaster that claimed some 300 lives, mostly school children. Beyond conjecture and public dismay, Park faced rapidly diminishing public approval ratings, which at year's end were less than 5 percent among the general population, 1 percent for Koreans under age 40, and 0 percent for Koreans under age 30, according to Gallup. The fate of Park's impeachment now lays with the ROK's Constitutional Court, which has 180 days in which to act. Some analysts predicted a decision by early/mid-March. If

upheld, a presidential election must be held within 60 days.

A THAAD negative

The impact of the impeachment debacle for the US lies with the dwindling prospects for a president who had been seen as a strong supporter of the United States, and most importantly for the prospects of the THAAD deployment. By autumn of 2016, many opposition lawmakers had grudgingly accepted THAAD, especially after Chinese heavy handedness earlier in the year led Koreans to view the issue as one of national defense. Sovereignty and security concerns led several progressive National Assembly members who had originally opposed THAAD to agree with the deployment, unless China was willing to trade its support of North Korea as a security guarantee in return. On Nov. 5, US Forces Korea Commander Gen. Vincent Brooks [stated](#) that the THAAD system would be deployed to Korea within 8-10 months.

The buildup in public protests over THAAD in November and December, however, led to conjecture that Choi may have influenced President Park on the THAAD decision and opposition lawmakers suggested that the deployment could be a significant issue in a presidential campaign. This makes timing of the presidential election critically important. A delayed decision by the Constitutional Court or a decision rejecting impeachment, leaving Park in office, would mean a greater likelihood of deployment. A presidential campaign that led to a victory by former UN Secretary General Ban Ki-moon, a centrist and US supporter, would also likely ensure THAAD deployment. Leading opposition candidate Moon Jae-in, former head of the opposition Minjoo party, suggested in mid-December that "it is inappropriate for the THAAD deployment process to go on under the current political circumstances," although he [suggested](#) a renegotiation that would not damage relations with the United States. Nevertheless, an opposition victory in the next election might not prove a death knell for THAAD given the scramble for solutions to North Korea's rapidly evolving capabilities and in keeping with Korean history on such issues – President Roh Moo-hyun reversed his 2002 campaign pledges deemed anti-American once in office and became a strong supporter of the alliance.

Alliance management

The most significant meeting between South Korean and US officials in the closing months of 2016 took place on Oct. 19 in Washington when Secretary of State John

Kerry and Defense Secretary Ash Carter met ROK Foreign Minister Yun Byung-se and Defense Minister Han Min-koo for a 2+2 meeting, marking the fourth such meeting since 2010. The defense chiefs met separately at the Pentagon the following day as well. Underscoring shared values of freedom, democracy, human rights, and the rule of law, the 2+2 [joint statement](#) described the alliance as a “linchpin” of peace and security for the Peninsula and region. Kerry and Carter spoke of the “ironclad and unwavering US commitment to draw on the full range of its military capabilities, including the US nuclear umbrella, conventional strike, and missile defense capabilities, to provide extended deterrence for the ROK.” A new development in that direction was establishment of a senior-level Extended Deterrence Strategy and Consultation Group (EDSCG) comprised of relevant foreign and defense officials. The secretaries and ministers expressed support for a conditions-based operational control transition plan (COT-P) and the THAAD deployment, which they underscored as being aimed solely at the DPRK missile threat and not impacting the “strategic deterrent of other nations in the region,” read China.

The EDSCG met on Dec. 20 in Washington as a follow-on to the October meeting and in support of extended deterrence, noting 2016 efforts such as the *B-52* strategic bomber flights, ROK observation of a *Minuteman III* launch, and a Nov. 1 visit by ROK officials aboard a nuclear-powered ballistic missile submarine (SSBN) during its port visit to Guam. The [joint statement](#) issued at the close of the meeting stated that the EDSCG aims to increase alliance discussions on how to “best tailor our response to the evolving threat” from the DPRK.

The 2+2 meeting in October also underscored cooperation on cyber issues, space, and health, the so-called “new frontier” issues. It offered positive support for a first meeting next summer by the Defense Technology Strategy and Cooperation Group (DTSCG) and economic and trade cooperation through the KORUS FTA at a time when both US presidential campaigns were calling into question the efficacy of trade pacts. At the center of discussions, however, was the unprecedented level of missile and nuclear tests by North Korea in recent months and a desire to together take “concrete measures” to counter those threats.

In its [Oct. 20 report](#) on US-South Korea Relations, the Congressional Research Service noted that “North Korea’s nuclear weapons tests and missile launches in 2016 ... appear to have eased differences between

Seoul’s and Washington’s approaches to North Korea and many of their differences on China.” The CRS report and other analyses, one most notably by the Council on Foreign Relations’ Scott Snyder and Pacific Forum’s Brad Glosserman, on “[a return to normal](#)” between US allies Korea and Japan, underscored the improvement in trilateral relations since 2015. The growing threat posed by DPRK nuclear and missile tests has served the purpose of mitigating or erasing disputes or ruptures. In effect, the DPRK tests unite the United States, Korea, and Japan – and to some degree through two UNSC resolutions, bring even China and Russia to the table to oppose such development.

CHRONOLOGY OF US-KOREA RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 5, 2016: DPRK launches three ballistic missiles into Japanese territorial waters.

Sept. 6, 2016: UNSC condemns DPRK missile launches.

Sept. 9, 2016: DPRK conducts its fifth nuclear test.

Sept. 13, 2016: US House Speaker Paul Ryan [tells](#) visiting ROK National Assembly members that “strong US-Korea economic and defense ties are critical to the safety and prosperity of both nations.”

Sept. 14, 2016: US Secretary of State John Kerry extends *Chuseok* (Thanksgiving) greetings to South Korea, noting the strength of the alliance and shared common vision between the peoples of the US and Korea.

Sept. 18, 2016: US Secretary of State John Kerry, Japanese Foreign Minister Kishida Fumio, and South Korean Foreign Minister Yun Byung-se meet in New York to discuss responses to North Korea’s latest nuclear test.

Sept. 19, 2016: Vice President Joseph Biden convenes a trilateral meeting of US, ROK, and Japan health experts to discuss trilateral collaboration on the Cancer Moonshot Initiative, aimed at enhancing research and data sharing on finding a cure for cancer.

Sept. 26, 2016: US and South Korean navies conducted a joint exercise near the North Korean maritime border. The exercise marks the first time joint forces conducted naval training in an area closest to North Korea’s maritime border in the East Sea or Sea of Japan.

Oct. 6-11, 2016: US Ambassador to the UN Samantha Power travels to Japan and South Korea to discuss DPRK nuclear and missile programs and meet North Korean defectors on DPRK to discuss human rights abuses.

Oct. 10-15, 2016: US and ROK conduct [Invincible Spirit](#) naval exercises to “strengthen maritime interoperability and tactics, techniques and procedures,” in South Korean waters.

Oct. 11, 2016: President Park Geun-hye tells ROK government to prepare for large-scale defections from DPRK, days after a direct appeal to its citizens to flee their country.

Oct. 14, 2016: DPRK conducts a failed intermediate-range missile test.

Oct. 17, 2016: UN press statement condemns DPRK failed missile test.

Oct. 18, 2016: US State Department releases *US Relations with North Korea* [Fact Sheet](#).

Oct. 19, 2016: South Korean Foreign Minister Yun Byung-se and Defense Minister Han visit Washington and meet Secretary of State John Kerry and Secretary of Defense Ashton Carter for the fourth US-ROK 2+2 meeting. They agree to establish an “Extended Deterrence Strategy and Consultation Group,” which is described as a US commitment “to defend South Korea through a robust combined defense posture and through extended deterrence, including the US nuclear umbrella, conventional strike and missile defense capabilities.”

Oct. 20, 2016: North Korea fails again to launch an intermediate range *Musudan* missile.

Oct. 21, 2016: DPRK sends a letter to UN Secretary General Ban Ki-moon condemning the “forced adoption of anti-DPRK” sanctions.

Oct. 26-27, 2016: US Deputy Secretary of State Antony Blinken visits Japan for fifth round of deputy-level US-Japan-South Korea trilateral consultations.

Oct. 28-29, 2016: Deputy Secretary Blinken visits South Korea to discuss strategies to deal with North Korea.

Nov. 5, 2016: United Nations Command/Combined Forces Command/US Forces Korea Commander Gen. Vincent Brooks announces THAAD deployment within 8-10 months.

Nov. 30, 2016: UN Security Council Resolution 2321 is adopted. It aims at tougher sanctions to punish North Korea for its September nuclear test.

Dec. 1, 2016: North Korea “categorically rejects” heightened sanctions and the latest UNSC resolution.

Dec. 9, 2016: UN Security Council holds a session on DPRK human rights abuses, which is dismissed by China as not a “forum for discussing human rights issues, still less for the politicization of such issues.”

Dec. 9, 2016: South Korea’s National Assembly votes to impeach President Park Geun-hye.

Dec. 19, 2016: US hosts US-ROK-Japan Experts meeting on Cybersecurity of Critical Infrastructure addressing malicious cyber activity and coordinated responses.

Dec. 20, 2016: US-ROK Extended Deterrence Strategy and Consultation Group meets, underscoring America’s “ironclad an unwavering commitment” to ROK defense.

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US-SOUTHEAST ASIA RELATIONS

PHILIPPINE FOLLIES

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The rather bizarre behavior of Philippine President Rodrigo Duterte dominated the news in late 2016. The former Davao mayor displayed his well-known anti-US feelings while aggressively pursuing his allegedly extrajudicial campaign against Philippine drug trafficking. Duterte's invective ran the gamut from accusations that the US still treated the Philippines as a colony to a vulgar epithet directed at President Obama. There were also threats to end all bilateral military exercises and to terminate bilateral defense agreements. Philippine officials tried to soften Duterte's remarks and US officials offered reassurances that the US would remain a reliable defense partner and planned to continue providing military assistance. Elsewhere, the US continued to focus attention on maritime security while avoiding direct involvement in the emerging controversy over treatment of the Muslim population in Rakine State, Myanmar.

This article is extracted from [*Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations*](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Sheldon Simon and Carl Baker, "US-Southeast Asia Relations: Philippine Follies," *Comparative Connections*, Vol. 18, No. 3, pp. 33-41.

A new sheriff in Manila

Unlike previous Philippine presidents, Rodrigo Duterte is neither a member of the landed gentry nor a former military officer. He hails from Mindanao, the country's poorest region, where he was mayor of Davao and gained a reputation for his brutal enforcement of discipline and earned the title as the "enforcer" or "death squad mayor." A self-avowed leftist, Duterte studied political science with Jose Maria Sison, the long-exiled founder of the Philippine Communist Party, in the 1960s. His current notoriety rests with his nationwide campaign to eradicate drug trafficking, which an *Al Jazeera* investigative [report](#) claimed has resulted in a death toll of nearly 6,000 by mid-December. When the United States and the European Union raised concerns about extrajudicial killings and human rights violations, the Philippine president struck back calling them hypocrites whose "ancestors killed thousands of Arabs and other peoples," punctuating his remarks with an expletive and the display of his middle finger.

Frustrated that the Philippine government has not been able to eradicate its pervasive problem with organized crime and drug trafficking, President Duterte essentially authorized vigilante justice as a response, which led President Obama to caution that "the issues of how we approach fighting crime and drug trafficking is a serious one for all of us, and we've got to do it the right way." Duterte responded with a vulgar epithet. The eventual outcome was a canceled meeting between Obama and Duterte on the sidelines of the ASEAN Summit in Laos. On Oct. 25, when US Assistant Secretary of State for Asian and Pacific Affairs Daniel Russel asked him to tone down his fiery rhetoric, Duterte replied that the US had started the contretemps by threatening to cut off aid to the Philippines. In his typical colorful language, Duterte stated: "[Y]ou sons of bitches, don't treat me like a dog. Don't put us on a leash then throw us scraps we can't reach. Every time they threaten us ... you'd think they're brighter than we are. Then, they tell me, 'Be careful, we will put you in prison.' Son of a bitch, you try it!"

Meanwhile, President Duterte has also indicated the Philippines would shift its security efforts away from external threats, making it less dependent on the US for security assistance. In mid-September, Duterte stated that his administration would be less concerned with projecting a naval presence in the Philippine exclusive economic zone (EEZ) and focus on domestic drug traffickers and insurgencies: "We don't need *F-16* jets, that is of no use to us.... We don't intend to fight any

country. Let's content ourselves even with propeller-driven planes that we could use extensively in anti-insurgency." In early October, following up on President Duterte's statement, Defense Secretary Delfin Lorenzana said that "we can live without" military aid. In fact, the US provided \$441 million in security funding to the Philippines between 2002 and 2013. In late December, the US Embassy in Manila [reported](#) that the US provided the Philippines with \$127 million in security assistance in the 12 months ending in September, a 154 percent increase in military assistance from the 2014-2015 period and the largest annual sum since US forces returned to the Philippines in 2002.

Populist bluster has fueled Duterte's political success for three decades, and the fierce nationalism he has shown since taking office has strengthened his popularity with the Philippine electorate. Former US Ambassador to the Asia Development Bank Robert Orr has said over 90 percent of Filipinos "support this guy." According to a December [poll](#) taken by the Manila-based Social Weather Station, Duterte's net popularity was at 72 percent, a slight decline from the October poll that showed his net popularity at 76 percent.

Nevertheless, the US also remains very popular in the Philippines. A 2015 [Pew survey](#) found that 92 percent of those polled have a positive view of the United States. An October 2016 Social Weather Station [survey](#) shows the US with the highest net trust rating among countries with 66 percent, compared with a 34 percent rating for Japan and a negative 33 percent for China. The huge Philippine-American community in the US is the largest source of financial remittances and 4 million Filipinos and Filipino-Americans live in the US.

Duterte swings back and forth

Since his election to the presidency last summer, Rodrigo Duterte has condemned the US as a colonial and imperial power, insisted that joint military exercises have only benefited Washington, that the United States was providing the Philippine armed forces with inferior weapons, that modern American equipment was not compatible with Philippine equipment, and that the Mutual Defense Treaty did not guarantee US support in a crisis. In October, Duterte pledged to expel US troops from his country and chart a new, independent foreign policy because "America has failed us." Going beyond the rhetoric, sympathetic Philippine analysts have interpreted President Duterte's remarks to mean that despite a 65-year old mutual

defense treaty, the US would not be willing to defend the Philippines over South China Sea features claimed by Manila in the same way that it has declared an obligation to defend the Senkaku Islands for Japan in the East China Sea.

Later, Duterte threatened to cancel Philippine-US joint exercises, claiming, “The US will not fight to die for us.” He told Defense Secretary Delfin Lorenzana, “Do not make preparations for next year.” It was also announced that the joint Philippine-US naval patrols in the South China Sea would be suspended. None of these verbal lashes elicited US criticisms in kind. Rather, on Oct. 4, a US embassy spokesperson stated: “We will continue to honor our alliance commitments, and we expect the Philippines to do the same.”

In fact, despite President Duterte’s shrill anti-US complaints, the net impact so far appears to be minimal. He told his hosts in Beijing: “We will maintain our military alliances because I said we need it for our defense.” Nor has Duterte scrapped the 2014 Enhanced Defense Cooperation Agreement (EDCA) under which US forces have access to five military bases, two of which face the South China Sea. As for business ties, presidential spokesman Ernesto Abella emphasized on Oct. 24 that, “There are no ties that are being broken, so there’s no need to be pulling out businesses.” Indeed, in late November, Duterte appointed Donald Trump’s business representative in the Philippines, Jose Antonio, as the Philippine government representative for business relations to the US.

Despite Duterte’s bluster, Defense Secretary Lorenzana reassured Washington in early November that all US-Philippine security commitments would continue with the exceptions of the *Cooperation Afloat Readiness and Training (CARAT)* exercise, which focuses on naval force interoperability and the *Philippine Amphibious Landing Exercise (PHIBLEX)*, which is marine training designed to defeat an invasion of the Philippines. The largest Philippine-US exercise, *Balikatan*, will continue but will deemphasize combat missions and concentrate on humanitarian, engineering, and civic action activities. This understanding was formalized in early December at a meeting of the Mutual Defense Board and Security Engagement Board co-chaired by Philippine Armed Force Chief of Staff Ricardo Visaya and US Pacific Command Commander Adm. Harry Harris. Following the meeting, Visaya told reporters that US officials “respected the Philippines’ proposal” to reduce the number of bilateral drills to 258, five less than in 2016, and confirmed that the exercises will focus on

humanitarian assistance, disaster relief, and counterterrorism.

Along comes Trump and another bump

A brief seven-minute chat in early December between President-elect Donald Trump and President Duterte suggested signs of a budding bromance between two characters that have been categorized by some analysts as having similar inclinations. The call was described as “very engaging, animated, and encouraging.” Duterte said that “he felt a rapport between them” and that Trump was “sensitive” and assured him that he was conducting his drug campaign “as a sovereign nation, the right way. And he wishes us well. And I said that, well, we assured him of our ties with America.”

But in mid-December a new bump appeared when the US announced that the Millennium Challenge Corporation (MCC) had deferred a vote on the reselection of the Philippines for development assistance, pending further review of concerns about rule of law and civil liberties. President Duterte responded with a new tirade saying “bye-bye America” and that the US should “prepare to leave the Philippines, prepare for the eventual repeal or the abrogation of the Visiting Forces Agreement.” After receiving clarification that the decision on the assistance had been delayed and not officially canceled, Duterte seemed to retract a bit saying that “I will let Obama fade away and if he disappears, then I will begin to reassess.” And so the saga continues.

The US side of the story

With President Duterte demonstrating a degree of unpredictability, excoriating US foreign policy toward his country and sending olive branches to China, Washington has tried to be a calm center, reminding Manila of US dependability as a security partner and the significant aid it has provided in recent decades. While visiting Manila on Oct. 24, Assistant Secretary of State Russel assured his audience of US reliability while emphasizing concern about the rule of law: “The US respects the Philippines sovereignty and independence. In fact, US training, capacity building, equipment, these are all crucial to protecting the economy and promoting the self-reliance of the Republic of the Philippines.... And, as I candidly shared with the Foreign Secretary, your friends are concerned about the high loss of life in connection with the counter-narcotics campaign.”

As indicated earlier, the Obama administration has sent the Philippines hundreds of millions of dollars in foreign and military aid in recent years, making it the third largest recipient of US military aid after Afghanistan and Pakistan and by far the largest in Southeast Asia. This record has led to increased support for US military presence both within the Philippine armed forces and the general population. Moreover, the EDCA provides for significant upgrades to Philippine military facilities, puts US air and naval assets within striking distance of the disputed Spratly Islands, and provides for the prepositioning of US supplies. The question is does that increased capability matter more to the US than to the Philippines.

As ISIS loses territory in Iraq and Syria, the radical Islamist organization has sent many of its foreign adherents back to their home countries, including Malaysia, Indonesia, and the southern Philippines, where a small number of US Special Operations Forces – currently a little over 100 – have been advising Philippine troops for 14 years. The mission is regarded by many Filipinos as a success with Abu Sayyaf – the local radical affiliate of both Al Qaeda and ISIS – severely weakened over the decade-plus engagement. US commandos track the militants using drones and other surveillance aircraft, reporting Abu Sayyaf locations and dispositions to Philippine forces. However, President Duterte has said that the US support mission in Mindanao will soon be terminated and that Philippine forces will be on their own. Given the emerging potential for radicalization, termination of the mission is seen as an unfortunate development by the US.

Emerging partnership with Vietnam

US relations with Vietnam began a new era in 2013 when the two countries entered into a comprehensive partnership. When Communist Party General Secretary Nguyen Phu Trong visited Washington in July, he became the first Vietnam communist party leader to set foot on US soil. In a follow-up visit in late October, Dinh The Huynh, executive secretary of the Vietnam Communist Party, went to Washington to meet Secretary of State John Kerry. Following the meeting, Kerry stated that, “The US values its relationship with the Communist Party of Vietnam and considers this an increasingly important channel to enhance relations with Vietnam.” Bilateral defense ties have also been upgraded with Washington lifting its longstanding arms embargo on Vietnam earlier this year.

Hanoi has also demonstrated support for US freedom of navigation (FON) patrols in the South China Sea as an expression “of their rights ... in accordance with [the Law of the Sea] convention’s regulations....” Thus, Vietnam approved the Oct. 21 FON operation of the *USS Decatur* near the Paracel Islands. According to Vice Defense Minister Senior Lt. Gen. Nguyen Chi Vinh, “Vietnam will support the US and other partners to intervene in the region as long as it brings peace, stability, and prosperity. Emphasizing this welcoming attitude, the *USS Frank Cable* and the *USS John McCain* became the first US warships to visit Cam Ranh Bay since the Vietnam War in October.

Trouble in Myanmar?

The Obama administration has been shepherding Myanmar’s (Burma) democratization for several years, gradually lifting sanctions along the way. A major step in this process was made in September when Aung San Suu Kyi, chief counselor and foreign minister of Myanmar, visited the US. President Obama used the event to announce the lifting of all remaining economic sanctions on the Nay Pyi Taw government in recognition of its progress in democratization. In a letter to US House and Senate leaders, Obama stated that “I have determined that the situation that gave rise to the national emergency ... has been significantly altered by Burma’s [Myanmar’s] substantial advances to promote democracy, including historic elections in November 2015.” The letter continued that, “While Burma faces significant challenges, including the consolidation of its democracy, the United States can, and intends to, use other means to support the government and people of Burma in their efforts to address these challenges.”

The lifting of sanctions did not apply to military assistance and military leaders from Myanmar continue to be barred from receiving visas to the US. Nevertheless, limited military-to-military cooperation and development aid are on the agenda. Myanmar needs transportation projects, an expansion of its electrical grid, and agricultural assistance, particularly in rice production. However, leaders of some human rights groups do not agree with a total removal of sanctions. The deputy Washington director of Human Rights Watch in mid-September claimed that the lifting of remaining sanctions sacrificed US leverage for better behavior by the Burmese military.

Meanwhile, renewed military violence against Muslims in Rakhine State along the border with Bangladesh following an attack on a police post has led to new

allegations of genocide, ethnic cleansing, and human rights abuses. These accusations have been countered by Myanmar government claims that the region has been infiltrated by international terrorists. US and other Western diplomats in mid-November asked Aung San Suu Kyi, who now leads the Myanmar government, to conduct an independent investigation. So far, she has declined, insisting that the Rakhine State Advisory Commission can investigate. Former UN chief Kofi Annan, who is the chairman of the Commission, said that the accusation of genocide is a charge that requires “legal review and judicial determination” and should not be “thrown around loosely” at a Dec. 6 news conference in Yangon after he and his eight-member commission wrapped up their week-long visit to Rakhine. The commission, which is made up of six Myanmar nationals and three foreigners, was appointed in August to make recommendations on how to promote reconciliation and resolve conflicts between Rakhine Buddhists and Rohingya Muslims. Thus far, the US has been remarkably silent on the subject.

Malaysia on the edge

Although protective of its nonaligned posture, Malaysia maintains close security ties with Western states, including the US. Lengthy membership in the Five Power Defense Arrangement places Malaysian armed forces alongside those of the UK, Australia, New Zealand, and Singapore in annual air and naval exercises. Regular training with US forces includes *CARAT* between navies and *SEACAT* with an anti-terrorist objective, involving land, sea, and air forces. The US Navy also operates *P-8A* surveillance aircraft over the South China Sea from Malaysian bases in Borneo. There is no indication that these security activities are in jeopardy.

However, Kuala Lumpur’s relations with Washington are increasingly strained as result of a US Department of Justice investigation of the Malaysia 1MDB, a state investment fund from which Prime Minister Najib Razak is accused of pilfering nearly \$1 billion – a charge he denies and insists that he is fully cooperating with Malaysian authorities in their examination of the fund.

Southeast Asia’s security profile

The Obama administration’s rebalance strategy toward Southeast Asia has been characterized as a three-legged stool. The first leg is military repositioning toward Asia from Europe and the Middle East, represented by the fact that by 2020, 60 percent of US air and maritime

forces are scheduled to be deployed in the Asia-Pacific. The second leg is diplomatic relations, based on Washington’s commitment to supporting ASEAN with its various offshoots (ARF, EAS, and ADMM) and APEC. The third leg is (or perhaps was) economic as embodied in the Trans-Pacific Partnership (TPP) described by Washington as the “gold standard” of economic agreements, covering trade, investment, labor and environmental issues. Unfortunately, the TPP now appears moot with the election of Donald Trump as the new US president.

Among the broad goals of the rebalance was to foster greater security collaboration among Southeast Asian states as well as between ASEAN member states and the United States. However, several states have been focused increasingly on internal matters. Thailand is faced with a royal transition with King Bhumibol’s passing and a ruling military junta concentrating on its own future. Malaysia faces a political crisis over the 1MDB investment fund. Indonesia, too, is more concerned with domestic issues than external cooperation. Where the Philippines is headed under President Duterte is becoming a conundrum. Singapore continues to be a bright spot, but it is a city-state. Myanmar remains focused on unifying its ethnic groups. Laos and Cambodia are too small to be ASEAN’s strategic engine. Finally, Vietnam, though certainly willing to work more closely with Washington on security matters, is uninterested in becoming a full-bore US ally. All desire the US to continue the rebalance, but with the pending transition in the US to the Trump administration, there are more questions than answers. Will he continue the rebalance? Will he rebrand it as his own? Will he disavow it? Will he replace the economic leg with bilateral trade agreements?

The strongest case for US engagement continues to center on military cooperation. At an early October joint exercise between the US Navy and the navies of several ASEAN states off the Hawaiian coast, Secretary of Defense Ash Carter reassured the ASEAN military leaders: “The US will continue to sharpen our military edge so we remain the most powerful military in the region and the security partner of choice.” Carter also outlined plans to make US attack submarines more lethal and to build underwater drones for the protection of shallower coastal waters. Meetings with ASEAN defense ministers are scheduled to continue next year in Florida for talks on surveillance.

Indicative of the augmentation of US Navy deployments to East Asia was the mid-October participation of the San Diego-based *USS Decatur* in an FON patrol near the

Paracel Islands occupied by Beijing. This deployment to East Asia was the first by a ship from the Third Fleet since World War II and demonstrates that the US Navy can conduct simultaneous operations in both Northeast and Southeast Asia with the Third and Seventh Fleet in partnership. The Seventh Fleet, with headquarters in Yokosuka Japan, possesses 80 ships, including the only forward deployed US aircraft carrier, the *USS Ronald Reagan*. The Third Fleet consists of more than 100 vessels, including four aircraft carriers.

In the late-September ASEAN-US defense ministers meeting in Hawaii, participants agreed to enhance maritime security cooperation for keeping the SLOCs open and to work together to counter terrorism as more ISIS personnel return to the region from the Middle East and South Asia. A new agreement was announced at that gathering by Indonesian Fisheries Minister Susi Pudjiastuti that US and Indonesian ships would carry out joint patrols around Indonesia's outer maritime boundaries in an effort to combat illegal fishing and human trafficking.

Looking ahead: whither the new US administration?

Over the eight years of President Obama's presidency, Southeast Asia was the centerpiece of his Asia policy. The administration saw ASEAN as the focal point for Asian regionalism. Thus, Obama visited ASEAN countries seven times and met the organizations' leaders 11 times. The United States has endorsed ASEAN's majority position on territorial disputes in the South China Sea as enunciated in the Association's Declaration of Conduct.

While President Obama has demonstrated through US Navy and Air Force deployments in Southeast Asia that freedom of navigation and overflight is a core US interest, he has been unwilling to extend to the Philippines and Scarborough Shoal the same security guarantee he has pledged to Japan with respect to the Senkaku Islands. In Tokyo, Obama pledged that Article Five of the US-Japan Security Alliance applies to the Senkakus. No such pledge has been made to the Philippines in application of the 1951 Mutual Defense Treaty to Scarborough. It is unlikely that President Trump would alter that position given his insistence as a candidate that the United States should not be involved in conflicts that do not affect US vital interests.

President Obama's Southeast Asia policy focused on institutionalizing US relationships in the region bilaterally with comprehensive and strategic

partnerships and multilaterally through the appointment of a US ambassador to ASEAN and a new Office of Multilateral Affairs in the State Department's Bureau of East Asian and Pacific Affairs. The Obama administration believed that institutionalization is important because it helps ease regional concerns about the sustainability of the US presence. The recent US-led Southeast Asian Maritime Security Initiative is a first step toward a long-term goal of developing a common operating picture in the region. It would ultimately create a set of procedures for using allied and partner capabilities – including coast guard assets.

Whether the Trump administration will follow up on these initiatives is an open question. As a prominent businessman and property developer, Trump speaks of his ability to make deals. This suggests that his approach to international politics will be transactional rather than values-based. The primary concern becomes how the US can benefit from its relations with any given country, particularly economically, but also politically. He is less interested in broad principles: promoting democracy, human rights, and a stable international order than in specific deals. If the United States provides military assistance and a security guarantee, what does a partner country offer in return? If this *modus operandi* is accurate, the world will experience a very different US profile in Southeast Asia than the one that prevailed over the past eight years.

CHRONOLOGY OF US-SOUTHEAST ASIA RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 5, 2016: President Barack Obama cancels a planned meeting with Philippine President Rodrigo Duterte after Duterte makes a vulgar reference to him on learning Obama would raise the issue of extrajudicial killings in the Philippines at the meeting.

Sept. 6-8, 2016: President Obama becomes the first sitting US president to visit Laos in conjunction with his participation at the East Asia Summit and other ASEAN-related meetings. He pledges several million dollars to help clear unexploded ordnance in Laos and announces the upgrade of relations to a comprehensive partnership.

Sept. 12, 2016: President Duterte states US Special Forces in Mindanao must leave the country.

Sept. 13, 2016: President Duterte states the Philippines will no longer conduct joint patrols with the US Navy in the South China Sea. Philippine forces will only deploy within their own territorial waters because Duterte says the country should not “be involved in a hostile act.”

Sept. 13-15, 2016: Aung San Suu Kyi, chief counselor and foreign minister of Myanmar (Burma), visits the US. President Obama announces the lifting of all remaining economic sanctions on the Nay Pyi Taw government in recognition of its progress in democratization.

Sept. 15, 2016: Philippine Foreign Secretary Perfecto Yasay speaks at CSIS in Washington, reassuring his listeners that the Philippines remains committed to its alliance with the US.

Sept. 16, 2016: Japanese Defense Minister Inada Tomomi in Washington states that Japan will join the US in South China Sea training exercises.

Sept. 29, 2016: In a commentary on US relations with ASEAN states, the rightwing Thai newspaper *Naeo No Online* criticizes the US for “imperialism” by interfering on human rights issues in the Philippines and Cambodia. The commentary also notes that Washington seems to be accepting the Thai government's electoral referendum.

Sept. 30-Oct. 1, 2016: Meeting in Hawaii, US-ASEAN defense ministers emphasize maritime security and counterterrorism, including intelligence sharing for both.

Oct. 2, 2016: *USS Frank Cable* and the *USS John McCain* become the first US warships to visit Cam Ranh Bay since the Vietnam War.

Oct. 3, 2016: President Duterte calls for a review of the Enhanced Defense Cooperation Agreement (EDCA) with the United States.

Oct. 4-11, 2016: US and Philippine forces engage in the annual *Philippine Bilateral Landing Exercise (PHIBLEX)*. President Duterte states that joint exercises could be terminated.

Oct. 6, 2016: Indonesian military chief Gatot Nurmontyo announces his country will not carry out any joint exercises in the South China Sea with another country [read: the United States].

Oct. 7, 2016: Philippine Defense Secretary Delfin Lorenzana states “we can live without” US assistance.

Oct. 7, 2016: President Obama formally announces the lifting of US sanctions on Myanmar by terminating an emergency order that deemed the policies of the former military government a threat to US national security.

Oct. 7, 2016: Philippines suspends its South China Sea exclusive economic zone (EEZ) patrols.

Oct. 10, 2016: US provides a fifth *C-130* military cargo aircraft to the Philippines.

Oct. 11, 2016: Philippine Foreign Secretary Yasay says his country needs to chart a new, independent foreign policy because “America has failed us.”

Oct. 12, 2016: President Duterte, speaking at an anniversary of the Philippine Coast Guard states there will be no more exercises with US forces in 2017 and that the Philippines will chart a new “independent foreign policy.”

Oct. 13, 2016: US State Department sends a condolence message to Thailand on the death of the world's longest serving monarch, King Bhumibol Adulyadij. The message notes that the Thai king is the only monarch in history to be born in the US.

Oct. 21, 2016: *USS Decatur* conducts a freedom of navigation patrol near the Paracel Islands.

Oct. 20, 2016: White House says it is “troubled” by President Duterte’s statement made while visiting China that the Philippines will effect a “separation” from the US.

Oct. 24, 2016: US Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel in Manila states that the US stands by its commitments to the Philippines and respects the country’s autonomy and sovereignty while expressing concern about human rights in Manila’s counter-narcotics campaign.

Oct. 24-30, 2016: Dinh The Huynh, executive secretary of the Vietnam Communist Party, visits the US and meets Secretary of State John Kerry in Washington. Discussions focus on the rule of law in the South China Sea and counterterrorism.

Oct. 26, 2016: Adm. Harry Harris, commander of the US Pacific Command, visits Hanoi.

Nov. 2-11, 2016: US and Indonesia conduct *Cope West* military exercises off Sulawesi, the first joint exercise in 19 years.

Nov. 13, 2016: Writing in *The National Interest*, US National Security Advisor Susan Rice urges the next administration to maintain the Obama administration’s rebalance to Asia because of the region’s economic importance.

Nov. 14-18, 2016: US and Brunei conduct the 22nd iteration of *Cooperation Afloat Readiness and Training (CARAT)* naval exercises involving shore-based and at-sea training events.

Nov. 15, 2016: Philippine Army announces that despite President Duterte’s statement that joint Philippine-US military activities will be discontinued, *Balance Piston 16-4*, involving 16 US soldiers and 56 Philippine counterparts.

Nov. 19-20, 2016: The Asia-Pacific Economic Cooperation (APEC) holds its annual summit in Peru with President Obama in attendance along with a number of Southeast Asian leaders.

Nov. 21, 2016: US-Philippines Mutual Defense Board and Security Engagement Board (MDB-SEB) is held in Manila. A [joint statement](#) says that “We look forward to continued, close cooperation in areas central to both our national and security interests including humanitarian assistance and disaster relief, counter-terrorism, cyber security, and maritime security.”

Dec. 1, 2016: Newly appointed US Ambassador to the Philippines Sung Kim arrives in Manila.

Dec. 2, 2016: President Duterte and President-elect Trump talk by telephone. Duterte describes the call as “encouraging” and gives assurance that ties are intact, despite recent problems.

Dec. 14, 2016: Vietnamese Premier Nguyen Xuan Phuc telephones President-elect Trump to congratulate him on his election win. They agree to “work together to continue strengthening the relationship between the two nations.”

Dec. 14, 2016: A commission set up by Myanmar State Counselor Aung San Suu Kyi to investigate attacks on border posts and the army’s response in a Muslim-majority area of northwestern Rakhine State states that security forces had abided by the law.

Dec. 14, 2016: CSIS Asia Maritime Transparency Initiative (AMTI) reports that satellite imagery shows China has apparently installed “significant” defensive weapons on a series of artificial islands it built in the South China Sea.

Dec. 15, 2016: Philippine government invitation to the UN special rapporteur to visit Manila and conduct its own investigation on the alleged extra judicial killings is put on hold pending the rapporteur’s agreement to accept unspecified “guidelines set by the Philippine government.”

Dec. 15, 2016: US announces that the Millennium Challenge Corporation (MCC) defers a vote on the reselection of the Philippines for development assistance, subject to a further review of concerns around rule of law and civil liberties.

Dec. 17, 2017: Responding to the MCC board decision, President Duterte says the US should “prepare to leave the Philippines, prepare for the eventual repeal or the abrogation of the Visiting Forces Agreement.”

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

CHINA-SOUTHEAST ASIA RELATIONS

BEIJING PRESSES ITS ADVANTAGES

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Chinese leaders steered relations in Southeast Asia to their advantage after successfully countering the adverse ruling of the arbitral tribunal in The Hague against China's controversial claims in the South China Sea. The remarkable turnabout in the Philippines, from primary claimant to pliant partner, and notable restraint on the South China Sea disputes by other claimants and concerned powers allowed Beijing to seek greater regional influence. In the closing months of 2016, Beijing made major advances with visits by the Philippine president and Malaysian prime minister, Premier Li Keqiang's participation at ASEAN and East Asia Summit meetings in September, and President Xi Jinping's participation at the APEC Leaders Meeting in November. China adopted a stronger regional leadership role as the US failed to implement important initiatives, notably the Trans-Pacific Partnership (TPP). The main uncertainty in China's positive outlook was President-elect Donald Trump who repeatedly criticized China, foreshadowing a less predictable and less reticent US approach to differences with China.

This article is extracted from [Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Robert Sutter and Chin-Hao Huang, "China-Southeast Asia Relations: Beijing Presses Its Advantages," *Comparative Connections*, Vol. 18, No. 3, pp. 43-50.

South China Sea Issues

Chinese officials dealt in business-like fashion with South China Sea issues. They adhered to a general line that after several years of disruptions caused mainly by “non-regional countries,” the South China Sea has calmed with China and Southeast Asian countries agreeing to peacefully resolve disputes.

- In September, China’s foreign minister and Defense Ministry spokesperson [warned](#) Japan against Tokyo’s reported interest in joint patrols with the United States in the South China Sea. The Chinese Foreign Ministry spokesperson [warned](#) Singapore on its handling of South China Sea differences at a meeting of the Non-Aligned Movement. China and Russia also held eight days of live-fire and island-seizing [drills](#) in their first joint naval exercise in the South China Sea, highlighting stronger mutual support on such controversial international issues.
- In October, China followed past practice in reacting loudly to another US freedom of navigation patrol in the South China Sea. Chinese officials also [rebuked](#) New Zealand’s defense minister for publicly supporting the July 12 arbitral tribunal decision at an international meeting in Beijing.
- In November, official Chinese [media](#) endeavored to counter US charges of an “assertive” China by highlighting a government-backed report attacking the Obama government’s “unprecedented” military build-up along China’s rim.
- In December, the Chinese Foreign Ministry spokesperson responded to a query about the [announcement](#) that British warplanes would fly over the South China Sea on the way to Japan by advising London against disrupting the “increasingly ... sound and positive” situation in the South China Sea. There followed news based on [reports](#) of the Asia Maritime Transparency Initiative of China installing anti-aircraft and anti-missile systems on seven artificial islands in the South China Sea; the charges were dismissed by Chinese [officials](#) asserting the installations were “normal” activities and did not represent “militarization” of the disputed islands. The subsequent controversy over the theft by a

Chinese Navy ship of a US underwater surveillance drone guided by an accompanying unarmed US Navy surveillance ship in South China Sea waters near the Philippines was handled by Chinese government spokespersons. At year’s end, Chinese media highlighted military advances relevant to defending China’s South China Sea claims; they discussed Chinese Air Force [patrols](#) in the East China Sea and South China Sea and [publicized](#) the first live-fire exercise of China’s aircraft carrier battle group near northern China and its subsequent patrol in the South China Sea.

Relations with ASEAN, East Asia Summit, and APEC

Premier Li Keqiang represented China at regional meetings in Vientiane, Laos in September – notably a China-ASEAN Summit marking the 25th anniversary of ASEAN-China relations and the annual meeting of the East Asia Summit, hosted by the 2016 ASEAN chair, Laos. Chinese [commentary](#) said “the primary achievement” of the meetings was China and ASEAN “for the first time in recent years” successfully avoided serious discord on the South China Sea; the two sides were seen poised for greater cooperation on security, economic, and political ties. At the East Asia Summit, Chinese Vice Foreign Minister Liu Zhenmin [told](#) the media that all 10 ASEAN countries and most of the other attending leaders supported the “positive progress” China and ASEAN had made on South China Sea issues; only President Barack Obama and one other unnamed leader were said to have mentioned the July 12 arbitral tribunal ruling against China’s claims.

Premier Li and his ASEAN counterparts reached [agreement](#) on confidence-building measures involving protocols for unplanned encounters in the South China Sea and the establishment of a hotline among the foreign ministries to deal with maritime incidents. They pledged to implement the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC) and to invigorate progress toward reaching a Code of Conduct in the South China Sea. Premier Li in Vientiane and Vice Premier Zhang Gaoli at the annual China-ASEAN Expo in Nanning, China, later in September were bullish on growing economic relations despite the recent absolute decline in China-ASEAN trade value. They [forecast](#) trade will grow to \$1 trillion in 2020 from \$472 billion in 2015. Cumulative two-way investment was valued at \$160 billion in 2016. Li sought to advance two-way

student exchanges from the current level of 180,000 to over 300,000 in 2025.

In Vientiane, Premier Li pushed the China-backed Regional Comprehensive Economic Partnership (RCEP), the region wide-free trade pact including China, all ASEAN members, and five other Asia-Pacific states but not the United States. The importance of the pact grew with the decline in US support for the competing Trans-Pacific Partnership (TPP) agreement, which excludes China. China had urged RCEP countries to reach agreement in 2016 but official Chinese [media](#) covering Li's visit acknowledged that agreement on the pact is not expected until 2017.

The election of Republican Donald Trump – a strong opponent of TPP – made the RCEP accord that much more important in Chinese calculations. Against this background, President Xi Jinping portrayed himself at the annual APEC Leaders Meeting in Peru as a leading advocate of freer trade in an international environment seen as economically [protectionist](#). He voiced strong support for RCEP and for an even broader pact known as the Free Trade Area of the Asia Pacific (FTAAP), which involves all members of APEC.

Philippines turn to China

With less than six months in office, Philippine President Rodrigo Duterte employed an unconventional diplomatic style and often crude and offensive language to reverse the previous government's firm policy against Chinese claims to and occupation of Philippine-claimed territory in the South China Sea. He notably accommodated China's demand that discussions on improving relations were contingent on the Philippines not raising the July 12 ruling by the arbitral panel against Chinese South China Sea claims in a case that was initiated by the previous Philippines government. In the process, Duterte markedly reduced the previous government's close security ties with the US, halting joint patrols in the South China Sea and threatening to drastically reduce the scope of US military interchange with the Philippines.

Chinese commentary was initially wary of President Duterte's intentions, but repeated interchange, notably during his Oct. 18-21 visit to China, prompted Chinese leaders to strongly endorse the breakthrough in bilateral relations. Meeting Duterte in November at the APEC Leaders Meeting in Peru, Xi Jinping [said](#) that the October visit to Beijing had "turned a new page" in China-Philippines relations and "injected positive energy" toward regional peace. In a yearend interview,

Foreign Minister Wang Yi [said](#) "the magnificent turn of China-Philippines relations not only dispelled the dark clouds over China and the Philippines over the years, but also removed the obstacles for China and ASEAN countries to deepen their cooperation."

The informal consultations with Chinese officials held in Hong Kong by President Duterte's "special envoy" former President Fidel Ramos in August led to a mid-level delegation visiting Beijing in mid-September. At this time, Premier Li Keqiang [met](#) Duterte at the ASEAN meetings in Vientiane, expressing hope for better relations amid Chinese commentary warning that if the Philippines brought up the July 12 arbitral tribunal ruling against Chinese South China Sea claims, the result would be "deadlock" in China-Philippines relations.

President Duterte's October visit to Beijing saw [agreement](#) to "properly handle their maritime disputes" (presumably in line with China's requirements regarding the arbitral tribunal's ruling), thereby opening the way for improved relations. The promises of closer economic ties were remarkable, with [Bloomberg](#) reporting an overall \$24 billion worth of funding and investment pledges involving \$9 billion in soft loans, including a \$3 billion credit line with the Bank of China, and economic deals including investments worth \$15 billion. Philippines bananas and other agricultural products were once again welcomed in Chinese markets and Beijing promised to promote Chinese tourism in the country. Although there was no official agreement, Chinese security forces controlling access to Philippine-claimed Scarborough Shoal allowed Philippine fishermen to fish "around the island," according to Chinese official [media](#).

Complementing the shift toward China and away from the United States, President Duterte [announced](#) in November a cut-back in planned exercises with US forces under the auspices of the Enhanced Defense Cooperation Agreement with the United States. In December, the Philippines defense minister [said](#) it was highly unlikely that the Philippines would allow the US military to use the Philippines as a base for carrying out freedom of navigation patrols in the South China Sea. He added that in addition to easing tensions over disputed Scarborough Shoal, Chinese Coast Guard ships no longer blocked Philippine resupply ships from accessing the Philippine military outpost on Second Thomas Shoal in the South China Sea. Later that month, Duterte [responded](#) to reports of China installing weapons on Philippine-claimed South China Sea islands by advising that he would not protest the Chinese actions.

Meanwhile, at their November meeting in Peru, President Xi reportedly said he was open to President Duterte's proposal that Scarborough Shoal be turned into a maritime sanctuary. Duterte also turned to China after breaking an agreement with the US over the purchase of 26,000 rifles for the national police on account of concerns the US would block the sale because of large-scale extralegal killings in the Philippine president's war on drugs. *Reuters* in December [reported](#) that China had offered \$14 million of small arms and fast boats along with a \$500 million so-called soft loan for the purchase of other military equipment.

One notable casualty of the turn to China was the alienation of former President Ramos, who had been a key backer of Duterte during his presidential campaign as well as his special envoy to China. In early October, Ramos [evaluated](#) negatively President Duterte's first 100 days focusing on the extralegal drug war killings and the breaking of important ties with the US. On Oct. 31 he announced his resignation as special envoy to China.

Malaysian prime minister visits China

One week after President Duterte departed China, Malaysia's Prime Minister Najib Razak arrived for a week-long [visit](#), his third official visit to China since taking office in 2009. The prime minister's visit resulted in 28 signed [agreements](#) covering several areas including infrastructure and financing. Malaysia is China's largest trading partner in ASEAN, with trade totaling \$97 billion in 2015 and is forecast to reach \$160 billion in 2017. China has also become the largest foreign [investor](#) in Malaysia, notably buying assets in Malaysia's controversial 1MDB state development fund. China reportedly is well positioned to undertake the Kuala Lumpur-Singapore high-speed rail project valued at \$16.6 billion. China and Malaysia have developed a close relationship under China's One Belt-One Road initiative whereby Chinese firms are rebuilding seaports in Malaysia along the Strait of Malacca and the South China Sea. The most notable advance highlighted by the prime minister involved closer military relations with several firsts including the first two military exercises over the past year and an agreement during the visit for China to sell Malaysia two patrol ships and to build two more in Malaysia.

China's Foreign Ministry spokesperson discounted Western media assessments of the visit as a Malaysian tilt to China and away from the United States prompted in part by disappointment over the failure of the TPP

and by US government actions against Najib's government regarding the controversial 1MDB state development fund. Nevertheless, Najib's [comments](#) in China said that "the world's fulcrum" is shifting "East" and he warned against unnamed outside large powers "lecturing" small countries like Malaysia on how to conduct their internal affairs.

China-Singapore relations

China-Singapore relations have worsened in recent months. In June 2016, during the ASEAN-China special foreign ministers meeting in Kunming, Foreign Minister Wang Yi sat down with his Singapore counterpart Vivian Balakrishnan for a [discussion](#). Wang pointed out that Singapore should play a bigger role to address discord with ASEAN, indicating that "as the country coordinator for ASEAN-China dialogue relations [through 2018], Singapore needs to act as a bridge between the two sides." Balakrishnan replied that "Singapore is just a coordinator, not the leader." It reflects Singapore's longstanding policy of impartiality and fostering ASEAN unity and centrality. The Kunming meeting ended in a diplomatic embarrassment for China, with Malaysia releasing a joint statement by ASEAN foreign ministers expressing strong concern over China's latest behavior in the South China Sea, which had "the potential to undermine peace." The carefully worded statement reflected the group's consensus, but it was subsequently [retracted](#) when Cambodia and Laos backed out at the last minute. Singapore disagreed with the retraction; rather than openly disagreeing with Wang at a public forum, Balakrishnan skipped the joint press conference with Wang after the meeting. Singapore subsequently released unilaterally a summary of the foreign ministers' discussion, indicating that original draft was an agreed statement that reflected ASEAN's common position. Chinese media commentaries picked up on the diplomatic snub and labeled Singapore as biased. The *Global Times* also [noted](#) that Singapore was taking sides against China on the territorial disputes in the South China Sea, a claim that prompted [strong](#) rebuke by Singapore's Ambassador to China Stanley Loh in a published response.

Bilateral ties hit another snag in November when Hong Kong customs officials seized a commercial container ship in transit carrying nine Singapore armored personnel carriers. The armored carriers were bound for Singapore after a military exercise with counterparts in Taiwan. Citing the lack of "approval notice," Hong Kong officials detained the shipment. The

Chinese Foreign Ministry indicated that Singapore should “strictly abide by the laws of Hong Kong Special Administrative Region (SAR), and cooperate with the SAR government on all necessary follow-ups.” It also expressed firm opposition to Singapore carrying out military exchanges and cooperation with Taiwan. Responding to the incident, Balakrishnan [noted](#) that differences with Beijing are bound to occur from time to time, given that the two sides are “such close and long term friends.” He added, “there’s a deep appreciation that this is a long and wide ranging relationship, and we will not allow any single issue to hijack it.”

In a recent [opinion piece](#) published in *The Straits Times*, Singaporean diplomat Tommy Koh indicated that there are four major areas of misunderstanding with China’s perception of Singapore. China perceives Singapore to be a Chinese nation. Given the shared language, values, and traditions, there is an expectation in Beijing that Singapore should side with China and support Chinese policies. Koh, however, notes that Singapore is a multiracial nation and not a Chinese nation. Its interests, as a result, are not always similar to those of China. As a case in point, Koh points to Singapore’s strong commitment to ASEAN. He notes, “any attempt to undermine ASEAN unity would be regarded by Singapore as a threat to its national interest. This point is not hypothetical but real. Singapore would like ASEAN to be united and to be able to speak with one voice on any important question, including the South China Sea.” Like many countries in the region, Singapore seeks stable relations with both Washington and Beijing. Singapore should not be mistaken for a US ally when it favors a rules-based world order and the multilateral institutions that uphold it. Koh sums up with the view that China’s world view could be quite different from that of Singapore, which makes it all the more important “for each side to understand the world view of the other” to strengthen bilateral relations and dampen unreasonable expectations.

China-Myanmar relations

Chinese officials remain vigilant on Myanmar’s national reconciliation process and have expressed concerns to Myanmar officials about the potential spillover effects from continued ethnic tensions and unrest along the borders. On Nov. 1, President Xi Jinping [met](#) Myanmar’s Commander-in-Chief of Defense Services Min Aung Hlaing in Beijing to discuss the border security situation. Xi indicated that China respects Myanmar’s sovereignty and territorial integrity and would play a constructive role in Myanmar’s peace process. China

was an observer and took part in some of the negotiations when Myanmar recently [signed](#) a nationwide ceasefire agreement with eight armed ethnic groups. For instance, Sun Guoxiang, China’s special envoy on Asian affairs, [visited](#) and met the United Wa State Army leadership, encouraging the armed group with close ethnic ties to China to participate in the Myanmar government’s peace process and dialogue in good faith. According to the *Global Times*, the latest [visit](#) by Myanmar’s chief military commander showed that the government’s interest in having Beijing take on a greater diplomatic and mediating role was “high on his agenda.”

Relations along the two countries’ borders saw more unrest within weeks after the high-level visit. [Fighting](#) between Myanmar government forces and armed ethnic groups in the Shan state in the northeastern part of the country near the China-Myanmar border broke out on Nov. 21. Myanmar nationals fled from the towns of Muse and Kutkai into China’s southwestern province of Yunnan for medical treatment and safe shelter. The Chinese Foreign Ministry [confirmed](#) the incident and noted that it has accepted 3,000 Myanmar nationals as refugees. It urged all parties in the conflict to exercise restraint and to resume dialogue to implement the peace agreement. The China-Myanmar border gates at Muse closed temporarily as a result of the conflict. The Muse border trade zone is the largest of its kind along the border. Nearly 80 percent of trade between the two sides passes through Muse, amounting to over \$3 billion annually. The People’s Liberation Army (PLA) also noted that its forces in the area were put on high [alert](#) following the border unrest. Thousands of people have been displaced by decades of fighting between the Myanmar military and ethnic armed groups in Shan state. The PLA has strengthened patrol and safety protection along the border in recent months and has prepared for various contingencies and emergencies caused by continued cross-border unrest.

Briefly noted

Vietnam sustained high-level engagement with Chinese counterparts, a key element of Hanoi’s balancing act to deal with opportunities and dangers posed by rising China and its coercion and assertion over South China Sea territories claimed and occupied by Vietnamese forces. Prime Minister Nguyen Xuan Phuc made a six-day [visit](#) to China in September, the first such visit by a member of Vietnam’s recently selected top leadership. Chinese warships [visited](#) Cam Ranh Bay in October for the first time; they followed visits by warships from the

US, Russia and other countries to the South China Sea base, which has recently been made available to foreign warships. That month a senior Vietnamese Communist Party delegation [met](#) Xi Jinping and other senior Chinese Communist Party leaders in Beijing. As in the past, the Vietnamese Foreign Ministry spokesperson [responded](#) without criticism to the US freedom of navigation exercise near the Chinese-occupied and Vietnamese-claimed Paracel Islands in the South China Sea. During the APEC meeting in Peru, President Xi [met](#) Vietnamese President Tran Dai Quang, reaffirming close ties. A [report](#) by the Asia Maritime Transparency Initiative in November that Vietnam had completed construction activities on the islands it occupies in the disputed Spratly Islands, including expanding a runway enabling deployment of maritime surveillance aircraft, prompted a Chinese Foreign Ministry spokesperson warning Vietnam to respect China's sovereignty.

Indonesia held to its recent firm line on South China Sea issues with President Joko Widodo [affirming](#) in November that there would be "no compromise" in Indonesia's position. The tough stance was backed up in October by a large-scale air force exercise over waters around the Natuna Islands archipelago that followed a series of face-offs between the Indonesian Navy and Chinese fishing boats and accompanying Coast Guard ships. In September, it was reported that the Indonesian government [plans](#) for joint patrols with the US Navy along Indonesia's South China Sea border. In November, Australia's foreign minister [said](#) Australia and Indonesia were considering joint patrols in the contested waters. Japan and Indonesia in December set up a joint [maritime forum](#) that reportedly will lead to Japanese assistance in developing Indonesian maritime security capabilities in the South China Sea.

Laos and China have been pushing hard to make progress in relations with a focus on a planned 418 km railway project running from Kunming, Yunnan Province to Vientiane, Laos. A groundbreaking ceremony was held for the project in 2015, but actual work on the project has not begun. Premier Li Keqiang [met](#) Laotian leaders during the ASEAN-related meetings in September, reportedly working out arrangements for Chinese funding for the railway as well as hydropower and other infrastructure projects. The railway has an estimated cost of \$6 billion. Li and Laotian Prime Minister Thongloun Sisoulith [met](#) in Beijing in November, signing documents on railway development and economic zones.

Cambodia and China drew closer with Xi Jinping's visit to Phnom Penh in October. The 31 agreements signed

during the visit featured various economic and other interchanges. Chinese [media](#) highlighted Cambodia's strong support for China's position on how to deal with South China Sea disputes. Western [media](#) focused on strategic projects involving Chinese construction of a deep water port on Cambodia's coast that is now nearing completion and is part of a \$3.8 billion Chinese project to develop an area covering 20 percent of Cambodia's coastline. Closer military ties were seen in an eight-day bilateral exercise in December involving 500 personnel dealing with natural disaster response and land mine detection.

CHRONOLOGY OF CHINA-SOUTHEAST ASIA RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 7, 2016: Chinese Premier Li Keqiang attends the 19th ASEAN-China Leaders Meeting and a commemorative summit marking the 25th anniversary of ASEAN-China dialogue in Vientiane, Laos. Li puts forward a five-point proposal for deepening economic, security, and cultural ties and exchanges.

Sept. 10, 2016: Chinese Vice Premier Zhang Gaoli meets Southeast Asian leaders and attends the 13th ASEAN-China Expo and the Business and Investment Summit in Nanning, Guangxi Zhuang Autonomous Region of China.

Sept. 13, 2016: China and Laos hold their first joint police [exercise](#) in China's Yunnan Province. Following the exercise, the two sides sign a memorandum pledging to deepen police cooperation between the two countries to crack down on cross-border crimes.

Sept. 13, 2016: Chinese President Xi Jinping [meets](#) visiting Vietnamese Prime Minister Nguyen Xuan Phuc in Beijing. The two leaders stress the importance of deepening exchanges and ties between party and government officials to strengthen political trust.

Oct. 6, 2016: Indonesia [conducts](#) its largest-ever military exercise near the Natuna Islands, involving more than 2,000 Air Force personnel and 70 fighter jets and helicopters. President Joko Widodo observes the drill.

Oct. 13, 2016: President Xi Jinping [sends](#) a message of condolences to Thailand over the death of King Bhumibol Adulyadej.

Oct. 14-18, 2016: President Xi Jinping [embarks](#) on a five-day visit across Southeast and South Asia, with state visits to Cambodia, Bangladesh, and India for a BRICS summit. Chinese commentaries [indicate](#) that Xi's reaching out to small and emerging economies reflects a "new type of international relations" and a "community of common destiny."

Oct. 18-21, 2016: President Xi Jinping and Philippine President Rodrigo Duterte meet in Beijing. The joint [statement](#) includes several memoranda of understanding.

Oct. 25, 2016: China and Vietnam [hold](#) the fourth meeting of the Cooperation Committee on China-Vietnam Land Border Gate Management in Hanoi. The two sides review border and immigration checkpoint policies and discuss the prospects for furthering bilateral border security, stability, trade and economic development.

Nov. 3, 2016: President Xi Jinping meets Malaysian Prime Minister Najib Razak in Beijing. They [agree](#) that bilateral ties are at their "highest level," indicating their joint cooperation in infrastructure, agriculture, law enforcement, economics, and defense.

Nov. 9, 2016: China and Vietnam carry out their second joint coast guard [exercise](#) in the Gulf of Tonkin, focusing on personnel exchanges, law enforcement cooperation, and search and rescue exercises.

Nov. 21, 2016: People's Liberation Army (PLA) put its armed forces on high [alert](#) following armed attacks on Myanmar's military and police posts close to the China-Myanmar border towns of Muse and Kutkai.

Nov. 22, 2016: China and Malaysia conduct joint military [drill](#) *Aman Yoyi (Peace Friendship 2016)* in Malaysia. It involves more than 400 Malaysian military personnel and nearly 200 PLA soldiers focusing on humanitarian assistance and disaster relief.

Nov. 28, 2016: Chinese Premier Li Keqiang meets visiting Laotian counterpart Thongloun Sisoulith in Beijing. They discuss bilateral trade and economic relations, including infrastructure development and economic zones.

Nov. 29, 2016: Hong Kong officials, citing the lack of “approval notice” for military vehicles, [seize](#) nine Singapore Armed Forces armored vehicles in transit and bound for Singapore after a military exercise in Taiwan.

Nov. 30, 2016: Nearly 400 troops from the PLA Southern Theater Command and the Cambodian armed forces carry out a joint [exercise](#) focusing on humanitarian assistance and disaster relief.

Dec. 10, 2016: China and ASEAN launch a cross-border e-commerce platform. The new initiative provides services in the areas of logistics, financial transactions, and customs permits for small and medium enterprises to deepen business and trade ties.

Dec. 12, 2016: Premier Li Keqiang [attends](#) fifth China-Thailand Joint Committee on Trade, Investment and Economic Cooperation Meeting in Beijing. Li and Thai Deputy Prime Minister and Defense Minister Prawit Wongsuwan sign a memorandum of understanding pledging to begin construction on the China-Thailand railway.

Dec. 23, 2016: Chinese Foreign Minister Wang Yi arrives in Siem Reap, Cambodia to [attend](#) the second Lancang-Mekong Cooperation (LMC) Foreign Ministers’ Meeting. Established in 2015, the LMC initiative promotes sub-regional economic development along the Mekong River for six countries, including Cambodia, China, Laos, Myanmar, Thailand, and Vietnam.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

CHINA-TAIWAN RELATIONS

ADJUSTING TO NEW REALITIES

DAVID G. BROWN, JOHNS HOPKINS SCHOOL OF ADVANCES INTERNATIONAL STUDIES
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After President Tsai's inauguration, Beijing continued to press her to accept the 1992 Consensus on one China. When China blocked ICAO from inviting Taipei in September, Tsai reacted sharply. In her "Double Ten" remarks, she reaffirmed her cross-strait policy and said she would neither give in to pressure nor return to past confrontational actions. In October, CCP General Secretary Xi Jinping made remarks implying Beijing's understanding that Tsai would not endorse one China. The election of Donald Trump created in Taipei both hope of friendship from Republicans and concern Taipei could become a pawn in Trump's bargaining with China. Trump's tweets about his telephone conversation with Tsai and comments about one China and trade have sparked intense speculation and uncertainty about their implications for cross-strait and US relations with Taiwan and China.

This article is extracted from [Comparative Connections](#): *A Triannual E-Journal on East Asia Bilateral Relations*, Vol. 18, No. 3, Jan. 2017. Preferred citation: David G. Brown and Kevin Scott, "China-Taiwan Relations: Adjusting to New Realities," *Comparative Connections*, Vol. 18, No. 3, pp. 51-59.

Continued pressure for one China

Since giving President Tsai Ing-wen an “incomplete” grade on her inaugural address, Beijing has continued to press her to complete the process by accepting the 1992 Consensus concerning one China. In early September, Taiwan Affairs Office (TAO) Minister Zhang Zhijun reiterated that the institutional dialogue between the Association for Relations across the Taiwan Strait (ARATS) and the Straits Exchange Foundation (SEF) could only be resumed if the 1992 Consensus was accepted. When the new SEF Chairman Tien Hung-mao assumed office and sent a message to his ARATS counterpart urging dialogue, the TAO reiterated Beijing’s message. And ARATS chairman Chen Deming reiterated it again later in September.

Beijing took a number of actions to underline the message. In early September, the annual Cross-strait Information Industry Conference, which had included official participation in previous years, was canceled at the last minute when Beijing banned Taiwan officials from coming to Harbin. Contact with Taiwan officials is not permitted absent the 1992 Consensus. When SEF organized its mid-Autumn Festival reception for Taishang business leaders, the heads of the main Taiwan Invested Enterprise (TIE) Associations on the mainland, were notably absent, undoubtedly at Beijing’s urging. During the fall and into September, the number of mainland tourists visiting Taiwan continued to decline, provoking demonstrations by tour operators in Taiwan.

Beijing’s most consequential action was to block the International Civil Aviation Organization (ICAO) from inviting Taipei to the ICAO Assembly meeting in Montreal. Earlier in the fall, the Mainland Affairs Council (MAC) had surprised observers by proposing consultations with the TAO on Taipei’s participation. Predictably the TAO had responded that consultations would only be possible if the 1992 Consensus was accepted. Nevertheless, Foreign Minister (FM) David Lee held out hope until the last moment for an invitation. When ICAO informed Taipei on Sept. 23 that there would be no invitation, it provoked a sharp reaction from many sectors in Taiwan, with the exception of the opposition Kuomintang (KMT), which blamed Tsai for the outcome. President Tsai expressed her strong regret and disappointment. The TAO compounded the resentment in Taiwan by asserting that Taipei could have access to ICAO data through Beijing and warning that Tsai should address the 1992 consensus issue in her remarks planned for “Double

Ten” Day (October 10, which is the National Day of the Republic of China).

The next day, Tsai responded by inserting pointed language in a message issued on the 30th Anniversary of the Democratic Progressive Party (DPP). Tsai said “we must resist Chinese pressure, strengthen ties with other countries and reduce our dependence on China.” Then, Tsai gave a more detailed response in her Double Ten Day message, where she reiterated the key portions of her inaugural statement, without change. She then said firmly, including to Beijing, “Our pledges will not change, and our goodwill will not change. But we will not bow to pressure, and we will of course not revert to the old path of confrontation.” The TAO responded saying that the way for the leader of Taiwan to show goodwill would be to accept the 1992 Consensus and adding that there is no force that can resist reunification and national rejuvenation.

Beijing becomes realistic about Tsai

It seems however, that Tsai’s statements may have finally led Beijing to conclude that she is not going to accept their demands, at least in the short term. Less than two weeks later, Chinese Communist Party General Secretary Xi Jinping met KMT Chairwoman Hung Hsiu-chu in Beijing (see KMT below), using the occasion to make his first [remarks](#) on Taiwan policy since Tsai’s inauguration. Xi began by insisting that the 1992 consensus on one China is the essential political foundation for cross-strait relations. However, in contrast to similar remarks made during the campaign, he made no threats of dangerous consequences if one China is not accepted. When the official media reported Xi’s remarks, they focused on his second point, that Beijing would resolutely oppose any form of Taiwan independence activity, stating that China had the “determination, confidence and capability” to contain Taiwan independence. An official who participated in the talks added that Xi had said that if Beijing did not block independence, the CCP would be overthrown by the people. This seemed to reflect a change of focus from pressing Tsai on the 1992 consensus to deterring independence. The remainder of Xi’s remarks focused on what Beijing would continue to do to promote economic and cultural “integration” and to benefit the Taiwanese people.

On Nov. 30, Zhou Zhihuai, president of the Taiwan Studies Institute under the Chinese Academy of Social Sciences (CASS) and a person close to leadership thinking on cross-strait issues, made remarks at a Taiwan policy conference. He said Beijing could be open

to a new formula on one China. As the time was not now ripe for such a formula, Zhou suggested that cross-strait track-2 meetings could discuss alternative formulas over the coming two to three years. Two days later, TAO Minister Zhang emphasized that any new consensus would have to reflect Taiwan and the mainland belonging to one country.

In the context of these statements, Beijing has also conducted a variety of united front programs targeting Taiwan. On Nov. 11, Xi staged a major ceremony in the Great Hall of the People, with six of the seven Politbureau Standing Committee (PBSC) members attending, to celebrate the 150th anniversary of Sun Yat-sen's birth. The theme was that the Party had assumed Sun's role as the promoter of a strong unified China. Xi also pledged that China would never permit any person or any party to ever split the country again. The presence of 23 retired ROC military officers in the audience listening to Xi's address provoked criticism and calls for investigation in Taipei. A month later, the CCP held a ceremony on the 80th anniversary of the Xian Incident to highlight earlier CCP-KMT cooperation against foreign enemies. In late December, the KMT and CCP held a forum in Beijing and agreed on a program of cooperation. In addition, numerous cross-strait meetings have been staged to bring people from various sectors in Taiwan to China. And, Beijing has conducted high-profile exchanges with the eight municipalities in Taiwan that are governed by the KMT.

It appears that around that time Beijing began to adopt additional tactics to generate greater domestic pressure on Tsai and to deter independence. In early December, TAO Minister Zhang met Taiwanese investors, urging them to support one China and warning that those who support independence will not be allowed to get rich in China. This revived a theme occasionally used in the Chen Shui-bian era. Shortly thereafter, the Taiwanese firm Hai Ba Wang published a letter in a Taipei newspaper pledging its support for one China. Hai Ba Wang had been seen on the mainland as close to Tsai and was recently targeted for selling contaminated foods. Commenting on the case, the TAO spokesman reiterated Beijing's support for Taiwanese business but said that the few that support independence would not be allowed to profit in China. The Taiwan media saw this as a sign of an effort to energize Taiwan businesses against Tsai. Shortly before this, TSMC Chairman Morris Chang had declined the invitation to be a policy advisor for President Tsai, perhaps sensing that becoming an advisor was not in the company's best interest in current circumstances.

On Nov. 25, six PLA aircraft conducted drills east of Taiwan and in the process circumnavigated Taiwan. Although PLA aircraft had flown out beyond the first island chain before, this was the first time that they had circumnavigated Taiwan. This threatening action provoked widespread concern in the Taiwan press. The pro-Beijing *China Times* editorialized that this flight showed the folly of relying on the US and Japan for support. Was this a display of one capability Beijing possesses to deter independence? On Dec. 10, another 10 PLA aircraft conducted a similar circumnavigation drill around Taiwan. On Dec. 25, China's aircraft carrier *Liaoning*, accompanied by five escort ships, sailed through the Miyako Strait into the western Pacific for the first time. The *Liaoning* then circumnavigated Taiwan passing through the Bashi Channel south of Taiwan heading for the South China Sea. While these actions were targeted at Taiwan, they also responded to domestic criticism that Beijing is not being tough enough on Taipei.

On Dec. 20, Sao Tome and Principe announced that it was breaking diplomatic relations with Taipei. The following day, the presidential office criticized Beijing for manipulating its one China principle and taking advantage of Sao Tome's financial difficulties, actions that harmed cross-strait relations. The Foreign Ministry in Beijing welcomed Sao Tome's return to supporting the one China principle, but initially said nothing about establishing relations. However, six days later, Beijing established diplomatic relations with Sao Tome and Principe. The speed with which Beijing moved indicates that it likely had a hand in encouraging Sao Tome to break with Taipei. This breaking of the "diplomatic truce" both indicates the costs of Tsai not accepting the 1992 Consensus and sends a warning that working with the Trump administration to upgrade US-Taiwan relations would entail serious costs for Taiwan. Since Trump's statements linking his phone conversation with Tsai to China issues, many of China's actions seem designed to convey messages in both a cross-strait and US-China context (see below).

Managing Cross-strait developments

Against the backdrop of these actions on core policy differences, the two sides have had to manage current developments. Tsai has taken some steps to show good will. In October, Tsai decided that PRC students would be included in Taiwan's national health insurance scheme. In December, the Legislative Yuan (LY) adopted amendments to the Nationality Act that will ease naturalization for PRC and foreign spouses. Both of

these actions at least partially addressed longstanding concerns. When the Referendum Law was being revised in December, the Executive Yuan (EY) intervened to oppose provisions concerning referenda on sovereignty issues and on cross-strait agreements that would have all but prevented certain future negotiations. In December, Tsai also opened an exhibit concerning Taiping Island and reaffirmed Taiwan's sovereign claims in the South China Sea.

The two sides have also continued to handle some issues in a pragmatic fashion. In September, they arranged an exchange of criminals through Matsu under the 1990 Kinmen Red Cross Agreement. Despite some irritation on both sides, President Tsai's chosen envoy to the APEC Economic Leaders Meeting, James Soong, was able to attend the meeting without incident and even had a brief informal conversation with Xi Jinping. When an uncle of PRC first lady Peng Liyuan died in Chiayi, arrangements were made smoothly for Madame Peng's brother to attend the funeral. In December, aviation authorities worked out the additional cross-strait flights needed for the 2017 Chinese New Year. At Beijing's insistence, the civil aviation officials made these arrangements by phone and fax without actually meeting.

Other developments have exacerbated cross-strait frictions. Beijing has continued to pressure foreign governments to deport Taiwanese citizens arrested for telephone fraud to China rather than to Taiwan. Armenia, Indonesia, Cambodia, and Malaysia are among those that have deported Taiwanese to China. On Nov. 23, Hong Kong customs seized a cargo of Singapore military equipment, including nine armored personnel carriers, reportedly based on information provided by Beijing. The equipment was being shipped back to Singapore after exercises the Singapore military has conducted in Taiwan, despite PRC objections, regularly for 40 years. The action seemed aimed at both Singapore and Taiwan, though just what Beijing hopes to accomplish remains unclear.

KMT adrift: Hung visits Beijing

The KMT under Chairperson Hung Hsiu-chu continued to emphasize a strong conciliatory approach to China, and to seek to fill the void left by the suspension of government-to-government contact. On Sept. 4, the party's national congress ratified changes to its policy platform. One calls for the party to pursue a peace agreement with China. Another calls for enhancement of the 1992 Consensus on the basis of the ROC Constitution. The new wording omits the normal

formulation of "one China, respective interpretations" in which Taipei and Beijing may interpret "one China" as they wish. Many in the KMT, both Taiwanese and mainlanders, fear that Hung is attempting to push the party toward advocating "one China, same interpretation" as she did when she was a presidential candidate in 2015.

Though Hung denies that the original formulation has been replaced, she continues to defend "same interpretation" as an important step in reconciliation with China, as she seeks to present to voters a distinct vision for cross-strait relations. Wu Den-yih, Ma Ying-jeou's former vice president and a possible challenger to Hung for the KMT chairmanship in May 2017, accused Hung of being out of touch with the party; there is also concern that Hung's push toward eventual unification appeals to fewer and fewer voters.

The debate intensified in October, when the party announced that Chairwoman Hung would travel to China for the 11th KMT-CCP forum in early November. The KMT's legislative caucus in particular called on Hung to maintain and reiterate "one China, respective interpretations" while in China. KMT legislators reported that Hung told them in a meeting on Oct. 17 that she would not discuss "same interpretation" in China, though Hung said she had not made any promises. Ma Ying-jeou joined the fray in a private meeting on Oct. 24, reiterating the importance of "respective interpretations," to which Hung reportedly criticized him for neglecting "peaceful unification."

Hung left for China on Oct. 30, and the next day she visited Sun Yat-sen's mausoleum in Nanjing to mark the 150th anniversary of his birth. On Nov. 1 in Beijing, Hung met [\[PHOTO\]](#) Xi Jinping for one hour in the Great Hall of the People. As noted above, Xi's short opening statement was not threatening. In her response, Hung [unveiled](#) a new formulation for the 1992 Consensus, saying the two sides should "strive for the commonalities of the one China principle while preserving the differences of meaning within it" (求一中原則之同, 存一中涵義之異). She also told Xi that the KMT had passed a "peace platform" in order to oppose the DPP's "independence platform," and said the party wants to deepen the 1992 Consensus to protect against the threat of instability from Taiwan independence advocates.

Xi Jinping made a six-point statement in his closing remarks, noted above. In the point on the 1992 Consensus, he notably said that the CCP and KMT could begin discussing a peace agreement. The forum itself

resulted in more than 40 exchange programs to take place in 2017, focusing on business, sports, entertainment, education, and youth. Both Hung Hsiu-chu and Zhang Zhijun, in his opening remarks at the forum, focused on the importance of young people in advancing cross-strait relations.

While it seeks inroads with Beijing and Taiwan's voters, the KMT is struggling with the effects of the Legislative Yuan's passage in July of the Act Governing the Handling of Ill-gotten Properties by Political Parties and their Affiliate Organizations. Implementation of the act has frozen many of the KMT's assets, forcing it to assess fees and to seek contributions and loans to cover payroll, pensions, and operating expenses. On Nov. 7 the party announced that in January it will cut paid national staff from 743 to 310, a reduction of 58 percent; headquarters staff from 134 to 80, 40 percent; and local chapter staff from 609 to 230, a 62 percent drop.

Trump-Tsai phone call

Donald Trump's surprise election as the next US president promoted speculation and hope in Taipei that a Taiwan-friendly Republican administration would strengthen US-Taiwan ties. President Tsai acknowledged the Republican party's traditional support for Taiwan, citing the party [platform's](#) "unprecedented" affirmation of Ronald Reagan's "[Six Assurances](#)" to Taiwan. There were also fears that Trump's criticism of US alliance ties would increase Beijing's regional influence to Taiwan's detriment. And, there was dismay that Trump's decision to withdraw the US from the Trans-Pacific Partnership (TPP) was a serious setback to Taipei's need to participate in regional trade liberalization.

On the morning of Dec. 2 in New York, President-elect Trump spoke with Tsai Ing-wen by telephone for a little over 10 minutes. [\[PHOTO\]](#) A [statement released](#) by President Tsai's office said that she congratulated Trump on his election victory, expressed hopes for enhanced interaction and a closer relationship, and told Trump that she hopes for continued US support for Taiwan's international participation. The Trump team [said](#) in a statement that the president-elect "congratulated President Tsai on becoming President of Taiwan."

The call was a surprise, and the initial reaction in Taipei was very positive. This first call between a US president or president-elect and his counterpart in Taipei since at least 1979 was seen as a breakthrough. Political figures from KMT Chairperson Hung Hsiu-chu to former

President Lee Teng-hui all welcomed the call. However, as soon as Trump's tweets began to touch on "one China," commentators began to mention the risks the call might entail.

Initially, China's official reaction was muted, and it blamed the breach on Tsai Ing-wen rather than Trump. Foreign Minister Wang Yi [characterized](#) it as a "little trick" by Taiwan's leader, taking the focus off US-China relations.

At that time, President Tsai was making plans to visit allies in Central America in January; there was speculation in Taipei that Tsai might transit New York and meet Trump. The Foreign Ministry in Beijing urged the US not to allow Tsai to transit the country. Showing a new note of caution, President Tsai said Dec. 6 that her conversation had been a "courtesy call" that did not change policy and that she recognized the importance of maintaining stability. On Dec. 8, Tsai went further telling a visiting US delegation that she places "equal weight" on US-Taiwan and cross-strait relations. Later in December, Taipei announced Tsai would transit Houston and San Francisco, not New York.

Shortly after the call, on Dec. 6, Republican operative Stephen Yates visited Taipei, where he was invited to dinner by President Tsai. The press reported that Yates had discussed possible steps a Trump administration might take to strengthen US-Taiwan relations. Soon thereafter, Joseph Wu, the secretary general of Tsai's National Security Council, visited Washington for consultations. Wu went on to the Trump Tower in New York to establish contacts with the Trump transition team, including National Security Advisor designate Michael Flynn. At about the same time, PRC State Councilor Yang Jiechi also visited Trump's transition team.

Trump ups the ante

On Dec. 11, Trump explicitly linked Taiwan to his policy toward China. [Speaking](#) on *Fox News*, he said, "I don't know why we have to be bound by a One China policy unless we make a deal with China having to do with other things, including trade"; he also cited the South China Sea and North Korea as challenges in which leveraging the US-Taiwan relationship may be helpful.

Taipei was suddenly less optimistic. Presidential spokesman Alex Huang declined to comment on Trump's statement, and KMT Vice Chairman Steve Chan warned that the Tsai administration must not "lose its head over perceived opportunities" and risk dragging

Taiwan into a US-China confrontation. The Taipei press was filled with commentaries on the danger of Taiwan becoming a pawn in Trump's bargaining with China.

China's response was sharper than the previous week, and addressed Trump directly rather than blaming Tsai for the call. The *Global Times* warned that US support for Taiwan independence could cause Beijing to offer military assistance to US foes, and predicted "Taiwan authorities may regret being a pawn of Trump and his radical policies."

Hong Kong

Various actors from Taiwan, including the government, took vocal interest in Hong Kong's autonomy under "one country, two systems." The interest was prompted by denials of visas for several Taiwan lawmakers trying to visit Hong Kong for contacts with "localist" members of Hong Kong's Legislative Council (LegCo). Two of them, Sixtus Baggio Leung and Yau Wai-ching, were forbidden from taking their seats on Oct. 19, after which the MAC urged Hong Kong and China to respect the will of the people and the results of Hong Kong's Sept. 4 elections, and pledged to observe Hong Kong's implementation of "one country, two systems." MAC Minister Katharine Chang told reporters that the episode illustrated the infeasibility of the "one country, two systems" model. Leung and Yau visited Taipei later that week for a seminar at National Taiwan University where they called for Hong Kong to be "insulated" from China; an activist from Hong Kong at the same seminar called for Hong Kong independence. In a strong reaction, the TAO alleged that independence elements in Taiwan and Hong Kong were colluding in an attempt to split the country, and accused Taiwan's government of "intervening in Hong Kong's implementation of 'one country, two systems.'"

On Nov. 6, the PRC's National People's Congress released an interpretation of Hong Kong's Basic Law noting that by making changes in their swearing-in oaths, Leung and Yau had not met conditions necessary for taking their seats, and that they could not re-take the oaths. Shortly afterward the Hong Kong High Court formally disqualified them from serving as LegCo members. Taiwan's *Liberty Times* published a "draft" letter from Yau to Tsai Ing-wen on Nov. 22, which Yau had apparently not wanted published, casting doubt on the legitimacy of China's sovereignty over Hong Kong's New Territories. An appeal in the Leung and Yau case was denied in Hong Kong on Nov. 24. The DPP has expressed support for Hong Kong's freedom and democracy, and in late December the minority New

Power Party invited three other localist LegCo members and the activist Joshua Wong to speak in a seminar in Taipei, prompting another strong statement from the TAO.

International Participation

China suppression Taiwan's participation in international organizations seemed to intensify, highlighted by the exclusion from ICAO. In September, Taiwan media reported that two officials had been barred from attending a meeting of the UN Food and Agriculture Organization's (FAO) Committee on Fisheries in Italy in July; Taiwan officials had participated in this meeting as experts since 2003. In October, Taiwan's government applied for observer status at Interpol's annual meeting, to be held in Indonesia on Nov. 7-11, for the first time since it was forced to withdraw from the organization in 1984. On Nov. 5, Taipei announced that its application was not accepted. Taiwan did have modest success at the UN Framework Convention on Climate Change (UNFCCC) COP22 in Morocco on Nov. 7-18. While it could not participate in the conference itself and only lower-ranking officials were permitted to attend, Taiwan's Environmental Protection Administration and other organizations interacted with representatives from 35 countries and participated in sideline activities. On Nov. 11, at a meeting of UN-affiliated NGOs in New York, the leader of a Taiwan nongovernmental organization on rare diseases was told by the conference organizer at the last minute that, due to objections from China, he could not deliver a speech. The MAC protested that such obstruction is not conducive to cross-strait relations. In late November, for the first time since October 2008, the Foreign Ministry [updated](#) a document listing specific instances of China's suppression of Taiwan's international participation.

The Tsai government continued its efforts to enhance relations with South and Southeast Asian countries, focusing on people-to-people interaction. President Tsai spoke at the first track-2 Taiwan-ASEAN Dialogue in Taipei on Nov. 15, which included 200 current and former legislators, officials, and scholars, and said that the New Southbound Policy has entered its operational phase. Ma Ying-jeou made his first post-presidency foreign trip later that week, calling for closer Taiwan-ASEAN relations at the World Chinese Economic Summit in Malaysia on Nov. 17. Conference organizers made no mention of Ma's former title, for which Ma blamed the Chinese Embassy in Malaysia for the

disrespect. President Tsai's office also complained about the impolite treatment.

Looking ahead

President-elect Trump's actions indicate that the Trump administration's unpredictable and evolving approaches toward China and Taiwan will be the most important influences on cross-strait relations in the months ahead. As a middle power caught between two great powers, President Tsai will face a major challenge in trying to preserve Taiwan's interests.

Trump's Cabinet appointments lack significant experience in Asia. The transition has reflected a blend of people interested in improving US-Taiwan relations and others, particularly Trump, more focused on Taiwan as a factor in US-China relations. Therefore, the appointments to the key Asia policy positions at the National Security Council, State, and Defense will be important indicators of future policy, though it remains to be seen to what extent those with knowledge and expertise will be able to influence the president.

CHRONOLOGY OF CHINA-TAIWAN RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 12, 2016: Tien Hung-mao assumes office as Straits Exchange Foundation (SEF) chairman.

Sept. 12, 2016: Taipei and Beijing repatriate criminals through Matsu under Kinmen Agreement.

Sept. 18, 2016: Delegation from eight KMT counties visits Beijing and meets Taiwan Affairs Office (TAO) Chairman Zhang Zhijun.

Sept. 21, 2016: Association for Relations Across the Taiwan Strait (ARATS) Chairman Chen Deming again reiterates need for one China.

Sept. 23, 2016: International Civil Aviation Organization (ICAO) declines to invite Taipei to attend its assembly.

Sept. 29, 2016: President Tsai issues strong statement on refusing to be pressured by China to accept the 1992 Consensus on the Democratic Progressive Party's (DPP) 30th anniversary.

Oct. 2, 2016: US-Taiwan Defense Industry conference opens in Williamsburg.

Oct. 10, 2016: President Tsai's Double Ten address reaffirms the DPP cross-strait policy.

Oct. 19, 2016: US-Taiwan Political-Military talks held in Washington.

Oct. 22, 2016: Hong Kong localist legislators visit Taipei.

Oct. 23, 2016: Global Health Forum is held in Taipei under Global Cooperation and Training Framework (GCTF).

Oct. 24, 2016: New AIT Chairman Jim Moriarty visits Taipei.

Nov. 1, 2016: KMT Chairperson Hung Hsiu-chu visits Beijing and meets Chinese Communist Party (CCP) General Secretary Xi Jinping.

Nov. 2, 2016: KMT-CCP Peaceful Development Forum opens in Beijing.

Nov. 5, 2016: Taipei expresses regrets on not being invited to observe Interpol Assembly.

Nov. 7, 2016: Yu Zhengsheng addresses Cross-Strait Entrepreneurs Summit.

Nov. 11, 2016: Xi Jinping addresses Sun Yat-sen anniversary ceremony in Beijing.

Nov. 15, 2016: President Tsai addresses first Taiwan-ASEAN Track 2 Dialogue in Taipei.

Nov. 19, 2016: Xi Jinping and Taiwan APEC envoy James Soong chat briefly at APEC.

Nov. 23, 2016: Funeral of Lee Hsin-kai, uncle of PRC first lady Peng Liyuan, held in Chiayi.

Nov. 23, 2016: Hong Kong Customs seizes Singapore military cargo in transit from Kaoshiong.

Nov. 25, 2016: Six PLA aircraft circumnavigate Taiwan for first time.

Nov. 29, 2016: Taiwan conducts disaster relief exercise near Taiping Island.

Dec. 2, 2016: President-elect Trump holds 10-minute phone call with President Tsai.

Dec. 6, 2016: Republican operative Stephen Yates visits Taipei.

Dec. 8, 2016: President Tsai says equal weight should be placed on Washington ties and cross-strait relations.

Dec. 8, 2016: US Congress passes National Defense Authorization Act (NDAA) with provision for US-Taiwan senior officer exchange program.

Dec. 9, 2016: President Tsai says she is resolute in defending ROC territorial claims, at exhibit of ROC control over Taiping.

Dec. 10, 2016: Ten PLA aircraft again circumnavigate Taiwan.

Dec. 11, 2016: Donald Trump has interview with *Fox News* in which he links Taiwan with US policy toward China.

Dec. 12, 2016: ROC Defense Minister Feng Shih-kuan says Taiwan will accept mainland military aircraft in need of landing place due to mechanical failure.

Dec. 14, 2016: Annual Taiwan-US-Japan Security Track 2 Trilateral Forum held in Taipei.

Dec. 20, 2016: Sao Tome and Principe ends diplomatic relations with Taiwan.

Dec. 22, 2016: KMT-CCP Forum in Beijing adopts cooperation program.

Dec. 25, 2016: Taiwan Foreign Ministry downplays Vatican-Beijing talks saying they are about church affairs not diplomatic relations.

Dec. 25, 2016: Aircraft carrier *Liaoning* with five escort ships circumnavigates Taiwan.

Dec. 26, 2016: Beijing establishes diplomatic relations with Sao Tome and Principe.

Dec. 28, 2016: Tokyo's office in Taipei renamed "Japan-Taiwan Exchange Association."

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

NORTH KOREA-SOUTH KOREA RELATIONS

BACK TO DIPLOMACY IN 2017?

AIDAN FOSTER-CARTER, LEEDS UNIVERSITY, UK

South Korea's hardline response to North Korea's nuclear and missile tests earlier in the year, which led to a complete severing of all inter-Korean contact, meant there was effectively no relationship between the two Koreas in final months of 2016. With the stalemate in relations coupled with the political turmoil in both Washington and Seoul, Aidan Foster-Carter provides his analysis to help understand how we got here by looking back and, even more importantly, looking forward. While North Korea watches and waits, there is a worrying power vacuum in Seoul in the wake of "ChoiSunsil-gate." The next move largely depends on how South Korea responds to the impeachment of President Park Geun-hye.
[Editors]

This article is extracted from [Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Aidan Foster-Carter, "North Korea-South Korea Relations: Back to Diplomacy in 2017?" *Comparative Connections*, Vol. 18, No. 3, pp. 61-72.

Introduction

If its remit were taken literally, this could be a very short article. South Korea's hardline response to North Korea's nuclear and missile tests at the start of the year – severing all inter-Korean contacts and terminating the few remaining joint activities, notably the Kaesong Industrial Complex (KIC) – meant that in the final four months of 2016, like the mid-year four months covered in our [last report](#), there was effectively no relationship between the two Koreas. In that sense there is nothing to say.

End of story? By no means. A cumulative serial publication like *Comparative Connections*, whose chronologies render it also a journal of record, has a responsibility to take the longer view; even, or especially, when politicians and others fail to do so. Hence, this is a good opportunity to look back, and especially forward. At a time of great uncertainty in Seoul and Washington – Pyongyang by contrast looks eminently [stable](#), for all its foes' frothing about "regime change" – one thing, we may venture, is for sure. The hard line that dominated policy toward North Korea during 2016 – epitomized by two new tranches of the toughest ever [sanctions](#), under UN Security Council Resolutions [2270](#) and [2321](#), intended to punish the DPRK's unprecedented pair of nuclear tests in a single year – will not endure unalloyed. 2017, or 2018 at the latest, will bring a return to diplomacy, not replacing pressure on Pyongyang, but complementing it. Sticks will continue, but we shall also see a revival of the too long neglected carrot.

At least three factors support this forecast. Two of them go beyond our specifically inter-Korean remit here, so let us simply state them. First: The stick alone is not working, and arguably will never work – not least because Beijing will not countenance any DPRK collapse. Second, China, which remains the key power in regard to North Korea, has consistently proposed a twin-track approach of pressure plus diplomacy – though it has been oddly slow to flesh out how a new diplomatic initiative might work by making concrete proposals. (Repeatedly calling on all sides to keep calm, while endlessly intoning a stale mantra about resuming the Six-Party Talks, is – with respect – an attitude, not a policy.)

The third and decisive factor is directly within this article's purview. By February 2018 at the latest, but probably sooner, South Korea will have a new president. All serious contenders to succeed the now beleaguered and impeached Park Geun-hye, on the

political right as well as the left, support some degree of re-engagement with North Korea. Thus, regardless of whether one reckons Park's latter-day switch to a hard line was better or worse than her earlier Trustpolitik, the fact is that ROK policy will soon change – perhaps drastically, depending on who occupies the Blue House for the next five years. Among the tasks of this article, therefore, is to examine the likely candidates and their approaches.

"ChoiSunsil-gate" and inter-Korean relations

"Events, dear boy; events." The comment famously [attributed](#) to Harold Macmillan (Britain's Prime Minister during 1957-63), when asked what leaders should fear most in politics, applies in spades to South Korea currently. The situation that takes center stage now was wholly unforeseen a mere four months ago, when we last wrote. Even then, in the medium term Park Geun-hye was on the way out. The ROK Constitution – which two-thirds of South Koreans believe needs [amending](#), according to a recent poll – mandates a single five-year presidential term. This tends to render every president, even those who accomplished more than Park, a lame duck as their term in office draws to a close. So in any case Park's successor was set to be elected on Dec. 20 this year, taking office Feb. 25, 2018.

That timetable is now likely to accelerate. This is not the place for a full account of the bizarre saga, still unfolding, which has brought Park Geun-hye to her present sorry plight. Readers of this journal no doubt already follow Korean affairs closely, but good brief summaries and backgrounders at various stages of this ongoing drama-cum-soap opera can be found [here](#), [here](#) and [here](#). In more depth, the Peterson Institute's essential *Witness to Transformation* [blog](#), normally focused on the other Korea, has seven instalments (at this writing) of incisive running commentary by UCSD's Stephan Haggard: the latest and the links are [here](#). Finally, for my money – only it's free, like *Comparative Connections* – one of the most insightful and thought-provoking as well as prolific commentators, albeit openly *engagé* and indeed *enragé*, is the anonymous TK at AskAKorean.com: see his successive takes [here](#), [here](#), [here](#), [here](#) and most recently [here](#). My own twopennorth is [here](#).

Our focus now is the inter-Korean angle, and mainly forward-looking. Yet it would be remiss not to report what this scandal has revealed, or alleged, about Park's past Nordpolitik and its tergiversations. As regular readers know from past articles, trying to follow and

explain Park Geun-hye's shifting stance on North Korea over time has vexed and flummoxed us. Logically prior to any evaluation, it has often been hard to tease out exactly what her aim or game was. Above all, her sudden embrace early in 2014 of an almost apocalyptic, adventist vision of unification as an imminent happy event (a [jackpot](#) or bonanza, no less) for Korea – meaning South Korea plus the Northern people – the DPRK authorities had no place in this – was hard to interpret. Was she just terminally fed up with Kim Jong Un, and with the foul insults hurled at her by DPRK media? That would be humanly understandable.

Among all conceivable explanations for this volte-face, no one had entertained [shamanism](#). Yet that is now on the cards. Choi Sun-sil – the cult leader's daughter whose sway over Park (like her father's) has been compared to [Rasputin](#), yet who had no official position nor security clearance – appears to have been heavily involved in policy on North Korea, as in many other areas. I summarized some key allegations in an earlier [article](#); three are worth singling out. When Park met her predecessor (and sometime rival) Lee Myung-bak for a briefing in December 2012, soon after her election but before she took office, Choi seems to have [drafted](#) her script and told her what to ask. The answers included revelations of secret inter-Korean contacts which Choi, as a civilian, had no business knowing about.

Second, computer [evidence](#) suggests Choi wrote or redrafted parts of Park's March 2014 Dresden Declaration, including the idea – bound to be anathema to Pyongyang – of the East German city, and the German mode of unification, as a model for Korea. This overture – Trustpolitik's last gasp; the North summarily rejected it – was hard to reconcile with the aforementioned unilateral emphasis on unification which thereafter would increasingly dominate Park's approach.

The third and most striking allegation is that this new theme arose not from fresh intelligence analysis or professional advice from policy makers, but because Choi had prophesied that reunification was imminent within a year or two. That notion is also said to have influenced [specific decisions](#), such as closing Kaesong and resuming propaganda broadcasts across the Demilitarized Zone (DMZ). All this remains to be proven, but the circumstantial evidence is strong. Perhaps trying to [decode](#) Park Geun-hye's Nordpolitik was a wild goose chase all along; we should rather have been seeking to fathom her secret Svengali, Ms Choi.

A worrying power vacuum in Seoul

Looking ahead, two big issues loom: who will succeed Park, and how soon. Taking the latter first – Park's Dec. 9 impeachment by the National Assembly – the overwhelming margin (234 votes to 56) means that almost half of her own conservative Saenuri Party must have joined the three opposition parties in rejecting her – leaves her fate with the Constitutional Court (CC), which has up to 180 days (meaning it could in principle take until early June) to decide whether to endorse her impeachment or reinstate her. The verdict must be endorsed by six of the nine justices – two of whom, complicating matters, are soon to retire; one at end-January and another in mid-March.

That circumstance, plus the fact that almost all the judges were conservative appointees, means there can be no certainty that Park's impeachment will be upheld. If she does return to office, the fear is that the massive but hitherto laudably peaceful protests held every Saturday since Oct. 29 in Seoul and across the nation – which organizers have pledged will continue until she actually leaves office – may erupt into anger and violence. Most observers reckon that, in what is inevitably a political as well as a judicial verdict, the CC will take note that the nation has already passed judgment. Demonstrations aside, Park's support has plummeted to 4-5 percent; her authority is irretrievably shattered. In harsh words that arguably run ahead of the CC and any other judicial proceedings, but which accurately reflect near-universal sentiments, even the conservative *JoongAng Ilbo*, South Korea's leading daily, on Dec. 30 [listed](#) its first item in a "year of bad news" as "A President disgraced and despised." This went so far as to claim that Korean democracy "was hijacked by a psychologically fragile president with shockingly few democratic or constitutional scruples –and with a sensibility rooted in the Asiatic (sic) court of her father" – the latter of course being Park Chung-hee, dictator from 1961 to 1979.

For inter-Korean ties, the main if obvious implication is that Park's downfall and impeachment have created a leadership limbo, likely to last several months, which cannot but weaken South Korea. Park herself remains in the Blue House in [isolation](#), which it seems is nothing new for her. But under the Constitution her duties since Dec. 9 have passed to the prime minister, Hwang Kyo-ahn, an unpopular ex-prosecutor and Park loyalist, arguably ill-equipped to bear the weight of a role he never expected to have thrust upon him (indeed, Park had even nominated a successor at an earlier stage of

the crisis, but the opposition rebuffed this). Duyeon Kim, in her useful recent [analysis](#) in PacNet #94, is no doubt formally correct to say there is no power vacuum in Seoul, in the sense that everyone's responsibilities are laid down. Yet she admits there are "questions ... about the acting president's competency and the extent of his powers", as well as how emergency response command chains would work in any crisis. Fortunately North Korea has so far confined its reactions – more on which below – to verbal gloating.

How long this limbo will last depends on the CC. With no fewer than 13 specific charges to consider (though it has grouped them under five heads), the Court at first suggested it would take its [time](#) – but on Dec. 30, Chief Justice Park Han-chul [promised](#) a "speedy and fair" trial. It is he who retires at the end of January; could it possibly be [that](#) speedy? At all events, if the CC upholds Park's impeachment then a presidential election to choose her successor must be held within 60 days. "Within" suggests it might be sooner, though elections could hardly be organized in less than a month.

After Park, who? – and what?

Putting all this together, South Korea could conceivably have a new president by the time our next update is written in early May, and probably will before the one after that in September. Barring any new Constitutional amendment that might permit a second term, the man elected – no women are in the frame, this time – will, like Park, have five years at the helm; i.e., through 2022. How will he tackle North Korea? To answer this concretely requires looking at the main likely contenders.

For the ROK's fractured conservatives – as long anticipated, Saenuri [split](#) on Dec. 27 – the problem is not just being tarnished by Park Geun-hye, but their [lack](#) of any convincing contender to succeed her. Hence the odd situation that their front-runner and only plausible standard-bearer is someone who has not even declared his candidacy and who previously served a liberal administration. South Koreans, fed up with their existing politicians, have a habit of pining for a white knight outsider. That yearning has pitchforked none other than Ban Ki-moon into the role of the Right's only hope. Having only just retired after a decade as UN Secretary-General, Ban is due to return home on Jan. 12. By the time this issue of *Comparative Connections* is published, he may well have thrown his hat into the ring.

On past form, Ban is more centrist than rightist, and by inclination a would-be peacemaker. In his UN role he tried several times to go to North Korea. In May 2015 he was due to visit Kaesong, only for the North to call this [off](#) without explanation. Pyongyang has not taken kindly to Ban's presidential hopes, calling him *inter alia* a "wicked [stooge](#) of the US," a "chameleonic political [profiteer](#)" and "[oil eel](#)." On past form, such colorful invective does not preclude dialogue were Ban to become president.

Arrayed against Ban is a phalanx of liberal wannabes. At *Witness to Transformation*, PIIE's Kent Boydston has helpfully [listed](#) the six leading presidential hopefuls – the other five are all liberals – and their positions on North Korea. Three of the five liberals he rates as "very pro-engagement oriented" and the other two as moderately so. The former include the two left-of-center front-runners. One is a blunt-talking rising star, occasionally called Korea's Donald [Trump](#) – although Bernie Sanders is a more accurate comparison. Lee Jae-myung, who is mayor of Seongnam – a satellite city southeast of Seoul – wants Park Geun-hye behind bars and the *chaebol* (conglomerates) broken up. He would meet Kim Jong Un unconditionally, and on Jan. 3 [warned](#) South Koreans to brace for a possible withdrawal of US forces (USFK). Such messages evidently resonate; between October and December Lee's popularity in opinion polls more than [tripled](#) from 5 to 18 percent, putting him in third place.

Yet in any primary to be held by Minjoo (Democrats), the main opposition party, the abrasive Lee can hardly defeat the smoother, if scarcely less radical figure who currently leads in all polls and who ran Park Geun-hye a [close race](#) in 2012. Moon Jae-in, chief of staff to the late Roh Moo-hyun (president 2003-08) whom he accompanied to Pyongyang for the second inter-Korean summit in 2007, remains firmly wedded to the sunshine approach. His program in 2012 included creating an economic [union](#), no less, with the North. Having consistently maintained this stance in the years [since](#), in a recent [interview](#) (the original, in Korean, is [here](#)) he threw down several gauntlets, not least to Washington. As doubtless discussed in the US-Korea and China-Korea articles in this issue, Moon demanded that a final decision on the Terminal High Altitude Area Defense (THAAD) system deployment be left to the next ROK administration – whereas in US eyes this is already a done [deal](#), to be installed within 8-10 months. The alliance looks set to be tested.

On the inter-Korean front, Moon insisted that the Kaesong complex, widely seen as dead and buried, "has

to be resumed immediately.” Strikingly, asked which country he would visit first if elected, he replied: “I can answer that without any hesitation. I will visit North Korea first. But before doing so, I will provide sufficient explanation to the US, Japan, and China on why I have to.”

All this could hardly be a more radical rupture from current ROK policy, whose hard line for now continues unabated. On Jan. 5, a government source [said](#) that a new inquiry into DPRK human rights abuses will begin next week. That area is an Achilles’ heel for the sunshine brigade, since engaging Pyongyang has tended to come at the price of soft-peddalling such evils. In October a [furor](#) erupted, briefly, when a memoir by former Foreign Minister Song Min-song [claimed](#) that in 2007 Seoul even consulted Pyongyang over which way to vote in an upcoming UN resolution on North Korean human rights (it eventually abstained), and that Moon was a key intermediary in this communication. Rather feebly Moon claimed not to remember, but this charge seems to have done him no lasting damage. Interestingly, Song also claimed that he and the Foreign Ministry were initially kept out of the loop about Roh Moo-hyun’s plans for a second inter-Korean summit that same year, for fear they would demand close coordination with Washington and prioritization of the nuclear issue.

So who will win? As of early January there are still many imponderables. A first-past-the-post voting system rewards unity and penalizes division. Kim Dae-jung, the onlie begetter of sunshine for which he won the Nobel Peace Prize, only scraped into the Blue House in 1997 – at his fourth attempt; he had already retired once – by allying with one regional conservative party (led by Park Chung-hee’s right hand man Kim Jong-pil, still with us today), and because a breakaway from the main rightwing party split the conservative vote. With both conservatives and liberals each currently fielding two parties, tactical alliances are likely in the months ahead. Here again Ban Ki-moon is key. Since Saenuri split, [two](#) different conservative parties are now courting him. Alternatively he might join forces with Ahn Cheol-soo, another former white knight who a year ago quit Minjoo to form the People’s Party (PP).

As Ahn has found and Ban is finding, stars can wax and wane rapidly. In late September, almost 60 percent of those polled said they liked Ban, but by the end of December almost as many [disliked](#) him. That fall is due to allegations of [corruption](#), which Ban hotly [denies](#). Were such charges to stick, they could sink Ban’s hopes. But equally they might come to nothing and Ban may

bounce back. As of now he has some catching up to do. Whereas Ban and Moon were once neck and neck, all the most recent [polls](#) put Moon comfortably ahead. [Two](#) separate polls suggest that in a hypothetical two-horse race, Ban would be beaten not only by Moon but also (albeit narrowly) by Lee Jae-myung.

What’s the Korean for “We’re not in Kansas any more”? Or “this is not your mother’s Korea”? For sure it is no longer Park Geun-hye’s Korea, in any sense. No contender to succeed her is proposing to continue her Nordpolitik, or anything like it. While North Korea is rarely a major issue as such in South Korean elections, this time voters look likely to elect a leader who will break radically with the hardline approach of the past decade. Others in this journal must mull how that prospect will affect the ROK’s relations with other powers: Japan, China, and above all the US – itself unpredictable after Jan. 20, when the once unimaginable will happen and the words “president” and “Trump” become conjoined. With national assertiveness on the rise everywhere, South Korea is no exception. The key issue then becomes who will square up to whom, and about what. Interesting times indeed.

North Korea: watching and waiting

And North Korea? On Dec. 17, Kim Jong Un, still only 32, entered his sixth year at the helm, longer than Park Geun-hye will ever have, even if her five-year term is not cut short. As the *Washington Post* [noted](#), many skeptics confidently predicted that the young greenhorn Kim would never last that long. Ironoically, one leading doom-monger was none other than Park Geun-hye, especially this year. On Aug. 22, based on supposed growing desertions by Northern elites – in fact, the sole confirmed case is Thae Yong Ho, formerly No. 2 at the DPRK Embassy in London, although others may be lying low – Park spoke of “serious cracks” in the Northern regime. Now the boot is on the other foot; like it or not, the North is the Korea whose government looks stable. The *Post* quotes Su Mi Terry, ex-CIA, who reckons Kim Jong Un could rule for another 50 years. Collapse? Bah humbug. Those who still cling to that shibboleth, as I long did, need to retool – or show how their faith is more than wishful thinking.

As for how the North views the South now – well Christmas came early. Unsurprisingly, DRPK media coverage on Park Geun-hye’s troubles, which began swiftly in late-October and has kept a running commentary ever since, is in effect one long gloat. Given Pyongyang’s warmed worldview, rarely indeed does their dark fairytale come so startlingly true. The hacks at

Rodong Sinmun, who *a priori* reach for the cliché book with headlines like “Dictator doomed” even when all is well in South Korea, are having a field day. The quality of the North’s coverage of Parks crisis has varied widely, but rarely if ever have the Northern people been told so much about events in the South. The spectacle of mass protests against a government – in the South you can do that? – must give pause for thought.

On Oct. 31, its fifth straight day of covering Park’s travails, the Party daily offered the North’s first official [commentary](#), in the name of its editorial board. “Top secret information, such as North-South secret military meetings, was discussed in (Choi Sun-sil’s) secret office.... Incidents that drove inter-Korean relations to extremes – such as the resumption of loudspeakers and shutdown of the Kaesong Industrial Complex – were the results of Choi’s ‘orders’ ... the ‘Unification is Bonanza,’ or ‘Dresden Initiative’ were designed or ratified from Choi’s unenlightened brain. Can it be more absurd and ridiculous than this?” Rarely does the writer concur with *Rodong Shinmun*, but (with the important proviso of *sub judice* – we wait for proof) it is difficult to dissent from that assessment. Calling Choi a “mindless shaman,” the editorial concluded, “The tide of history is now in the hands of South Koreans and how they will fulfill their duties and responsibilities.” Hard to quarrel with that, either.

Sadly but predictably, most Northern commentary has been cruder. As can be seen by entering “Park Geun-hye” in the invaluable [KCNA Watch](#)’s search engine, the typical format is to quote some South Korean source, real or fictitious, criticizing this or that. This “reportage” is interspersed with regular commentary, mostly drawn from the ever-colorful Pyongyang insult dictionary and thus of limited analytical value. This includes some choice phrases, e.g., the [headline](#) “Useless Wriggling” on Dec. 25 (about Saenuri; again, arguably accurate). But more are clunkier, like this *KCNA* headline from Dec. 31: “Rodong Sinmun Ridicules Puppet Group’s Efforts to Prolong Their Dirty Remaining Days.”

So much for words, what about deeds? On the policy front, thus far, the North seems content to watch and wait. One should not tempt fate, but while Pyongyang’s rhetoric is as strident as ever, so far Kim Jong Un has refrained from taking advantage of the South’s weakness by physical provocations. He may well be pondering the larger challenge of a Trump presidency. One problem both Koreas share, like the rest of the world, is to try to fathom which of Trump’s many conflicting and often acerbic comments might actually become US policy. Drawing an interesting parallel, the

well-known political scientist (and sunshine advocate) Moon Chung-in has [suggested](#) that Trump’s challenge to the ROK is no worse than Richard Nixon’s Guam doctrine almost half a century ago, and should be handled the same way: “by reinforcing our defense capabilities and improving our relationship with North Korea.” Moon also warned that “the U.S.-led world order should no longer be regarded as absolute.”

In this uncertain and rapidly changing situation, small wonder if Kim Jong Un chooses to sit tight and wait and see on two fronts: for what Trump may do and (our concern here) who succeeds Park Geun-hye, and what they might offer him. Otherwise there is very little to report from Pyongyang these past four months, beyond a great deal of gloating. For the record we should note Kim’s latest New Year address, but also beware of over-interpreting it. Others may detect hidden nuances, but to our eyes this was the usual boilerplate, on inter-Korean relations as elsewhere. But judge for yourself. As usual, the US National Committee on North Korea (NCNK) has kindly made the [full text](#) available. Here is the relevant passage, toward the end and accounting for about 18 percent of Kim’s speech overall:

Last year, in reflection of the national desire for reunification and the requirements of the times, we put forward the Juche-oriented line and policy of reunification at the Seventh Congress of the Workers’ Party of Korea and made strenuous efforts to this end. However, the south Korean authorities turned a deaf ear to our patriotic appeal and ignored our sincere proposal. Instead, they clung to their sanctions-and-pressure schemes against the DPRK and persisted in clamouring for a war against it, thus driving inter-Korean relations towards the worst catastrophe.

Last year, south Korea witnessed a massive anti-“government” struggle spreading far and wide to shake the reactionary ruling machinery to its foundations. This resistance involving all south Korean people, which left an indelible mark in the history of their struggle, was an outburst of pent-up grudge and indignation against the conservative regime that had been resorting to fascist dictatorship, anti-popular policy, sycophantic and traitorous acts and confrontation with their compatriots.

This year we will mark the 45th anniversary of the historic July 4 Joint Statement and the 10th anniversary of the October 4 Declaration. This year we should open up a broad avenue to independent reunification through a concerted effort of the whole nation.

Positive measures should be taken to improve inter-Korean relations, avoid acute military confrontation and remove the danger of war between north and south.

The improvement of inter-Korean relations is the starting-point for peace and reunification, and it is a pressing demand of the whole nation. Any politician, if he or she remains a passive onlooker to the current deadlock between the two sides, can neither claim to be fully discharging his or her responsibility and role for the nation nor enjoy public support. Every manner of abuses and slanders aimed at offending the other party and inciting confrontation cannot be justified on any account, and an immediate stop should be put to the malicious smear campaign and other acts of hostility towards the DPRK, all designed for the overthrow of its system and any other "change."

We are consistent in our stand to safeguard the security of the compatriots and peace of the country without fighting with the fellow countrymen. The south Korean authorities should not aggravate the situation by finding fault with our exercise of the right to self-defence thoughtlessly, but respond positively to our sincere efforts to prevent military conflict between north and south and ease the tension.

They should also discontinue arms buildup and war games.

The whole nation should pool their will and efforts to usher in a heyday of the nationwide reunification movement.

All the Korean people in the north, in the south and abroad should achieve solidarity, make concerted efforts and unite on the principle of subordinating everything to national reunification, the common cause of the nation, and revitalize the reunification movement on a nationwide scale. They should promote active contact and exchange with each other irrespective of differences in their ideologies and systems, regions and ideals, and classes and social strata, and hold a pan-national, grand meeting for reunification involving all the political parties and organizations including the authorities in the north and south, as well as the compatriots of all strata at home and abroad. We will readily join hands with anyone who prioritizes the fundamental interests of the nation and is desirous of improving inter-Korean relations.

It is necessary to frustrate the challenges of the anti-reunification forces at home and abroad who go against the aspiration of the nation for reunification.

We must put an end to the moves for aggression and intervention by the foreign forces including the United States that is occupying south Korea and tries to realize the strategy for achieving hegemony in the Asia-Pacific region, and wage a dynamic pan-national struggle to thwart the moves of the traitorous and sycophantic anti-reunification forces like Park Geun Hye who, failing to see clearly who is the real arch-enemy of the nation, is trying to find a way out in confrontation with the fellow countrymen.

Well aware of the will of the Korean nation to reunify their country, the United States must no longer cling to the scheme of whipping up national estrangement by inciting the anti-reunification forces in south Korea to confrontation with the fellow countrymen and war. It must make a courageous decision to roll back its anachronistic policy hostile towards the DPRK. The international community that values independence and justice should oppose the moves of the United States and its vassal forces aimed at wrecking peace on the Korean peninsula and checking its reunification, and the neighbouring countries should act in favour of our nation's aspiration and efforts for reunification.

All the fellow countrymen in the north, in the south and abroad should do something to make this year a meaningful year of a new phase in independent reunification by stepping up a nationwide grand march towards reunification through the concerted effort of the nation.

Leaving aside the tendentious but predictable misconstrual of what is really driving the anti-Park movement, every theme and proposal here has been made before. The danger is that Kim, or those who advise him (if he listens), may interpret Park Geun-hye's downfall as confirming North Korea's warped worldview. Part of Park's tragedy is that even her initial Trustpolitik, intensely cautious, never took the trouble or risk to find out what a new, young, and insecure ruler in Pyongyang might actually want or be up for. Economic development is one clear answer, which Moon Jae-in will seek to build on if he is elected. Without naivety, and learning from the errors and disappointments of the sunshine era, it is possible to visualize South Korea finding a way – daring and heterodox, perhaps; patient and subtle, certainly – to hook the Northern fish, make it bite, catch it, and reel it in. Existing policy is not working; we need to think outside the box. If any good can come of South Korea's tawdry political crisis, it may be the election of fresh leadership prepared to try something new to cut the North Korea knot once and for all. Watch this space.

CHRONOLOGY OF NORTH KOREA-SOUTH KOREA RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 1, 2016: *Yonhap*, the quasi-official ROK news agency, [reports](#) “a source” (unidentified) as claiming that a diplomat engaged in trade activities at the DPRK Consulate General in Vladivostok defected to Seoul in August, bringing his family and “huge holdings of foreign currency.” No such defection is subsequently confirmed, as of Jan. 2017. Several other similar claims emanating from Seoul of recent diplomatic defections remain unsubstantiated.

Sept. 3, 2016: In his first [interview](#), conducted by telephone, the ex-restaurant manager of the ‘Ningbo 13’ – North Korean restaurant workers in China, who came to Seoul *en masse* in April – named as a Mr Heo aged 36, tells the *Hankyoreh* that he never expected Seoul to publicize their defection, and says repeatedly that “time will bring everything to light.”

Sept. 4, 2016: A poll commissioned by the ROK Unification Ministry (MOU) [finds](#) that, for the first time since Aug. 15, critics of President Park’s approach to North Korea (46.9 percent of those polled) outnumber her supporters, albeit narrowly (45.9 percent).

Sept. 4, 2016: ROK’s North Korean Human Rights [Act](#) (NKHRA), passed March 3, 2016 by the National Assembly, takes [effect](#). *Inter alia* this makes provision to “collect, record and preserve details of crimes against humanity committed by Kim [Jong Un] and his aides.” To that end, later in September a new Center for North Korean Human Rights Records (CNKHRR) is established.

Sept. 6, 2016: At a joint press conference with President Barack Obama after their bilateral meeting in Vientiane, Laos, ROK President Park [says](#) that “unification will offer the opportunity to the North Korean people of equal treatment.”

Sept. 7, 2016: *Yonhap* reports that 894 DPRK [defectors](#) reached the ROK during January-August, up 15 per cent from 777 in the first eight months of 2015. The agency forecasts that the cumulative total since 1953 will surpass 30,000 this year. Arrivals peaked in 2009, but have slowed since 2011 under Kim Jong Un as border controls were tightened.

Sept. 7, 2016: Central Committee of North Korea’s Kimilsungist-Kimjongilist Youth League proposes a meeting of young Koreans from both North and South to discuss unification. Seoul [rejects](#) this the next day, calling it “sheer propaganda.”

Sept. 7, 2016: Days after Pyongyang media and the [UN](#) report severe flood damage in the DPRK’s northeast, with at least 60 dead, MOU [says](#) Seoul has received no request for aid.

Sept. 7, 2016: Ryoo Kihl-jae, architect of Trustpolitik and Park Geun-hye’s first Unification Minister (2013-15), tells [Chatham House](#) that unification “should happen peacefully and gradually ... through the accrual of mutually beneficial and reciprocal cooperation between South and North Korea.” Ryoo was let go in Feb. 2015, as Park embraced a more unilateral view of unification.

Sept. 8, 2016: Attending the Seoul Defence Dialogue (SDD), Ahmet Uzumcu, Director General of the Organization for the Prohibition of Chemical Weapons (OPCW), [says](#) North Korea should join the Chemical Weapons Convention (CWC) without delay; adding that he has for years written many letters to Pyongyang on this, but never even received a reply.

Sept. 9, 2016: DPRK conducts its fifth [nuclear test](#) since 2006 and its second this year. Pyongyang media exult; Seoul, and the rest of the world, sharply condemn this.

Sept. 11, 2016: A dozen South Korean security and nuclear experts [launch](#) a new think-tank to discuss how the ROK could be armed with nuclear weapons.

Sept. 11, 2016: *Yonhap* [quotes](#) “a military source” as claiming, in lurid tones more usually associated with the North, that South Korea “has already developed a plan to annihilate ... Pyongyang through intensive bombing in case the North shows any signs of a nuclear attack the North’s capital city will be reduced to ashes and removed from the map.”

Sept. 12, 2016: At a fractious two-hour meeting with heads of the three main political parties – “Leaders snarl at each other at the Blue House” is the *JoongAng Daily’s* [headline](#) – Park rejects a proposal by the new Minjoo Party chairwoman, Choo Mi-ae, that she send a special envoy to Pyongyang. Park Jie-won, acting head of the People’s Party, says that unlike Park’s government and her ruling Saenuri Party, the two liberal opposition parties believe that “sanctions and dialogue must be implemented simultaneously.” They also oppose the planned deployment on ROK soil of the US Terminal High Altitude Area Defense (THAAD) anti-missile defense system.

Sept. 19, 2016: MOU [says](#) that in the light of North Korea’s recent nuclear test, the chances of South Korea offering Pyongyang flood aid, even if asked, are low.

Sept. 20, 2016: In the DPRK’s second major test of a rocket engine this year (the [first](#) was on April 9), Kim Jong Un [watches](#) what *KCNA* calls a “ground jet test of a new type of high-power engine of a carrier rocket for the geo-stationary satellite.”

Sept. 22, 2016: In seeming response to recent reports from Seoul of contingency plans to “decapitate” the DPRK leadership (see Sept. 11, above), a statement by the Korean People’s Army

(KPA) General Staff [warns](#) that “the nuclear warheads fired by the KPA as punishment will completely reduce to ashes Seoul, the center of confrontation with compatriots where Chongwadae [the Blue House, the ROK presidential office and residence] is located and reactionary ruling machines are concentrated.” Furthermore “the KPA will sweep Guam, the base of provocations, from the surface of the earth.”

Sept. 28, 2016: Unification Minister Hong Yong-pyo attends the opening [ceremony](#) of the Center for North Korean Human Rights Records (CNKHRR).

Sept. 29, 2016: Suh Doo-hyun, head of the new CNKHRR, [says](#) the center is considering probing the DPRK’s rights violations in third countries, including its labor export practices.

Oct. 2, 2016: Nam Kyung-pil, governor of Gyeonggi Province (which surrounds Seoul), who is – or was – seen as a potential conservative candidate for the ROK presidency, [tells](#) *Yonhap* that in the face of North Korea’s growing nuclear threats, the South too should prepare to acquire nuclear weapons.

Oct. 9, 2016: Citing MOU data, *Yonhap* [reports](#) that 1,036 North Koreans entered the South in January-September this year, taking the cumulative total since 1953 to 29,830.

Oct. 13, 2016: Visiting Seoul, the US Special Envoy for DPRK Human Rights Issues Robert King [says](#) Washington hopes to sanction more North Koreans for rights abuses.

Oct. 13, 2016: South Korea’s NGO Council for Cooperation with North Korea (KNCCCK) [says](#) the 54 bodies it represents have together collected \$187,000 for flood aid to the North. They send this to the International Committee of the Red Cross (IRC), as their own government now bans direct contact.

Oct. 24, 2016: *JTBC*, a South Korean cable TV network, [claims](#) it has computer evidence showing that Choi Sun-sil – a long-time confidante of President Park Geun-hye, with no official post or

security clearance – had advance drafts of Park’s major speeches and edited some of them.

Oct. 25, 2016: President Park [admits](#) and apologizes for having Choi review some of her speeches, but says she did this “with pure intent.” Most reactions criticize this explanation as unsatisfactory.

Oct. 26, 2016: Responding to – if not exactly denying – media claims that Choi Sun-sil was involved in drafting President Park’s March 2014 Dresden Declarations and in last February’s decision to shut the Kaesong Industrial Complex (KIC), MOU [insists](#) that the former’s contents came from relevant ministries, while the KIC closure was made for security reasons.

Oct. 27, 2016: The *Hankyoreh*, South Korea’s main left-leaning daily, [repeats](#) the charge that Choi Sun-sil meddled in North Korea policy, including the KIC closure and also the Jan. 7 decision to resume propaganda broadcasts by loudspeaker across the Demilitarized Zone (DMZ).

Oct. 27, 2016: With unusual speed (the norm is 2-3 days’ delay in reporting ROK domestic events), *Rodong Sinmun*, daily paper of the DPRK’s ruling Workers’ Party, [reports](#) that “Park Geun-hye and her party face the worst political crisis ever ... The current ‘government’ faces de-facto collapse”

Oct. 29, 2016: In the first of what will become weekly rallies every Saturday, thousands of protesters in Seoul and elsewhere [demonstrate](#), peacefully, calling for President Park Geun-hye to step down.

Oct. 31, 2016: *Rodong Sinmun* offers the North’s first official [commentary](#) on the Choi Sun-sil scandal, Calling Choi a “mindless shaman,” the paper’s editorial board concludes: “The tide of history is now in the hands of South Koreans and how they will fulfill their duties and responsibilities.”

Nov. 4, 2016: In a second televised [apology](#), a tearful Park Geun-hye says she let her guard drop as regards Choi: “These latest developments are all my fault and were caused by my carelessness.”

Nov. 13, 2016: *KCNA* [reports](#) that Kim Jong Un [inspected](#) KPA units on Kali – said to be a new base created at Kim’s direction – and the larger Jangjae, two islets in the West (Yellow) Sea close to the ROK-held Yeonpyeong island. As usual no date is given, but this presumably was the previous day, Nov. 12. Kim’s instructions included that these front-line soldiers “should be provided with lots of ideological pabulum.” More ominously, he also “approved the newly worked out combat document of the plan for firepower strike at Yonphyong [the DPRK spelling] Island.”

Nov. 23, 2016: North Korea holds an army-people solidarity [rally](#) marking the sixth anniversary of the shelling of the South’s Yeonpyeong Island. The venue is the locality from whence the KPA’s 4th Army Corps fired: Kangryong County in South Hwanghae province.

Nov. 28, 2016: MOU [says](#) it will conduct a pilot survey on 10 recent Northern defectors to gather data on DPRK human rights abuses.

Nov. 30, 2016: Almost three months after North Korea’s latest nuclear test, the UN Security Council – unanimously, as always – [passes](#) Resolution [2321](#), condemning this and further tightening sanctions.

Dec. 2, 2016: South Korea follows UNSCR 2321 by [tightening](#) bilateral sanctions on North Korea. Seoul’s measures, mainly blacklisting entities which do no business with the ROK anyway, are described by Kim Kwang-jin, a prominent defector economist, as “largely symbolic.”

Dec. 9, 2016: The ROK National Assembly overwhelmingly [passes](#) a bill to impeach President Park, on five counts of violating the Constitution and eight of criminal violations. Prime Minister Hwang Kyo-ahn, a Park appointee, is at once [sworn in](#) as acting resident.

Dec. 11, 2016: DPRK media report and picture Kim Jong Un, “with a broad smile,” [guiding](#) a special operations drill whose target appears to be a mock-up of the Blue House in Seoul.

Dec. 12, 2016: Constitutional Court [warns](#) that Park's impeachment trial will take time (up to 180 days are allowed).

Dec. 17, 2016: Kim Jong Un, and all North Korea, [marks](#) the fifth anniversary of his father Kim Jong Il's death.

Dec. 24, 2016: *Rodong Sinmun* [reports](#) that on Dec. 23 the DPRK Measure Council (sic) for Human Rights in South Korea published a report listing "the worst ten of many crimes committed by the south Korean Park Geun Hye regime of traitors in 2016". These include "the thrice-cursed group abduction" (aka the Ningbo 13) and other unconvincing or scattergun examples. (Readers in the ROK, where it remains illegal to access DPRK media sources directly, should be able to read it [here](#).) Two days later the *Pyongyang Times* [covers](#) this in better English; the publishing body is now named as the DPRK Association for Protection of Human Rights in South Korea.

Dec. 27, 2016: *Yonhap* blows its own trumpet. Under the [headline](#) "*Yonhap* News key source of outside info for N. Korean diplomats: N.K. diplomat", the ROK news agency quotes diplomat-defector Thae Yong Ho: "The first website North Korea[n] diplomats open on their computers is *Yonhap* News."

Dec. 28, 2016: In a signed [article](#) headlined "Stupid tricks" but quite analytical overall, the *Pyongyang Times* (misspelling Hwang Kyo-ahn as Hwan) declares that "the ever-growing massive candlelit protest actions in south Korea demand the overall resignation of the incumbent cabinet."

Dec. 30, 2016: Chief Justice of the ROK Constitutional Court Park Han-chul pledges a "speedy and fair" impeachment trial. Justice Park's own term on the bench ends on Jan. 31.

Dec. 30, 2016: Radio Pyongyang again broadcasts [mystery number sequences](#) in the small hours, starting at 0115 Seoul time. Introduced by the announcer as "review works in math lessons of the remote education university for No. 27 expedition agents," these might be coded

instructions to spies, as was the case in the past. This is the 20th such broadcast since June 24; they had previously lapsed after June 2000's North-South summit. Alternatively, *Yonhap* [suggests](#) that this "may be some sort of psychological strategy aimed at sparking internal confusion within South Korea."

Dec. 31, 2016: Citing MOU's and its own data, *Yonhap* [says](#) that Kim Jong Un's field guidance visits, which peaked in 2013, fell from 153 in 2015 to 132 in 2016. His most frequent companion last year was Jo Yong Won, a vice director of the WPKs Central Committee. Jo accompanied Kim 47 times, more often than the better-known Hwang Pyong So (40 occasions).

Dec. 31, 2016: Reverting to its usual hyperbole, under the headline "Dictator's doom unavoidable" the *Pyongyang Times* [castigates](#) "Park Geun Hye's vicious dictatorship, which can be found nowhere else in the international political arena [and] generated the gargantuan ... scandal shaking the world."

Dec. 31, 2016: *Rodong Sinmun* [condemns](#) "traitor Hwang Kyo An, puppet prime minister of south Korea" for urging "decisive retaliation against any provocation of the north" while recently visiting a front-line unit: "Such reckless muscle flexing is unpardonable. The fellow countrymen will surely mete out a stern punishment to those quislings."

Jan. 1, 2017: Kim Jong Un delivers his usual New Year [Address](#). Inter-Korean issues occupy about one-fifth of this, all DPRK standard rhetoric with no new proposals. South Korea swiftly [criticizes](#) the speech, urging Pyongyang to stop provocations and insults and to embrace denuclearization.

Jan. 1, 2017: Emerging briefly from seclusion, Park Geun-hye takes [tea](#) with the press in the Blue House. She denies any wrongdoing, calling the accusations against her "fabrication and falsehood."

Jan. 5, 2017: Citing an unnamed defense ministry (MND) source, *CNN* [claims](#) the ROK is speeding up

the creation of a “decapitation unit” which in the event of hostilities would take out the top DPRK military leadership, including Kim Jong Un. Originally slated for 2019, it will now be ready this year.

Jan. 5, 2017: *Rodong Sinmun* carries a signed [article](#), moderate in tone and general in scope, headlined “Improvement of North-south Relations Is Starting Point of Peace and Reunification.”

Jan. 5, 2017: In a new tack, Park Geun-hye’s lawyers [claim](#) that the weekly mass protests against her are pro-Pyongyang. Press reaction is derisive: the *JoongAng* [calls](#) this “some serious self-deception.”

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

CHINA-KOREA RELATIONS

NUCLEAR TEST, POLITICAL FALLOUT, AND DOMESTIC TURMOIL

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North Korea's fifth nuclear test on Sept. 9 and the intensified test-firing of a range of missile types throughout 2016 underscored existing weaknesses in using dialogue and sanctions as a response. The timing of Pyongyang's latest provocations coincided with the G20 Summit in Hangzhou and ASEAN-related meetings in Vientiane. President Park Geun-hye used the venues for sideline talks with President Xi Jinping and President Obama. The nuclear test directly challenged a [nonproliferation statement](#) adopted by East Asia Summit (EAS) members on Oct. 8, which urged North Korea to abandon its weapons programs. Following extended negotiations with the US, China finally joined the international community in adopting [UN Security Council Resolution 2321](#) on Nov. 30. In addition to strains in the China-DPRK relationship, regional coordination on North Korea remains challenged by disputes between China and the ROK over THAAD and illegal Chinese fishing.

This article is extracted from [Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Scott Snyder and See-Won Byun, "China-Korea Relations: Nuclear Test, Political Fallout, and Domestic Turmoil," *Comparative Connections*, Vol. 18, No. 3, pp. 73-81.

Responding to North Korea's fifth nuclear test

North Korea's fifth nuclear test was immediately condemned by the UN Security Council and prompted telephone talks between PRC and ROK nuclear envoys Wu Dawei and Kim Hong-kyun on Sept. 10 and Foreign Ministers Wang Yi and Yun Byung-se on Sept. 14. Premier Li Keqiang had joined South Korean and other regional partners in calling for denuclearization at the 11th EAS on Sept. 8. In the days ahead of the test, Park Geun-hye also mobilized support for trilateral cooperation with the US and Japan through separate talks with President Obama and Prime Minister Abe Shinzo on Sept. 6-7 in Laos. Wu Dawei and Kim Hong-kyun met in Beijing on Sept. 22 and again in Dec. 9 after the adoption of UN Security Council Resolution (UNSCR) 2321, pledging to fully implement the tougher resolution.

Although Premier Li in his Sept. 19 meeting with President Obama at the UN General Assembly affirmed China's resolve to strengthen the implementation of UN resolutions, President Park in her [press conference](#) with Obama earlier that month suggested a need for greater Chinese cooperation on enforcing sanctions. Foreign Minister Yun Byung-se ahead of nuclear security meeting in Vienna in December called for China's "constructive role" in implementing UN resolutions "without leaving a loophole," an apparent reference to exceptions made for livelihood-related trade under previous UNSCR [2270](#), through which Pyongyang has been suspected of funding its weapons programs. UNSCR 2321 partially closed such loopholes, but both US and South Korean observers remain doubtful that tougher sanctions will significantly change Pyongyang's strategic calculations. A [Korea Development Institute \(KDI\) report](#) in October argued that Pyongyang is unlikely to change policy course despite the estimated economic impact of sanctions, while other South Korean experts have raised concerns over North Korea's ongoing unofficial trade channels with China.

Even with the closing of existing gaps in the sanctions regime, diplomatic coordination on North Korea is constrained by the current status of Beijing's bilateral relations with Pyongyang and Seoul. Days after the nuclear test, DPRK ceremonial head of state Kim Yong Nam and Foreign Minister Ri Yong Ho passed through Beijing on Sept. 12 and 13 on their way to Venezuela for the Non-Aligned Movement (NAM) summit in Venezuela, with no reported meetings with Chinese officials. The absence of contacts in Beijing reinforced perceptions of Pyongyang's quest to diversify its

diplomatic partnerships with nonaligned counterparts. On the other hand, China's mounting opposition to Seoul's July decision to deploy the Terminal High Altitude Area Defense ([THAAD](#)) missile defense system has highlighted the limits of Chinese cooperation with South Korea in dealing with the North's military threats. In a [statement](#) following the UN Security Council's vote on the latest resolution, PRC Ambassador to the UN Liu Jieyi called for an "immediate stop" to the THAAD deployment process, arguing that it "will in no way help realize denuclearizing the Korean Peninsula." Although Beijing called for fully implementing the new Resolution, Liu at a Security Council meeting on [Dec. 9](#) also reaffirmed China's opposition to discussing DPRK human rights. As some Chinese experts suggested at an international conference held in Seoul in November, cooling China-ROK political ties and concerns over Washington's emerging isolationist orientation are likely to harden Chinese views of North Korea's importance to Beijing as a "strategic buffer zone."

China and South Korea's political fallout over THAAD and fishing

Political frictions over THAAD have undermined coordination on North Korea since Seoul's decision last July to deploy the system. South Korean officials on Nov. 6 indicated that the THAAD decision has led to the suspension of all high-level defense talks with Beijing, including a planned meeting between Defense Ministers Chang Wanquan and Han Min-koo, and military strategy talks at the vice defense minister-level that have been held regularly since 2011. Chinese objections intensified in November after the ROK Defense Ministry concluded an agreement to acquire the site for THAAD deployment from Lotte Group in the southeastern county of Seongju, where construction will begin in early 2017. After US Forces Korea Commander Gen. Vincent Brooks' affirmed the plans for THAAD's deployment, the Chinese Foreign Ministry on [Nov. 4](#) warned that it would counter the "strategic and security interests of countries in the region, including China." The PRC Foreign Ministry voiced its concerns in [September](#) after the Xi-Park summit in Hangzhou failed to resolve differences over THAAD, threatening "necessary measures to defend national security interests and regional strategic balance." Such views were [echoed](#) by Wang Qun, director general of the PRC Foreign Ministry's Arms Control Department, at an October meeting of the UN General Assembly. Chinese government officials did not attend the Seoul Defense Dialogue in September, reflecting Beijing's ongoing opposition to THAAD's planned deployment.

In addition to their immediate priorities, the THAAD dispute has forced Beijing and Seoul to confront longer-term disagreements on North Korea, the US-ROK alliance, and broader regional security. In an interview with *Yonhap News* on [Nov. 22](#) and [Nov. 17](#), Yang Xiyu of the China Institute of International Studies, and former head of the Foreign Ministry's Korean Peninsula issues office, raised the need to "rethink" the bilateral partnership given the likely change in the course of bilateral ties after THAAD deployment. He warned that China is preparing diplomatic and military countermeasures, accusing South Korea of "bringing in a tug-of-war between major powers into its own territory." Jin Jingyi of Peking University at a September forum in Seoul similarly projected "extreme pain" in China-ROK ties following the advancement of THAAD deployment plans, and a likely improvement in China's relations with Pyongyang. Beijing's frustrations over the missile defense system, however, have resulted in intensified US and South Korean demands for greater cooperation on North Korea. In his [statement](#) following the ASEAN-related meetings in September, President Obama urged Beijing to "work with us more effectively to change Pyongyang's behavior." As a [Congressional report](#) argued in October, Seoul's rejection of Chinese objections suggests strengthened strategic trust with the United States. However, growing calls within South Korea for nuclear armament also reflect domestic uncertainties over Washington's future security commitments on the Peninsula.

China renewed its criticisms of a "cold war mentality" on the Peninsula in response to Seoul's signing of an intelligence-sharing agreement with Tokyo on Nov. 23, two years after concluding a trilateral deal with the US in late 2014. In exchanges between Chinese and South Korean foreign ministries on the regional security implications, China's Foreign Ministry [claimed](#) that the deal "will further aggravate hostility and confrontation on the Korean Peninsula and add new insecurity and instability in Northeast Asia." Beijing raised similar concerns in October after Seoul, Washington, and Tokyo's decision to regularize missile-detection exercises that were first conducted in summer 2016. After the reopening of ROK-Japan talks on the intelligence-sharing pact, South Korean officials in October indicated that Seoul has also proposed talks on a similar deal with Beijing for the second time since 2012 to strengthen cooperation on countering DPRK military threats.

The THAAD dispute has been accompanied by an intensified exchange of hostilities over Chinese fishing

in South Korea's exclusive economic zone (EEZ). The sinking of a ROK Coast Guard boat by an illegally operating Chinese fishing boat on Oct. 7 during a crackdown in the Yellow Sea triggered a series of formal complaints from Seoul. To protest what Coast Guard officials described as "attempted murder," South Korea's Foreign Ministry called in China's consul general in Seoul on Oct. 7 and 13 and PRC Ambassador Qiu Guohong on Oct. 11. While South Korean lawmakers demanded tougher action and an apology from Beijing, the ROK Coast Guard on Oct. 11 pledged to resort to force against Chinese interference with law enforcement. Such warnings were put into action on Nov. 1 and Nov. 12, when ROK Coast Guard officials fired a machine gun to warn and seize two Chinese fishing boats and dispel 30 others. Dismissing Beijing's protest against the "violent" crackdown, the ROK Foreign Ministry called for more "effective" measures against illegal vessels and their "organized and violent" resistance.

Such confrontations clouded a three-day visit by PRC Assistant Foreign Minister Kong Xuanyou to South Korea on Oct. 19-21 to meet ROK Deputy Foreign Minister Kim Hyong-zhin and Vice Foreign Minister Lim Sung-nam, and to participate in working-level talks on EEZs in Busan. While Beijing appeared to step up its efforts in November to enforce compliance with maritime law and ROK inspections, South Korea's Coast Guard claimed that the proportion of illegally operating Chinese fishing vessels in the EEZ in the Yellow Sea that are actually seized amounts to merely 0.04 percent. Following the recent clashes, the 16th round of bilateral fisheries talks in Beijing on Dec. 29 produced an agreement to reduce fishing quotas in each other's EEZs for 2017 and to take additional measures to crack down on illegal fishing.

China's trade and investment dealings with a sanctioned North Korea

South Korean analysts estimate that if UNSCR 2321 is fully implemented, North Korea's total export revenues will be cut by almost one third as a result of restrictions on North Korea's coal exports and bans on mineral exports. According to ROK government sources, the new resolution could reduce the North's foreign currency income by more than \$800 million per year, or more than a quarter of its estimated \$3 billion in total exports.

Growth in China-DPRK trade, however, has raised doubts over Chinese implementation of sanctions since the adoption of UNSCR 2270 in March against North

Korea's January nuclear and missile tests. China's exports to and imports from North Korea increased by 42 percent and 19 percent respectively in August, reversing a general downward trend in trade since April. The volume of North Korea's coal exported to China reached its highest level since 1998. The Korea International Trade Association (KITA) reported a doubling of DPRK coal and other mineral exports to China in November, just ahead of the implementation of UNSCR 2321. In an apparent move to impose the tougher resolution, China's Ministry of Commerce and General Administration of Customs announced a temporary suspension of DPRK coal imports from Dec. 11 to 31. Despite China's trade ban on coal, iron, and iron ore under the previous resolution, coal trade with the North has been criticized as a circumvention of UN sanctions under exceptions applied to livelihood-related trade. In addition to China-DPRK coal trade, KITA has raised further concerns over an almost four-fold growth in China's export of jet fuel to the North in September, even though the March resolution (UNSCR 2270) prohibits UN member states from supplying jet fuel to the North except for humanitarian need or civilian passenger aircraft.

The upward trend in China-DPRK trade is countered by shrinking investment ties. New DPRK investment in China amounted to \$70,000 in 2015 according to KITA, the lowest officially-recorded level since 1997. Chinese investment in the North, meanwhile, reached \$41.21 million, falling for a third consecutive year since the 2013 nuclear test. The latest data reflects a 99 percent decline in DPRK investment in China since peaking at \$11.22 million in 2010, and a 61 percent decline in Chinese investment in the North since peaking at \$109.46 million in 2012. Construction activity on the China-DPRK border, however, suggests continued Chinese investment in cross-border projects. PRC Vice Foreign Minister Liu Zhenmin and DPRK counterpart Park Myong-guk led the third meeting of the Border Joint Commission in Pyongyang on Oct. 25-26, focused on border exchanges and control. The reported expansion of Chinese bank operations in Rason special economic zone is another potential violation of the UNSCR 2270, which prohibits UN member financial institutions from operating existing or new branches in the North.

Although negotiations on a new resolution against Pyongyang focused on closing loopholes in existing sanctions, a KDI report in October raised doubts over the effectiveness of international sanctions without further cooperation from China. South Korea's media

and research institutes since September have shed light on illicit trade activities on the China-DPRK border in addition to the rise of Chinese firms engaged in illicit trade and business with the North. Following a [joint report](#) by the Asan Institute for Policy Studies and US-based Center for Advanced Defense Studies, the US Treasury Department blacklisted Dangdong Hongxiang Industrial Development Co. on Sept. 26, its first case of sanctions against a Chinese firm for supporting Pyongyang's weapons programs. While the ROK Foreign Ministry welcomed the move as a deterrent against other Chinese firms that have served the North's evasion of sanctions, Washington's actions also appeared to catalyze active responses from South Korean and Japanese counterparts. Demonstrating its unified commitment to sanctioning Pyongyang, South Korea's Foreign Ministry in November indicated that it is considering unilateral measures against a suspect Chinese firm, a month after similar steps taken by Tokyo.

China-ROK commercial relations a year into the FTA

South Korean exports to China fell by 11 percent in January-November to \$112.4 billion, reflecting monthly consecutive declines since July 2015, accompanied by a slowing growth rate of 0.7 percent during the third quarter. In addition to the global slowdown, South Korea's weakened export performance can be partly attributed to China's declining dependence on intermediary imports, and relocation of South Korean companies out of China to cut down labor costs. The Bank of Korea (BOK) in December warned against a further decline in exports in the event of potential US-China trade tensions, where a 10 percent decline in Chinese exports to the US would generate a 0.36 percent decline in total South Korean exports, with the greatest costs to sectors like electronics, semiconductors, and petrochemicals. According to the Federation of Korean Industries, South Korea's direct investment in China reached \$2.85 billion last year, almost halving since 2007 and reflecting a long-term decline over the past decade due to increased labor costs and weakened incentives for foreign investors. South Korea's ratio of outward foreign direct investment (FDI) into China fell from 39.3 percent in 2005 to 10.5 percent in 2015. The decrease corresponds to a general slowdown in FDI in China as well as recent growth in South Korean investment in other emerging markets like ASEAN. A Korea Institute of Industrial Economics and Trade report in September raised concern over growing export competition in

ASEAN over the past decade as Chinese exporters have caught up with South Korean rivals particularly in technology goods. Chinese producers have already narrowed the gap in the TV market, taking 31.9 percent of the global market in July-September, an on-year growth from 28.9 percent. China's share approaches the South Korean share of 32.2 percent, a decline from 35.4 percent.

The Korea Institute for International Economic Policy, however, points to positive impacts of the China-ROK free trade agreement (FTA) since it went into effect in December 2015, including a diversification of trade items, 7.8 percent growth in agricultural, fisheries, and forestry exports, and almost doubling of e-commerce sales to 1.2 trillion won (\$1 billion) in January-September, especially in cosmetics and clothing. Chinese direct investment in South Korea increased by 8.5 percent to \$1.66 billion by September 2016, most notably in entertainment and culture sectors. Marking the first anniversary of the FTA and a step toward lowering technical barriers to trade, China and South Korea in December agreed to expand the mutual certification of electronics and electronic products. Talks will begin next year on opening up the service and investment sectors under the FTA, which seeks to remove tariffs on about 90 percent of goods over the next 20 years. PRC and ROK Trade Ministers Gao Hucheng and Joo Hyung-hwan also held the latest round of trade talks with Japanese counterpart Hiroshige Seko in Tokyo on Oct. 29, but progress toward a trilateral free trade deal appears limited given the current hold on summit talks.

Meanwhile, government-led marketing campaigns, the easing of visa procedures, and a weakening Korean won drew a record number of Chinese tourists to South Korea this year until China began to informally discourage Chinese tourism to South Korea in November in response to the THAAD deployment decision. South Korea's Ministry of Culture, Sports and Tourism project Chinese tourist arrivals in 2016 to reach 8.04 million, representing almost half of total foreign tourist arrivals and a 34.4 percent growth from last year. ROK authorities are currently targeting independent travel rather than traditional group packages, with plans next year to issue five-year multiple entry visas to Chinese travelers who buy a package worth more than 3 million won (\$2,491). Credit card expenditures by Chinese traveling to South Korea grew more than five-fold in 2012-2016, amounting to 4.32 trillion won (\$3.95 billion) in the first half of 2016. On the other hand, the growth in

crime rates in Chinese tourist hubs like Jeju Island has led to a public outcry over existing visa waiver programs, most recently after a Chinese suspect traveling under the visa-free program, introduced on Jeju in 2002, stabbed to death a 61 year-old South Korean woman who was praying inside a church. The BOK has called for diversifying sources of foreign tourists, citing 6 million Chinese tourist arrivals in South Korea last year, which accounted for 45 percent of all foreign visitors. A vice minister-level bilateral consultative body will be formed in March next year to streamline China-ROK tourism exchanges.

Economic implications of China-ROK political tensions

China and South Korea's political fallout has spilled over to the economic arena, in what is viewed as Beijing's retaliation against THAAD. The surge in China's rejections of South Korean food and cosmetics imports from 5 to 26 percent of all Chinese customs rejections from July to August drove initial speculation over Beijing's raising of nontariff barriers to ROK exports. Perceptions of Chinese retaliation have been strongest in the entertainment industry, where tougher regulations on Korean cultural content have been associated with growing anti-Korean sentiment in the PRC government. BOK data indicates a 22 percent monthly decline in South Korean exports of cultural products in September-October to \$51.5 million, the lowest monthly figure since September last year. In South Korean poll results released in September, 64 percent of surveyed entertainment companies claimed that the THAAD controversy has hurt business with China.

According to ROK officials, another consequence of Beijing's perceived restrictions on Korean cultural content is an increase in Chinese plagiarism. South Korean sources claim that at least seven variety programs scheduled to air in China in 2017 are illegal replications of Korean originals. South Korean media portrayals of Chinese retaliation against THAAD have most recently extended to the tourism sector ahead of the Chinese New Year peak season. Beijing on Dec. 30 rejected requests by Korean Air, Asiana Airlines, and Jeju Air to run chartered flights between China and Korea in January, while China Southern Airlines and China Eastern Air withdrew their requests for ROK government approval of similar plans, citing "internal" reasons.

ROK Foreign Ministry officials have publicly voiced their concerns over Beijing's toughened restrictions on

Korean cultural products. Accusations over China's economic retaliation against THAAD heightened in late November after China began a tax probe and health and safety inspections of Lotte Group units in China. After ROK Ambassador for Public Diplomacy Cho Hyun-dong's meeting with PRC Assistant Minister of Foreign Affairs Qian Hongshan in Yangzhou on Nov. 28 on the sidelines of the fourth China-ROK public diplomacy forum, an initiative launched under the Xi and Park governments in 2013 to promote people-to-people ties, the ROK Foreign Ministry raised concerns over "reported Chinese bans" on *Hallyu* (Korean Wave) events in China. The Korea Tourism Organization explicitly blamed diplomatic tensions over THAAD for the slowing growth rate of the number of Chinese tourists traveling to South Korea, which dropped from a year-on-year increase of 70.2 percent in August to a year-on-year increase of 1.8 percent in November despite overall increases in tourist inflows from other regions. At the closing ceremony of "Visit Korea Year 2016" in Beijing on Dec. 15, China National Tourism Administration Chairman Li Jinzao and ROK Minister of Culture, Sports and Tourism Cho Yoon-sun expressed joint concerns over the negative ramifications of the THAAD dispute for cultural exchanges and overall bilateral relations. Foreign Minister Yun Byung-se during his year-end press conference on Dec. 29 raised the need for private businesses to reduce their reliance on China in preparation for a potential "ripple effect of a discord."

At the same time, South Korean officials have taken cautious steps to mitigate public suspicion over Beijing's effective restrictions on Korean cultural products and tourism exchanges. Vice Foreign Minister Lim Sung-nam at a December forum in Seoul insisted that current challenges should not undermine the progress achieved in the overall strategic cooperative partnership. South Korea's Finance Minister Yoo Il-ho in a ministerial meeting in Seoul similarly warned that political frictions should not tarnish the economic partnership. Chinese officials, on the other hand, have dismissed South Korean accusations of China's retaliation in the economic and cultural sectors. PRC Ambassador to Seoul Qiu Guohong at a business forum in October asserted that the THAAD dispute would not undermine economic cooperation, but also suggested that developments in the US-ROK relationship counter to Chinese interests would compel necessary action from Beijing.

Conclusion: future prospects clouded by domestic political turmoil

South Korea's domestic political vacuum following the impeachment of Park Geun-hye on Dec. 9 overshadows prospects for renewing China-ROK relations in the year ahead. Acting President and Prime Minister Hwang Kyo-ahn indicated at the end of the year that he plans to introduce no major reforms in Park's controversial policies, including THAAD deployment. In a [Yonhap interview](#) in December, Director of KDI's Department of North Korean Economy Cho Byun-koo raised the need for Seoul to re-approach North Korea "under the bigger frame of U.S.-China relations" likely to emerge under President-elect Donald Trump, whose engagement of Taiwan President Tsai Ing-wen drove early speculations over Beijing's use of its "North Korea card."

Former DPRK diplomat Thae Yong-ho, in his first press conference since defecting to South Korea in July, stressed Kim Jong Un's commitment to complete nuclear development by the end of 2017 "at all costs" regardless of any economic incentives, citing leadership transitions in Washington and Seoul as an opening for pursuing dialogue with new administrations toward nuclear power status. While the current cycle of DPRK provocations and international sanctions has drawn attention to vital Chinese interests in ensuring stability on the peninsula, Beijing's deteriorating bilateral relationships with the two Koreas and the United States impede immediate regional efforts to break this cycle.

CHRONOLOGY OF CHINA-KOREA RELATIONS

SEPTEMBER – DECEMBER 2016

Aug. 31-Sep. 1, 2016: Vice Foreign Minister Lim Sung-nam visits China for talks with PRC counterpart Liu Zhenmin in preparation for the Xi-Park summit.

Sept. 5, 2016: President Xi Jinping and President Park Geun-hye meet on the sidelines of the G20 Summit in Hangzhou.

Sept. 5, 2016: North Korea test-fires three mid-range *Rodong* missiles into the East Sea.

Sept. 6, 2016: Presidents Obama and Park meet on the sidelines of ASEAN meetings in Vientiane and stress China's role in sanctioning North Korea.

Sept. 7, 2016: President Park and Premier Li Keqiang attend ASEAN Plus 3 in Vientiane.

Sept. 7, 2016: China's Foreign Ministry reiterates China's opposition to THAAD.

Sept. 8, 2016: China and South Korea join EAS member states in adopting a statement on nonproliferation urging North Korea to abandon its weapons programs.

Sept. 9, 2016: North Korea conducts a fifth nuclear test.

Sept. 10, 2016: ROK Special Representative for Korean Peace and Security Affairs Kim Hong-kyun and PRC counterpart Wu Dawei hold telephone talks.

Sept. 11, 2016: ROK Embassy in China issues a travel advisory to South Koreans traveling near the China-DPRK border.

Sept. 12, 2016: Eight Chinese tourists are arrested for assaulting a South Korean restaurant owner on Jeju Island on Sep. 10.

Sept. 12, 2016: DPRK Foreign Minister Ri Yong Ho arrives in Beijing on his way to Venezuela for the Non-Aligned Movement summit.

Sept. 13, 2016: DPRK ceremonial head of state Kim Yong Nam arrives in Beijing on his way to Venezuela for the Non-Aligned Movement summit.

Sept. 14, 2016: ROK Foreign Minister Yun Byung-se holds separate telephone talks with PRC and Russian counterparts Wang Yi and Sergey Lavrov about North Korea's fifth nuclear test.

Sept. 21, 2016: Jeju police announce that it has requested cooperation from Hebei province to investigate a Chinese man suspected of killing a South Korean woman in Jeju on Sep. 17.

Sept. 22, 2016: Special Representative for Korean Peace and Security Affairs Kim Hong-kyun and PRC counterpart Wu Dawei meet in Beijing.

Sept. 22, 2016: PRC, Japanese, and ROK sports ministers hold an inaugural meeting on sports cooperation in Pyeongchang.

Sept. 26, 2016: US imposes sanctions on China's Dandong Hongxiang Industrial Development Company for assisting North Korea's weapons programs.

Sept. 29, 2016: Chinese fishing boat catches fire while operating illegally in South Korea's Exclusive Economic Zone, leaving three dead.

Sept. 30, 2016: China's Foreign Ministry expresses opposition to THAAD.

Oct. 1, 2016: Officials confirm the participation of top envoys of China and North Korea in events marking China's National Day in Beijing and Pyongyang.

Oct. 7, 2016: Illegally operating Chinese fishing boat rear-ends and sinks a ROK Coast Guard boat in the Yellow Sea.

Oct. 9, 2016: ROK Foreign Ministry calls in China's consul general in Seoul to protest the Oct. 7 sinking of a ROK Coast Guard boat.

Oct. 10, 2016: South Korea's Presidential office calls Oct. 7 sinking of a ROK Coast Guard boat "regrettable." China's Foreign Ministry calls for South Korean restraint in dealing with incident.

Oct. 11, 2016: ROK Foreign Ministry calls in PRC Ambassador Qiu Guohong in Seoul to protest the Oct. 7 sinking of a ROK Coast Guard boat.

Oct. 11, 2016: ROK Coast Guard announces that it will use force against violent interference with law enforcement by Chinese boats and fishermen.

Oct. 12, 2016: PRC Foreign Ministry calls for restraint in dealing with illegally operating Chinese fishing boats.

Oct. 12, 2016: ROK, PRC, Russian, Mongolian, and Japanese representatives attend a meeting of the Greater Tumen Initiative (GTI) Local Cooperation Committee and the opening of the GTI trade and investment fair in Sokcho.

Oct. 13, 2016: 500 Chinese and South Korean business leaders attend a forum on the China-ROK FTA and other trade negotiations as part of the GTI expo in Sokcho.

Oct. 13, 2016: ROK Foreign Ministry again calls in China's consul general in Seoul to protest the Oct. 7 sinking of a ROK Coast Guard boat.

Oct. 13, 2016: South Korean political parties criticize China's reluctance to apologize for the sinking of a ROK Coast Guard boat.

Oct. 17, 2016: PRC Defense Ministry calls for restraint in response to US-ROK joint naval drills.

Oct. 19-21, 2016: PRC Assistant Foreign Minister Kong Xuanyou meets Deputy Foreign Minister Kim Hyong-zhin and Vice Foreign Minister Lim Sung-nam in Seoul.

Oct. 21, 2016: South Korean prosecutors indict captain of a Chinese fishing boat for obstruction of justice and professional negligence.

Oct. 22, 2016: Hwaseong Mayor Chae In-seok and Shanghai Normal University President attend an unveiling ceremony of comfort women statues erected on the university campus.

Oct. 25-26, 2016: PRC Vice Foreign Minister Liu Zhenmin and DPRK counterpart Park Myong-guk lead the third meeting of the Korea-China Border Joint Commission in Pyongyang.

Oct. 27, 2016: PRC Defense Ministry expresses concern over planned joint military exercises between South Korea, the United States, and Japan.

Oct. 29, 2016: PRC, Japanese, and ROK trade ministers hold annual trilateral talks in Tokyo.

Nov. 1, 2016: ROK Coast Guard uses machine gun to warn Chinese fishing boats operating illegally near Incheon. China's Foreign Ministry calls in ROK Ambassador Kim Jang-soo.

Nov. 4, 2016: China's Foreign Ministry expresses opposition to the ROK Coast Guard's use of force against illegally operating Chinese fishermen.

Nov. 4, 2016: China's Foreign Ministry expresses opposition to THAAD deployment after USFK Commander Gen. Vincent Brooks indicates THAAD would be deployed in 8-10 months.

Nov. 12, 2016: ROK Coast Guard fires a machine gun to warn 30 Chinese fishing boats.

Nov. 16-18, 2016: The 19th annual forum on Long-range Transboundary Air Pollutants in Northeast Asia is held in Seoul. National Institute of Environmental Research under the ROK Ministry of Environment announces China-Japan-ROK joint research agreement on air pollution.

Nov. 16, 2016: China's Foreign Ministry expresses opposition to THAAD deployment after the ROK Defense Ministry's reported agreement with Lotte Group to acquire the site for THAAD.

Nov. 22, 2016: Chinese fishing boat sinks in waters off South Korea, leaving one missing.

Nov. 22, 2016: All eight crew members are rescued from a sinking Chinese fishing boat in waters off South Korea's western coast.

Nov. 23, 2016: China's Foreign Ministry expresses opposition to South Korea's intelligence-sharing agreement with Japan.

Nov. 28, 2016: PRC Assistant Minister of Foreign Affairs Qian Hongshan and ROK Ambassador for Public Diplomacy Cho Hyun-dong meet in Yangzhou on the sidelines of the fourth China-ROK public diplomacy forum.

Nov. 29, 2016: China begins tax probe and health and safety inspection of Lotte Group in China.

Nov. 30, 2016: UN Security Council adopts Resolution 2321 in response to North Korea's fifth nuclear test.

Dec. 1, 2016: Beijing calls for full implementation of the UN Security Council resolution against North Korea's fifth nuclear test, adopted Nov. 30.

Dec. 9, 2016: PRC Foreign Ministry expresses hopes for political stability in South Korea after the parliamentary impeachment of Park Geun-hye.

Dec. 9, 2016: PRC permanent representative to the UN Liu Jieyi at a Security Council meeting expresses China's opposition to discussing DPRK human rights.

Dec. 9, 2016: PRC and ROK nuclear envoys Wu Dawei and Kim Hong-kyun meet in Beijing.

Dec. 11, 2016: China's Ministry of Commerce and General Administration of Customs announces a temporary suspension of coal imports from North Korea.

Dec. 13, 2016: Tokyo announces the postponement of the China-Japan-Korea summit to 2017.

Dec. 15, 2016: China National Tourism Administration Chairman Li Jinzao and ROK Minister of Culture, Sports and Tourism Cho Yoon-sun preside over the closing ceremony of "Visit Korea Year 2016" in Beijing.

Dec. 20-21, 2016: China and South Korea hold director general-level talks in Busan on EEZs in the Yellow Sea.

Dec. 29, 2016: The 16th round of China-ROK fisheries talks is held in Beijing.

Dec. 30, 2016: Beijing rejects approval requests by Korean Air, Asiana Airlines, and Jeju Air to run chartered flights between China and Korea in January.

Dec. 30, 2016: China Southern Airlines and China Eastern Air withdraw their requests for ROK government approval of plans to run chartered flights to South Korea.

COMPARATIVE

C O N N E C T I O N S

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

JAPAN-CHINA RELATIONS

ABE-XI MET; DIPLOMATS TALKED; WAIT ‘TIL NEXT YEAR...

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Prime Minister Abe and President Xi met twice in the last four months of 2016. Both committed to advancing the relationship during 2017, taking advantage of the opportunities presented by historic anniversaries – the 45th anniversary of normalization and the 40th anniversary of the Japan-China Friendship Treaty. Both leaders also committed to the early implementation of an air and maritime communications mechanism. Notwithstanding the increasing air and maritime interactions between the PLA and the Japanese SDF and Coast Guard, working-level officials were unable to reach agreement. At the end of the year, the Abe government announced a record high defense budget for 2017; days later the China's aircraft carrier transited in international waters between Okinawa and Miyakojima into the western Pacific. Meanwhile public opinion polling revealed growing pessimism in Japan with respect to China and Japan-China relations.

This article is extracted from [*Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations*](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: James J. Przystup, "Japan-China Relations: Abe-Xi Met; Diplomats Talked; Wait 'Til Next Year..." *Comparative Connections*, Vol. 18, No. 3, pp. 83-90.

State of relations: public opinion

A Pew public opinion survey published in mid-September found 86 percent of Japanese respondents as having an unfavorable opinion of China, an increase of 15 points from a similar survey conducted in 2006. In China, 81 percent of respondents had a similarly unfavorable view of Japan, an increase of 11 points from the same 2006 survey. Eighty percent of Japanese respondents expressed concern that territorial disputes with China over the Senkaku/Diaoyu Islands and other regions could result in military conflict (35 percent “very” and 45 percent “somewhat”), while 59 percent of Chinese respondents (18 percent “very” and 41 percent “somewhat”) shared that concern. The Pew survey also found that 53 percent of Japanese respondents believed that Japan had sufficiently apologized for its wartime actions, an increase of 13 percent over the 2006 poll, while those who believed that Japan had not apologized sufficiently had fallen from 44 percent to 23 percent.

Later in the month, Genron NPO published the results of a joint survey conducted with a Chinese counterpart. Among Japanese respondents, 91 percent said that they did not have a good impression of China, an increase of 2.8 percent from 2015, while 76.7 percent of Chinese respondents did not have a good impression of Japan, a slight improvement over the 78 percent negative feelings in 2015. A Yomiuri-Gallup poll published at the end of December revealed a strong continuity of sentiments among Japanese respondents. Asked to identify a country that could become a military threat, China, at 76 percent, came in second to North Korea. Asked for their opinion of Japan-China relations, 56 percent of respondents considered them “bad” and 17 percent “very bad”; 43 percent did not trust China “very much,” with “not at all” reaching 47 percent. Respondents’ greatest concern (85 percent) was the possibility of confrontation over territorial rights.

A *Mainichi Shimbun*-Saitama University postal and internet survey conducted between October and December revealed similar findings. Asked to consider Japan-China relations 10 years in the future, some 31 percent expected relations to worsen, an increase of 5 percent from the previous survey, marking the first time the percentage has topped the 30 percent line.

High-level meetings

On Sept. 5, Prime Minister Abe Shinzo met with President Xi Jinping for approximately 35 minutes on the sidelines of the G20 Summit in Hangzhou, the first meeting of the two leaders in 17 months. President Xi

noted that the relationship is marked by “sensitive and fragile” aspects; these complex factors needed to be addressed to return relations back to a normal course of development. Abe acknowledged the importance of managing difficult issues to promote a win-win relationship and build stable and friendly ties in the context of a mutually beneficial strategic relationship. Turning to the East China Sea, Abe found Chinese actions to be “extremely regrettable” and called on China to refrain from unilateral actions that only serve to increase tensions. Xi emphasized the importance of maintaining “peace and stability.” To this end, the leaders agreed to accelerate negotiations on a bilateral communications mechanism to avert inadvertent confrontations. They also addressed the pending Sept. 20 meeting to discuss implementation of the 2008 agreement on joint development in the East China Sea. As for the South China Sea, Abe asked that China take “appropriate actions” and “abide by rules under international law to dispel the concerns of neighboring countries.” Xi cautioned that Japan should pay careful attention to its words and actions, and reiterated the Chinese position that Japan is not a party to South China Sea issues. Finally, both leaders agreed to deepen mutual dialogue to improve the bilateral relationship.

Afterward, Prime Minister Abe told reporters that he had straightforwardly expressed Japan’s positions. Through dialogue and cooperation, his objective was to work to stabilize the East China Sea and make it a “sea of friendship.” Commenting on the meeting, China’s Foreign Ministry spokesperson observed that “the sound and stable development of bilateral relations over the long term serves the best interests of the two sides and benefits regional peace and stability. At present Sino-Japanese ties are constantly disrupted by various complex factors. China and Japan need to overcome such disruptions and reset bilateral relations on the right track. In Tokyo, Chief Cabinet Secretary Suga Yasuhide characterized the results of the meeting as “very forward looking” and found the frank exchange of views particularly beneficial: “overall, there were very positive discussions based on the common understanding that the two countries will cooperate where they can to increase positive factors and manage ending issues to reduce negative factors.” On Sept. 21, Abe met with Premier Li Keqiang at the United Nations; both leaders agreed on the importance of close cooperation to deal with North Korea.

From Sept. 25-29, former Foreign Minister Tang Jiaxuan, in his capacity as president of the China-Japan Friendship Association, visited Tokyo. On Sept. 26, Tang

met with Foreign Minister Kishida. Kishida referenced the expansion of affirmative aspects of the relationship, a result of the Abe-Xi meeting and expressed his commitment to deepen ties through dialogue, cooperation, and exchanges while dealing appropriately with pending issues. Tang replied that China's basic position "to work to improve relations" with Japan has "not in any way changed"; both sides need "to work with a sense of responsibility and urgency." On Sept. 27, Tang met Liberal Democratic Party (LDP) Secretary General Nikai Toshihiro; later he addressed a meeting of the Tokyo-Beijing Forum.

On Sept. 29, at a reception marking the 67th anniversary of the People's Republic of China, Ambassador Cheng Yonghua told his guests that unless difficulties are overcome and the relationship advances and improves, it could find itself critically going backward. He called for efforts to stabilize ties and return relations to the proper course of development.

Prime Minister Abe and President Xi met briefly on the sideline of the APEC Economic Leaders Meeting in Lima. Abe noted that 2017 would mark the 45th anniversary of normalization and the 40th anniversary of the Japan-China Friendship Treaty, offering an across-the-board opportunity to improve relations. He wanted to advance people-to-people exchanges and to stabilize relations by dealing appropriately with pending issues from a broad perspective. Xi said that he was "impressed" by Abe's words and reference to the opportunity provided by 2017 and the following years to improve relations and that it was important to "settle outstanding issues properly and increase popular sentiment towards improving ties."

On Nov. 22, Vice Foreign Minister Liu Zhenmin attended the Japanese Embassy reception celebrating the emperor's birthday. Liu voiced an optimistic note over the prospects for the relationship in 2017, saying that he wanted to continue to make efforts to raise the China-Japan relationship to "a new level." Liu acknowledged that the relationship has recently passed through a difficult period but found that 2017, with its historic anniversaries, offered real opportunities to improve ties.

On Nov. 28, Deputy Foreign Minister Akiba Takeo and Assistant Foreign Minister Kong Xuanyou met in Beijing for the Japan-China Security Dialogue, the first meeting of the Dialogue in 20 months. The two diplomats agreed on the importance of building mutual trust in the security field through dialogue. Nevertheless, they

failed to reach agreement on the early implementation of the communication mechanism.

South China Sea

On Sept. 26, Prime Minister Abe, in his policy address at the opening of the extraordinary session of the Diet, welcomed China's peaceful development and, based on the recognition of the two countries' responsibility for regional peace and prosperity, called for efforts to improve relations. At the same time, Abe rejected unilateral efforts to change the status quo in the East and South China Seas and called for the peaceful resolution of disputes. China's Foreign Ministry spokesperson commented that, the long-term sound and stable development of China-Japan relations serves the interests of the people of the two sides as well as regional peace and stability. China is committed to improving its relations with Japan. This basic position has not changed.... Japan should work with China to maintain peace and stability in the East China Sea, mind its words and steps on the South China Sea issue, create more positive signs and less negative news for the bilateral relationship, and truly make efforts for China-Japan relations to improve and grow.

Two days after his Sept. 5 meeting with President Xi, Prime Minister Abe attended the ASEAN East Asia Summit and ASEAN Plus 3 meetings in Vientiane. Abe, pointing to recent Chinese efforts in the South China Sea and East China Sea "to unilaterally change the status quo," which had given rise to "deep concerns," took the occasion to support the Permanent Court of Arbitration's ruling on the South China Sea, stating his hope that "the parties to this issue will abide by this decision and resolve the dispute peacefully." (During his Sept. 5 meeting with Xi, Abe did not directly refer to the Hague ruling.) Also in attendance, Premier Li reiterated China's position that the dispute should be resolved between the concerned parties. Addressing Abe's remarks, China's Foreign Ministry spokesperson told reporters that "we have sensed the unusual restlessness of Japan on the issue of the South China Sea.... It keeps launching negative publicity campaigns and even spreading rumors.... Fortunately, the public are all sharp-eyed ... only two countries, one of which was Japan, raised the South China Sea arbitration case. What Japan did was obviously inappropriate."

The statement issued at the Vientiane meeting read "we remain seriously concerned over recent and ongoing development" and "took note of concerns expressed by some leaders on the land reclamations and escalation of activities in the area, which have eroded trust and

confidence, increased tensions and may undermine peace, security, and stability in the region.” Japanese media reported that the *NHK* evening news broadcast of Abe’s remarks in Vientiane had been interrupted in China.

East China Sea

On Sept. 7, China’s Foreign Ministry spokesperson called on Japan to create the proper environment to allow a resumption of talks on joint development of gas fields in the East China Sea. Minister of Economy, Trade and Industry Seko Hiroshige told the media “we strongly hope to reopen negotiations.” Diplomats and defense officials met in Hiroshima on Sept. 14-15. A Japanese diplomat characterized talks on East China Sea issues as “a frank exchange of views.”

On Oct. 12, Japanese media reported that China had resumed unilateral development activities in the East China Sea. The Abe government confirmed the appearance of natural gas production at two drilling platforms, while the Ministry of Foreign Affairs posted pictures of the platforms on its website and protested the activities to the Chinese Embassy. China’s Foreign Ministry spokesperson replied that “all relevant oil and gas activities by the Chinese side take place in waters under indisputable jurisdiction of China and fall completely within China’s rights and jurisdiction.”

On Oct. 31, the Abe government confirmed the construction of a new drilling platform and the appearance of a Chinese drill ship moored and engaging in “some kind of activity” in the East China Sea. Foreign Minister Kishida announced that the government had lodged a diplomatic protest, telling the media that “it is extremely regrettable that China is maintaining its activities toward the unilateral development of the area despite our repeated protests.” Beijing answered that China hopes that “Japan can respect China’s sovereignty and jurisdiction rights instead of making improper comments on China’s legitimate activities.”

In mid-November, reports surfaced of Japanese efforts to add the Anami-Rykyu Islands to the 2018 World Natural Heritage list. The islands parallel Kagoshima and Okinawa prefectures but do not include the Senkaku Islands. Commenting on the reports, China’s Foreign Ministry spokesperson acknowledged that while Japan “had no intention of including areas other than the four islands in its application” but made it clear that China is “concerned that this move might affect China’s relevant rights and interests.”

Security

On Sept. 14-15, Japanese and Chinese diplomats and defense officials met in Hiroshima to discuss operationalization of the maritime and aerial communications mechanism. Both sides agreed to work toward early implementation. However, the two sides failed to reach agreement on resumption of talks on the joint development of gas fields in the East China Sea.

On Sept. 25, eight Chinese aircraft (four bombers, two fighters, and two surveillance aircraft) transited in international airspace between Okinawa and Miyakojima. Japan Air Self-Defense Force (JASDF) fighters scrambled in response. Commenting on the transit, Chief Cabinet Secretary Suga told reporters “The government will pay close attention to the PLA’s increasingly active operations. From the standpoint of firmly defending the nation’s land, waters and airspace, we will carry out patrol and surveillance activities thoroughly.” Japan’s SDF Joint Office reported that in the July-September period, JASDF fighters scrambled 208 times against Chinese aircraft, a record for the quarter and nine more than the previous April-June period. On Oct. 2, the PLA reported that 40 Chinese aircraft had transited between Okinawa and Miyakojima for training exercises in the western Pacific.

On Nov. 25, six PLA Air Force (PLAAF) aircraft (four bombers and two fighters) transited in international airspace between Okinawa and Miyakojima into the western Pacific and returned. On Dec. 10, when PLAAF aircraft made a similar transit, JASDF fighters were scrambled in response. China subsequently charged that two JASDF fighters had fired “interference bullets” at the PLAAF aircraft. Chief Cabinet Secretary Suga rejected the charge, telling reporters that the “SDF planes did not interfere with Chinese military planes at close range and did not endanger the crew by firing ‘interference bullets.’” Suga found it “extremely regrettable that the Chinese military made such a unilateral announcement. This undermines our efforts to improve Japan-China relations, and we have lodged a strong protest against China.” Minister of Defense Inada Tomomi characterized China’s “unilateral statement” as being in “clear contrast with reality.”

On Dec. 7-9, Foreign Ministry defense officials and Coast Guard representatives met Chinese counterparts in Haikuo City, Hainan Province to discuss maritime issues and implementation of the air and maritime communications mechanism. They agreed on the early implementation but prospects for implementation were pushed into 2017.

On Dec. 22, the Abe government announced a record setting defense budget for FY 2017 of ¥5.12 trillion (\$43.6 billion) marking the fifth consecutive year of increases in defense spending. The 2017 figure represents a 1.4 percent increase over 2016. ¥14.7 billion is devoted to acquisition of the *SM-3 Block 2A* interceptor missile co-developed with the US, ¥70.7 billion for the deployment of the GDSF units to Miyakojima and Amami-Oshima northeast of Okinawa, ¥72.8 billion to the construction of a new submarine, and ¥72.8 billion to eleven amphibious vehicles. The Coast Guard budget also hit a record ¥210 billion, a record 12 percent increase over 2016, with 27 percent of its budget dedicated to the acquisition of eight new boats to be added to the current 14-ship fleet dedicated to the East China Sea islands.

On Dec. 25, the PLAN's aircraft carrier *Liaoning* and its battle group transited in international waters between Okinawa and Miyakojima for exercises in the Western Pacific. The following day, Chief Cabinet Secretary Suga told reporters that the transit represented an "expansion of the capabilities of China's maritime strategy" and that Japan would "continue to pay careful attention to China's activities in waters around Japan."

History

On Oct. 17, Prime Minister Abe sent a *masakaki* tree offering to the Yasukuni Shrine during the Autumn Festival. On Oct. 18, a supra-party delegation of approximately 90 Diet members payed homage at the shrine. Internal Affairs Minister Takaichi Sanae and Prime Minister Adviser Eto Seiichi also visited the shrine. Commenting on the visits, China's Foreign Ministry spokesperson called on Japan's leaders to adopt a correct view of history and expressed the hope that Japan would work to contribute to peace and mutual confidence among the countries of Asia.

On Oct. 22, Shanghai Normal University opened a "Comfort Women" museum for public viewing along with the unveiling of two "Comfort Women" statues. Chief Cabinet Secretary Suga found the display "extremely regrettable," observing that it "failed to contribute to the improvement of bilateral relations." China's Foreign Ministry spokesperson retorted that "If, like the Germans who built the Memorial to the Murdered Jews of Europe" in Berlin, Japan could build statues of "comfort women" in Tokyo, it may finally be relieved of the historical burden and forgiven by its Asian neighbors."

Responding to the announcement that Prime Minister Abe would visit Pearl Harbor at the end of December, China's Foreign Ministry spokesperson told a press conference

If the Japanese side intends to deeply reflect upon itself and make a sincere apology, there are many places in China where they can pay tribute to, be it the Nanjing Massacre Memorial Hall, the museum of the event of September 18, 1931, or the exhibition hall of evidences of crimes committed by Unit 731 of the Japanese Imperial Army. There are also places in Japan's Asian neighbors that can remind Japan and the international community that the crimes committed by inflictors during WWII will not be bygones....

On Dec. 13, China commemorated the 1937 Nanjing Massacre. Politburo member Zhao Leji told his audience "any action to try to fabricate or change history or try to make excuses for the atrocities will be condemned and spurned by the Chinese people and by all people who cherish peace and justice."

When questioned about Prime Minister Abe's Dec. 27 visit to the Arizona Memorial, China's spokesperson answered that "reconciliation can only be based on sincere reflection and apology from the inflictors ... it is in the interest of the future to make one sincere apology than to put on dozens of smart shows." The visit had considerable elements of a performance directed mainly aimed at China. The following day, Reconstruction Minister Imamura Masahiro visited Yasukuni Shrine. On Dec. 29, after accompanying Prime Minister Abe to Pearl Harbor, Minister of Defense Inada Tomomi visited the shrine. China's Foreign Ministry Spokesperson found Inada's visit to be "another reflection of certain Japanese people's bigoted and wrong perception of history, and an irony of Japan's so called "tour of reconciliation to Pearl Harbor, only putting us on higher alert on Japan's moves and intentions."

Senkaku Islands

Japan reported the following activity by Chinese ships near the Senkaku/Diaoyu Islands:

Sept. 1-10: *Haijian 2306, 2337, 2401* and *31101* operate in Japan's contiguous zone.

Sept. 11: *Haijian 2102, 2337, 2401*, and *31101* enter Japanese territorial waters, the first incursion since Aug. 21; Japan files diplomatic protest. The date marked the

fourth anniversary of Japan's nationalization of the Senkakus.

Sept. 22-24: *Haijian 2101, 2307, 2501, and 31239* operate in Japan's contiguous zone; enter Japan's territorial waters on Sept. 24.

Oct. 8: *Haijian 2146, 2166, 2305 and 31101* enter Japan's territorial waters.

Oct. 18: *Haijian 2101, 2306, 2308 and 31239* enter Japan's territorial waters.

Oct. 24-25: *Haijian 2306, 2308 and 31239* operate in Japan's contiguous zone.

Nov. 5-8: *Haijian 2401, 2101, 2502 and 35115* operate in Japan's contiguous; enter Japan's territorial waters on Nov. 6.

Nov. 10-20: *Haijian 2166, 2307, 2501 and 2106* operate in Japan's contiguous; enter Japan's territorial waters Nov. 14.

Dec. 5: *Haijian 2151, 2305, 2308, and 2302* enter Japan's territorial waters.

Dec. 9-12: *Haijian 2305, 2308, and 2302* operate in Japan's territorial waters.

Dec. 26: *Haijian 2401, 2502 and 35115* entered Japan's territorial waters, marking the 36th incursion in 2016.

Business and Economics

On Sept. 21, a delegation of Japanese business leaders representing Keidanren and the Japan-China Economic Association met Vice Premier Zhang Gaoli in the Great Hall of the People. The following day, the delegation met Vice Minister of Commerce Gao Yan. Delegation leader Muneoka Shuji emphasized that expansion of Japanese investment in China is linked to China's bringing intellectual property protection up to international standards. Keidanren Chairman Sakakibara Sadayuki explained that China's business environment would have to be improved to promote trade and investment. In a submitted position paper, the delegation also called attention to the need to streamline the exit process for companies operating in China – without progress in the exit process, new investment would not be forthcoming. The paper also called for an increase in the transparency of anti-trust rules. Zheng replied that he wanted to create a high-level impartial and transparent environment,

strengthen intellectual property protection and advance China's opening policy.

In a conference sponsored by Keidanren and the China Center for International Economic Exchange, nearly 60 top business leaders met again in Beijing on Nov. 1-2. Former Vice Premier Zeng Peiyan told the meeting that business leaders should be prepared to take "as many as possible active actions that will benefit relations of the two counties." Keidanren Chairman Sakakibara called on the business community to move "to a new dimension of industrial cooperation." Leaders agreed to cooperate to promote China's One Belt, One Road initiative.

On Nov. 15, Prime Minister Abe addressed the Upper House Special Committee on Trans-Pacific Partnership (TPP) and expressed concerns that if TPP does not come into effect, China may assume a leading economic role in East Asia, with the region turning toward China's Regional Comprehensive Economic Partnership (RCEP).

On Dec. 8, the Abe government, along with the US and the EU, voted to deny China market economy status in the WTO.

*The views expressed in this article are the views of the author alone and do not necessarily represent the views or policy of the National Defense University, the Department of Defense, or the US government.

CHRONOLOGY OF JAPAN-CHINA RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 3, 2016: China celebrates national holiday commemorating victory in the war against Japan. Neither President Xi Jinping nor members of the Sanding Committee attend Sept. 2 symposium commemorating the event.

Sept. 5, 2016: Prime Minister Abe Shinzo and President Xi Jinping meet on sidelines of the G20 Summit in Hangzhou; their first meeting in 17 months.

Sept. 7, 2016: PM Abe attends East Asian Summit in Vientiane; calls for support of Hague Tribunal ruling on the South China Sea.

Sept. 7, 2016: Japan announces transfer of two Coast Guard patrol boats to the Philippines.

Sept. 8, 2016: Japan announces transfer of Coast Guard patrol boats to Malaysia.

Sept. 14, 2016: Foreign Ministers Kishida Fumio and Wang Yang in telephone conversation agree to cooperate in passage of North Korea sanctions resolution at UN Security Council.

Sept. 14-15, 2016: Japanese and Chinese diplomats and defense officials meet in Hiroshima to discuss air/maritime communications mechanism and East China Sea.

Sept. 15-19, 2016: China and Russia conduct joint naval exercises.

Sept. 18, 2016: 85th anniversary of the Manchurian incident.

Sept. 21, 2016: Keidanren and Japan-China Economic Association delegation visits Beijing.

Sept. 23, 2016: Japanese Foreign Ministry posts 207 documents on its website substantiating Japanese positions on the Senkaku Islands and Takeshima.

Sept. 25, 2016: Eight People's Liberation Army Air Force (PLAAF) aircraft transit in international air space between Okinawa and Miyakojima.

Sept. 26, 2016: PM Abe delivers policy address at opening of Extraordinary session of the Diet; calls for peaceful resolution of disputes in east and South China Sea.

Sept. 27, 2016: Tokyo Forum and Beijing Forum co-sponsor Tokyo meeting of leading Japanese and Chinese finance and business leaders.

Sept. 29, 2016: Ambassador Cheng Yonghua at PRC Embassy reception marking 67th anniversary of the People's Republic of China calls for efforts to stabilize relations and advance development of bilateral relations.

Oct. 12, 2016: Japanese media report Chinese resumption of unilateral development activities in the East China Sea; Japan's Foreign Ministry protests to Chinese Embassy.

Oct. 17, 2016: PM Abe sends offering to Yasukuni Shrine, but does not visit the shrine during the Autumn Festival; approximately 90 Diet members pay homage.

Oct. 19, 2016: Former Prime Minister Hatoyama Yukio attends inaugural meeting of international advisory board of China's Asian Infrastructure Investment Bank held in Beijing.

Oct. 22, 2016: “Comfort Women” museum with two statues of “Comfort Women,” opens at Shanghai Normal University; Chief Cabinet Secretary Suga finds the display extremely regrettable.

Oct. 29, 2016: Japanese, Chinese, and Korean Trade Ministers meet in Tokyo; agree to cooperate in advancing trilateral free trade agreement.

Oct. 31, 2016: Japan confirms Chinese resumption of exploration of activities in East China Sea.

Oct. 31, 2016: Japan-Taiwan hold first meeting of maritime dialogue in Tokyo.

Nov. 1, 2016: China displays *J-20* stealth fighter at Zhuhai International Air Show.

Nov. 1-2, 2016: Keidanren and China Center for International Economic Exchange bring together top business leaders in Beijing conference.

Nov. 15, 2016: PM Abe express concern that failure of Trans-Pacific Partnership (TPP) to come into effect will result in China taking leading role in Asia’s economy.

Nov. 20, 2016: PM Abe and President Xi meet on sidelines of APEC meeting in Lima.

Nov. 22, 2016: Vice Foreign Minister Liu attends Japanese Embassy reception celebrating birthday of the emperor; expresses optimism over the course of China-Japan relations in 2017.

Nov. 25, 2016: Six PLAAF planes transit in international airspace between Okinawa and Miyakojima.

Nov. 28, 2016: Deputy Foreign Minister Akiba Takeo and Assistant Foreign Minister Kong Xuanyou meet in Beijing for Japan-China Security Dialogue.

Dec. 7-9, 2016: Japanese and Chinese foreign affairs and defense officials meet in Haikuo City to discuss implementation of air and maritime communications mechanism.

Dec. 13, 2016: 79th anniversary of the Nanjing Massacre.

Dec. 22, 2016: Abe government announces record setting defense budget of \$43.6 billion.

Dec. 25, 2016: Chinese aircraft carrier *Liaoning* transits in international waters between Okinawa and Miyakojima.

Dec. 28, 2016: Japan’s unofficial representative office in Taiwan, the Interchange Association, announces that as of Dec. 31, it will operate under the name of the Japan-Taiwan Exchange Association.

Dec. 28, 2016: Minister for Reconstruction Imamura Masahiro visits Yasukuni Shrine; China expresses firm opposition of any visit by Cabinet ministers.

Dec. 29, 2016: Minister of Defense Inada Tomomi visits Yasukuni Shrine; signs visitor book as “Defense Minister;” China expresses firm opposition and announces “solemn representations.”

COMPARATIVE

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A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

JAPAN-KOREA RELATIONS

WHAT GOES UP, MUST COME DOWN

DAVID KANG, UNIVERSITY OF SOUTHERN CALIFORNIA
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Going into the final months of 2016, Seoul-Tokyo relations had been on a positive trajectory, creating that ill feeling that it was time for things to go awry. While the relatively calm period witnessed palpable results with the signing of the General Security of Military Information Agreement (GSOMIA) and solidarity against North Korea's provocations, the political chaos in South Korea that climaxed with the impeachment of President Park Geun-hye in December put the brakes on further developments. The scandals surrounding the abuse of power involving a shadowy confidante made it difficult to shake off the feeling that the administration's deals with Japan have become tainted. Now, South Korean presidential hopefuls are tapping into public discontent to undermine the "comfort women" deal reached in December 2015, and there is high skepticism in the media over the implementation of GSOMIA.

This article is extracted from [Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: David Kang and Jiun Bang, "Japan-Korea Relations: What Goes Up, Must Come Down," *Comparative Connections*, Vol. 18, No. 3, pp. 91-101.

GSOMIA and diversionary tactics?

Seoul and Tokyo shared parallels in the first weeks of September that suggested greater collaboration. For one, there was an [assessment](#) that US President-elect Donald Trump's plans to levy trade tariffs on China would negatively impact Japan and South Korea. There were also [calls](#) for Tokyo and Seoul to build nuclear weapons to create a less favorable geostrategic environment for China in dealing with North Korea. The sports ministers from the two countries in conjunction with China held talks in September to create an "Olympic Legacy" given that the three would host the next three Olympic Games – 2018 Winter Games in Pyeongchang, South Korea, the 2020 Summer Olympics in Tokyo, and the 2022 Winter Games in Beijing. The momentum for collaboration was strong and there were results. The inking of the GSOMIA in particular deserves mention here.

Recall that in June 2012, the same bilateral agreement to share intelligence fell through at the last minute (see timeline below), prompting the question: what changed since then?

Table 1. Timeline of Key Events Surrounding GSOMIA

Date	Description
1989	South Korean government suggests GSOMIA
Jan. 10, 2011	Two governments agree to pursue GSOMIA at defense ministers meeting
June 26, 2012	GSOMIA agenda placed before South Korean Cabinet as an impromptu item without first holding vice-ministerial meeting
June 29, 2012	Roughly 50 minutes before scheduled signing of GSOMIA in Tokyo, South Korean government requests postponement
July 5, 2012	Kim Tae-hyo, South Korea's senior presidential secretary for national security resigns amidst controversy over the covert push to have GSOMIA signed
March 31,	Kim Kyou-hyun, South Korea's senior presidential secretary for

2016	foreign affairs and national security, asserts that South Korea's fundamental position on GSOMIA is that the right conditions will have to be met in order for its endorsement
Sept. 7, 2016	GSOMIA is raised during bilateral summit in Laos
Sept. 8, 2016	South Korea's Ministry of Foreign Affairs confirms that GSOMIA was part of discussion during summit with Japan
Oct. 13, 2016	ROK Foreign Minister Yun Byung-se seeks greater consensus over GSOMIA during parliamentary inspection of government agencies by citing greater North Korean nuclear and missile threat
Oct. 27, 2016	South Korean government announces resumption of negotiations on GSOMIA
Nov. 1, 2016	First round of bilateral discussions on GSOMIA held in Tokyo
Nov. 9, 2016	Second round of bilateral discussions on GSOMIA held in Seoul
Nov. 4, 2016	The two countries provisionally sign GSOMIA
Nov. 15, 2016	South Korea's Office of Legislation approves GSOMIA
Nov. 17, 2016	GSOMIA endorsed during vice ministerial meeting in Korea
Nov. 22, 2016	GSOMIA endorsed during Cabinet meeting chaired by ROK Deputy Prime Minister Yoo Il-ho; agreement also ratified by President Park Geun-hye
Nov. 23, 2016	ROK Defense Minister Han Min-koo and Japanese Ambassador to South Korea Nagamine Yasumasa sign GSOMIA
Dec. 16, 2016	First case of sharing intelligence since November ratification

There was not much that had changed on the Japanese side. There were Upper House elections in July and the subsequent consolidation of power for Prime Minister Abe Shinzo as his ruling coalition gained a majority of seats, which certainly reinforced the legitimacy of (and confidence in) his leadership. But for the most part, Japan had been quite consistent in its support for the GSOMIA in the 2000s, mainly based on the increasing threat posed by North Korea. Japanese officials and the [Japanese media](#) (also in [Japanese](#)) have supported this framing by highlighting the increased threat of North Korean missile launches. In a [press conference](#) on Nov. 15, a day after the provisional signing of GSOMIA, Foreign Minister Kishida Fumio was clear that the implication of the GSOMIA for Japan was greater collaboration against the North Korean threat.

For its part, North Korea itself contributed to this narrative. It conducted its fifth nuclear test on Sept. 5, prompting the UN Security Council (UNSC) to release a [statement](#) condemning the North for its violation of international obligations. Subsequently, the UNSC unanimously adopted [Security Council Resolution 2321](#) on Nov. 30, which detailed additional sanctions directed against certain North Korean entities – something that was [welcomed](#) by Prime Minister Abe. The navies of Japan, South Korea, and the US had also conducted a joint search-and-rescue exercise (SAREX) and a maritime interdiction operation (MIO) off the southern coast of South Korea's Jeju Island in late October, which reinforced solidarity against North Korea and the rationale for countering the threat.

Likewise, not much had changed since 2012 for the Korean side, especially regarding popular opinion of the GSOMIA). From the experience in 2012, it was expected that the main resistance would be from South Korea; in 2012, [several scholars](#) cited four challenges that had impeded the deal (procedural and legislative concerns, the burden of history, the China factor, and a polarized public), which very much remained in 2016. By November 2016, the opposition to GSOMIA from South Korea was based on the following five arguments:

- Japan cannot be trusted, and inking a deal with a country that has yet to apologize for its past history is equivalent to selling out Korea.
- GSOMIA will rationalize Japan's Self-Defense Forces (SDF) and allow its troops to be deployed to the Korean Peninsula without Korea's prior consent.

- GSOMIA is testament to buckling under US pressure to facilitate the US-Japan-South Korea trilateral security framework.
- There is a lack of transparency regarding the procedure, and it is likely that the GSOMIA is simply a diversionary tactic to distract the public from the messy internal politics.
- South Korea has more to lose than gain from the deal.

Although the argument that the agreement would unnecessarily antagonize China could be added to the list, it is quickly rebuffed by the fact that the Korean government had already approached China with a [similar deal](#) only to have been met by silence.

Setting aside for a moment the argument that the only functional or instrumental critique of the agreement is point number five, which can be countered by pointing out that the GSOMIA is based on the principle of reciprocity, which means that a zero-sum logic is not an appropriate mindset. The other arguments are really getting at the context surrounding the agreement and the actors involved, rather than the substance of it. The first point conflates the goals of *security* with *diplomacy*. While the two are necessarily interrelated, the GSOMIA is not primarily intended to facilitate greater politico-diplomatic relations, and should not inhibit continued efforts by South Korea to obtain "historical closure" with Japan. The second point is moot, as it has been [made clear](#) that sending any Japanese troops to the Korean Peninsula in cases of contingency would require the consent of South Korea. The final argument seems to ignore that South Korea has been in a trilateral military intelligence-sharing pact with Japan and the US since December 2014, and ignores the larger trajectory in military intelligence sharing by South Korea: as of 2016, South Korea has completed similar agreements with 19 other countries ([Ministry of National Defense](#), in Korean) with additional "arrangements" with 13 other countries including Germany (Jan. 25, 1973), Malaysia (Sept. 22, 1992), and Vietnam (July 21, 2014). This is in contrast to the six for Japan, which includes the latest with Korea, with an impending deal with Italy potentially making it seven ([Ministry of Defense](#)). (See table 2 below.)

Table 2. List of countries with which Japan and Korea has Intelligence Sharing Agreements

	<i>With South Korea</i>		<i>With Japan</i>
United States	Sept. 24, 1987	United States	Aug. 10, 2007
Canada	July 5, 1999	NATO	June 25, 2010
France	March 6, 2000	France	Oct. 24, 2011
Russia	Feb. 26, 2001	Australia	May 17, 2012
Ukraine	April 11, 2003	United Kingdom	July 4, 2013
Spain	March 23, 2009	South Korea	Nov. 23, 2013
Australia	May 30, 2009		
United Kingdom	July 9, 2009		
Sweden	July 13, 2009		
Poland	Sept. 30, 2009		
Bulgaria	Oct. 27, 2009		
Uzbekistan	Sept. 20, 2012		
New Zealand	Nov. 29, 2012		
Greece	Dec. 3, 2013		
India	Jan. 16, 2014		
Romania	March 26, 2015		

Philippines	Sept. 14, 2015		
Hungary	Dec. 3, 2015		
Jordan	May 30, 2016		
Japan	Nov. 23, 2016		

The asymmetry is quite stark, and while one could criticize the diffuse nature of South Korea's strategy with regard to intelligence sharing agreements, the subsequent logic that Korea should streamline its target countries and give priority to its immediate neighborhood would still include (not exclude) Japan. Points three and particularly four are harder to dismiss and may have severely undermined the public's receptivity to the agreement. In some sense, the two issues are linked, as the extreme haste in which the agreement was concluded – just under a month from when negotiations began in earnest on Nov. 1 to when the deal was signed on Nov. 23 – created a large vacuum for suspicion to really creep in. (It also did not help that the South Korean Ministry of National Defense did not allow any photography by reporters at the signing ceremony, prompting one official to [claim](#) that “It’s as though President Park is deliberately trying to stir up conflict with foreign affairs and national security issues.”) *Timing* is almost always a key ingredient in negotiations, and it is unlikely that the GSOMIA would have been concluded without the all-consuming airtime devoted to the political scandal involving Park.

As for “US pressure,” the spokesperson for the ROK Ministry of National Defense was clear that the GSOMIA did not come up during the 48th Security Consultative Meeting (SCM) between US Secretary of Defense Ash Carter and Korea's Defense Minister Han Min-koo on Oct. 20 at the Pentagon ([daily briefing](#) of Nov. 14). Nevertheless, this point of view gained traction, particularly since the July decision by the ROK to host the Terminal High Altitude Area Defense (THAAD). What has not been established, however, is exactly *who* the US here refers to: the Obama administration only has a couple months left till the end of the presidency, and the incoming president has yet to start his term, making both the incentive to place pressure on Korea or the priority to do so, quite low. In the end, the backlash against the GSOMIA in South Korea was the result of

severe communication failure on the part of the Korean government with its own public, which seemed to have been a chronic weakness by the Park administration.

The “Choi effect”

As the Korean public was subjected to a daily dose of shock and awe from stories about President Park and others being involved in extortion, abuse of power, leaking of confidential documents, and bribery, the table had now turned and Kato Tatsuya was having the last laugh. Recall that Kato, the former Seoul bureau chief of Japan’s *Sankei Shimbun*, was finally acquitted in December 2015 after facing criminal charges for defaming the South Korean president in his online article that quoted rumors concerning Park’s whereabouts during the sinking of the Sewol ferry in April 2014. With the benefit of hindsight, it becomes a bit more obvious why the Park administration had been so sensitive about the piece, with prosecutors requesting an 18-month prison term for Kato. While Kato had pleaded innocent and declared that his article was in the public interest by questioning the activities of the president during a major disaster, the [media](#) had at the time claimed that the South Korean public did not really sympathize with Kato. Ironically, what he had asked has quickly become what the Koreans themselves are now asking.

Once bitten, but not twice shy, Kato has been writing about President Park again. His [editorial](#) (in Japanese) in the *Sankei Shimbun* detailed the turmoil in South Korea involving a presidency that has suffered from a lack of communication and extreme insularity, suggesting that such evasion of accountability may have worked during an authoritarian period of rule by her father, Park Chung-hee, but is unacceptable in contemporary Korea. He also participated in a [lecture](#) (in Japanese) in November in Hokkaido, where he warned of the potentially nullifying effects that an impeachment of the presidency would have on the GSOMIA. As suspected, the Korean media did not devote much space to publicizing Kato’s last laugh or what his initial indictment had meant within the context of what we all know now – a fair bit of dereliction of duty by President Park at the time of the disaster.

What could potentially be the most disconcerting news for the Japanese government in all this surfaced on Oct. 26, when the Korean media outlet *JTBC* [revealed](#) (in Korean) that it had collected certain diplomatic documents from Choi Soon-sil’s personal computer (Choi is a long-time confidante of President Park and on trial as of December 2016 for abuse of power and

corruption). Among those documents were scenarios and accompanying model responses for how Park should act as president-elect with Abe’s special envoy, Nukaga Fukushima, in January 2013. Since the meeting preceded the formal launch of her presidency, it marked an important foundational meeting for the two countries. The central problem is that the documents contained information on many sensitive bilateral issues including “comfort women,” and the disputed territory of Dokdo/Takeshima – on the latter, the script had urged Park not to mention Dokdo and if it did come up during her talks with Nukaga, to mostly “smile” rather than to engage substantively. The uproar stemmed from the fact that not only had Choi had access to such confidential documents, but that she had the authority to make potential changes to the script on such sensitive national interests involving Japan.

Although the Japanese government did not directly react to this specific news story regarding Choi and her potential intervention in diplomacy vis-à-vis Japan, this was most likely due to the overwhelming and more general concern that the “Choi effect” would have on bilateral and also trilateral relations with China. A Dec. 10 *Yomiuri Shimbun* [article](#) detailed several items that would now likely be postponed indefinitely given the impeachment of President Park: a bilateral currency swap agreement and a bilateral summit on the sidelines of a trilateral meeting involving China as well as the trilateral summit itself. The article ended by citing concerns that the next administration in Korea may be “anti-Japanese,” quoting a senior Japanese Foreign Ministry official as saying that “There are no longer prospects for improving Japan-South Korea relations.” To some extent, it would have been difficult to entirely ignore the rhetoric of some of the key officials (and future presidential candidates) in Korea and their latest stance toward these bilateral issues. For instance, the mayor of Seoul, Park Won-soon, had been critical towards the GSOMIA even before the eventual signing, equating the agreement to a second coming of the 1905 Treaty (that stripped Korea of its diplomatic sovereignty), while Moon Jae-in, former leader of the progressive Minjoo Party has also called for a complete re-evaluation of the “comfort women” deal of December 2015 and the GSOMIA. Unfortunately, there was no silver lining to Korea’s domestic political crisis for bilateral Japan-Korea relations.

Economic fallout

There are additional economic costs of the “Choi effect” at the bilateral level that are worth noting. The most

immediate involves the postponement of the currency swap arrangement between Japan and South Korea. In February 2015, the two countries had agreed to let their 14-year-old \$10 billion currency swap arrangement expire (a currency swap is an accord to let the two countries exchange one currency with another at a specific exchange rate in order for the stronger currency to dampen market volatility). The decision to let the arrangement lapse in February was attributed to inhospitable diplomatic relations at the time, but with the momentum that had gathered from the signing of the “comfort women” deal and the GSOMIA in 2016, there were hopes that an arrangement might be within reach before the end of the year. With the impeachment of President Park, there was little chance of that happening. Even after South Korea’s Deputy Prime Minister Yoo Il-ho met Japanese Ambassador to South Korea Nagamine on Dec. 15 to discuss the expansion of trade and collaboration on the Regional Comprehensive Economic Partnership (RCEP) – a proposed free trade agreement (FTA) involving ASEAN countries and the six states with which ASEAN has existing FTAs with – it seemed likely that the relationship would be focused on crisis management rather than any new progress.

Another bilateral issue that became sidelined with the domestic political upheaval unfolding in South Korea involved negotiations over fisheries. Since the two countries had [failed](#) to reach a fisheries agreement back in June 2016 over annual fishing quotas in each other’s exclusive economic zone (EEZ), there has been a suspension of fishing activity in each other’s EEZ since July 1. South Korean vessels that seek cutlassfish in Japanese waters have been hardest hit from this suspension, with almost a third of all cutlassfish typically coming from Japan’s EEZ. Buried beneath all the articles about the post-Park impeachment environment, were a few alarming [news reports](#) (in Korean) about the significant decrease in total cutlassfish catch during the period of suspension. There was a decrease of 63.28 percent to 3,235 tons in August (from 8,810 tons during the same period in 2015) and a decrease of 43.26 percent to 4,008 tons in September (from 7,065 tons in 2015).

There was also a domestic development in Japan that has interesting economic implications for South Korea. On Dec. 2, the “Bill Promoting Implementation of Specified Integrated Resorts” that would legalize casino gambling in integrated resorts (such as hotels) in Japan – and has had the support of the Abe administration and the Liberal Democratic Party (LDP) – passed the Lower House Committee (though opposition parties

[condemned](#) the speed with which the bill was put to a vote and accused the ruling coalition of railroading the legislation). After some revisions to the bill by the Upper House Committee, the new version had to be voted on again in the Lower House, which extended proceedings until Dec. 15. Throughout the process, there was intense political wrangling, not only by members of LDP’s junior coalition partner Komeito, which has consistently viewed casinos as somewhat worrisome in light of the potential for gambling addiction and public safety, but also the Democratic Party, which made efforts to thwart the bill’s enactment – first through a censure motion in the Upper House, and then a no-confidence motion in the Lower House that was easily struck down by the ruling coalition. The bill has to be an immense win for Prime Minister Abe given the [long and tough history](#) of the bill; one has to wonder whether it would have been possible without the renewed legislative power from the July elections. Having said that, it is unlikely that these integrated resorts will be realized by the 2020 Olympics as further legislation is actually needed to establish and implement a gaming regulatory structure.

The implication for South Korea was hinted at in a *Forbes* [article](#) that was published on Nov. 17 prior to the enactment of this specific bill. The article detailed recent moves by Genting Singapore PLC, a Singapore-based company that operates resorts as well as casinos around the world. Genting Singapore had announced that it would sell its share of \$1.8 billion in [Resorts World Jeju](#) (slated to become one of South Korea’s largest integrated resorts) to focus on casino legalization in Japan. South Korea, too, has long had similar concerns about the social impacts of legalizing gambling, keeping mainly a foreigner-only access policy for casinos, except for one – Kangwon Land Resort – which is open to locals. The exception was made with economic interests such as invigorating tourism in mind, which has been a strong reason behind the push for the integrated resorts bill in Japan. Although this bill still faces many hurdles in Japan, it would be in South Korea’s interest to keep a close eye on its progress and the impending economic competition that Seoul may face from increased supply in the market.

Finally, there were more developments regarding the Lotte Group, which had been mentioned in a [previous issue](#) of *Comparative Connections* in the context of nationality and the identity that multinational companies carry. In October, the Seoul Central District Prosecutor’s Office indicted three individuals on corruption charges: Shin Dong-bin, Lotte Group’s

chairman, his elder brother, Shin Dong-joo (former vice chairman of Lotte Holdings in Japan), and Shin Kyuk-ho, the group's founder. Shin Dong-bin, who gained management control in 2015, had sought to combine some of its operations in Japan and South Korea, but with the three now facing lengthy trials ([some](#) speculating up to two years), the strategic plan will most likely be placed on hold. As messy as this family drama had been, it could not wrestle away much air time from the unfolding presidential saga.

Catch me if you can

The last four months of 2016 was a busy time for North Korea. It conducted a nuclear test on Sept. 9, and Japan's [NHK](#) confirmed on Dec. 15 that a US government official said that the US had confirmed that Pyongyang conducted a ground test of a submarine-launched ballistic missile earlier in the month. Meanwhile, Japan was active in solidifying the international opposition North Korea's provocations, including its human rights record particularly as it pertains to abductions of Japanese nationals.

Starting in November, the UN Security Council adopted [Resolution 2321](#), which expresses concerns against North Korea's nuclear testing and ballistic missiles activities and clarifies further sanctions against the regime. The North Korean diplomat at the UN responded by claiming that he was [unfazed](#) since North Korea had already been sanctioned. By December, the Japanese government had [announced](#) an expansion of sanctions against Pyongyang, which included more North Korean targets under its asset-freezing program, an increase in the number of North Korean officials banned from re-entry into Japan, and banning all Japan-registered ships that had made port calls to North Korea from entering Japanese ports.

The second front for Japan with North Korea concerned human rights. The UN was also actively engaged in reporting on the human rights situation in North Korea (see reports [here](#) and [here](#)) in the final months of the year. The UN General Assembly adopted a resolution recommended by its Third Committee (Social, Humanitarian and Cultural) on the Situation of Human Rights in North Korea (co-sponsored by Japan and the European Union) on Dec. 19. Japan's consistent focus was the abduction issue. After the adoption of UNSC Resolution 2321 on Nov. 30, Ambassador Bessho Koro, Japan's permanent representative to the UN, made the following [statement](#): "We welcome stronger emphasis on the deplorable humanitarian conditions in North Korea, including the abductions issue, to which Japan

attaches utmost importance." In early December, Kato Katsunobu, the Japanese minister for the abduction issue, met UN Secretary General Ban Ki-moon in New York to discuss North Korea. The meeting led to a UNSC meeting on Dec. 9 at the request of Japan, to discuss human rights issues in the context of North Korea and once again gave Bessho the opportunity to highlight Japan's interests in the abduction issue by linking Pyongyang's violation of human rights with threats to international peace and security (see statement [here](#)). Toward the end of December, there were [reports](#) that the Japanese government had plans to increase its broadcasting of the radio program, "Furusato no Kaze" ("Wind from the Homeland"), (which is broadcast in Japanese and Korean) and includes more information on Japanese policy regarding North Korea and the abduction issue.

In usual fashion, the North Korean regime was consistent in its hurling invective – though the regime seemed to be in a particularly foul mood given the signing of the GSOMIA between Japan and South Korea. In fact, a lot of a Nov. 23 [commentary](#) in the *Rodong Sinmun* echoed the sentiments of the South Korean public against the GSOMIA noted earlier: "The main purpose sought by the puppet military gangsters in concluding the above-said agreement [GSOMIA] is to step up the formation of the triangular military alliance with the U.S. and Japan and realize the ambition for invading the north with the backing of their masters. It is also aimed to save traitor Park Geun Hye from the abyss of ruin in which she is now finding herself due to the hideous political scandal."

Meanwhile, Seoul and Tokyo were able to share classified information on North Korea nuclear weapons on Dec. 16, the first since the signing of the GSOMIA in November.

Months ahead

With President Park now impeached and the Constitutional Court considering the National Assembly's indictment, there is a power vacuum in South Korea. Yes, there is a president, but essentially most policy decisions are on hold barring a major crisis. But this has not stopped relations from moving forward – already a "Comfort Woman" statue has been re-installed in Busan across from the Japanese Consulate, and it is not clear that the agreement then-President Park signed in December 2015 will survive her downfall. With South Korea about to enter a period of political turmoil, a number of decisions are essentially on hold awaiting a new president: GSOMIA

implementation, THAAD deployment, “comfort woman” agreements, and North Korea policy. For Japan, Prime Minister Abe has clearly tried to enlist President-elect Trump in confronting China and supporting the US-Japan alliance. If Abe is successful, it could add further complexity to Korea-Japan relations because it is unlikely that the new South Korean president, no matter who is elected, will pursue a hardline policy towards China. Thus, as the world awaits a new president in the US and possibly a new president in South Korea, the first few months of 2017 promise to be eventful, to say the least.

CHRONOLOGY OF JAPAN-KOREA RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 7, 2016: Japanese Prime Minister Abe Shinzo meets South Korean counterpart Park Geun-hye in Vientiane on the sidelines of the Association of Southeast Asian Nations (ASEAN)-related meetings.

Sept. 9, 2016: Prime Minister Abe releases a [statement](#) in response to the fifth nuclear test by North Korea.

Sept. 9, 2016: Japanese and South Korean parliamentarians meet in Tokyo for the executive committee meeting ahead of the scheduled General Assembly of Parliamentarians' Union in November.

Sept. 24-25, 2016: Japan-Korea Exchange Festival (*Nikkan Koryu Matsuri*) is held in Tokyo.

Oct. 2, 2016: Korea-Japan Exchange Festival (*Hanil Chukjae Hanmadang*) is held in Seoul.

Oct. 19, 2016: Three top figures of the Lotte Group are indicted by the Seoul Central District Prosecutor's Office on corruption charges.

Oct. 22-23, 2016: Navies of Japan, South Korea, and the US participate in a joint naval exercise off the southern coast of South Korea's Jeju Island.

Oct. 29, 2016: Kato Tatsuya, former Seoul bureau chief of Japan's *Sankei Shimbun*, publishes an editorial about the ongoing political turmoil surrounding South Korea's President Park Geun-hye.

Oct. 31, 2016: Governors of Japan's Kochi Prefecture and South Korea's South Jeolla Province sign a pact establishing a sister relationship between the two regions.

Nov. 1, 2016: First round of bilateral discussions on the General Security of Military Information Agreement (GSOMIA) take place in Tokyo.

Nov. 4, 2016: Japanese and South Korean parliamentarians meet in Seoul for the 39th annual General Assembly of the Parliamentarians' Union.

Nov. 9, 2016: Second round of bilateral discussions on GSOMIA take place in Seoul.

Nov. 15, 2016: Co-drafted resolution by Japan and the European Union condemning North Korea's human rights violations is approved by the UN General Assembly's Third Committee.

Nov. 22, 2016: [The Hankyoreh](#) reports that a scheduled South Korean military exercise on Nov. 24 to protect the disputed territory of Dokdo/Takeshima is abruptly postponed in consideration of the GSOMIA with Japan, prompting criticism from the South Korean public.

Nov. 23, 2016: South Korean Defense Minister Han Min-koo and Japanese Ambassador to South Korea Nagamine Yasumasa sign the GSOMIA.

Nov. 24, 2016: [The Nikkei](#) reports that the Seoul Central District Court has ruled that Japanese company, Nachi-Fujikoshi Corp, must compensate five Korean women 100 million won (\$85,000) each for forced labor during World War II.

Nov. 30, 2016: UN Security Council adopts Resolution 2321, which expresses concerns against North Korea's nuclear testing and ballistic missiles activities and contains measures for further sanctions against the regime.

Dec. 2, 2016: UN Secretary General Ban Ki-moon meets Kato Katsunobu, Japanese minister for the abduction issue, in New York, to discuss issues regarding North Korea.

Dec. 2, 2016: “Bill Promoting Implementation of Specified Integrated Resort” that would legalize casino gambling in integrated resorts in Japan passes the Lower House Committee.

Dec. 9, 2016: Japanese government announces it will expand sanctions against North Korea.

Dec. 9, 2016: At the request of the Japanese ambassador to the UN, UN Security Council convenes a meeting to discuss the human rights situation in North Korea.

Dec. 9, 2016: Motion to impeach President Park Geun-hye passes in the South Korean National Assembly. This makes Prime Minister Hwang Kyo-ahn the acting president and gives a greater role for Deputy Prime Minister and Minister of Strategy and Finance Yoo Il-ho, particularly in the context of South Korea’s interaction with Japan.

Dec. 11, 2016: [*The Japan Times*](#) reports that bilateral negotiations on the currency swap arrangement between Japan and South Korea will most likely stall, quoting Deputy Prime Minister Yoo Il-ho.

Dec. 12, 2016: Japan’s Minister for Disaster Management Matsumoto Jun and South Korean counterpart Park In-yong sign an agreement on cooperation on disaster control and safety.

Dec. 13, 2016: Nuclear envoys from Japan, South Korea, and the US meet in Seoul to discuss collaboration on new sanctions against North Korea.

Dec. 15, 2016: Moon Jae-in, former leader of the Minjoo Party (and potential presidential candidate) calls for a complete re-evaluation of the “comfort women” deal and GSOMIA.

Dec. 15, 2016: [*NHK*](#) confirms that US government believes Pyongyang conducted a ground test of a submarine-launched ballistic missile in early December.

Dec. 15, 2016: In a telephone call, South Korea’s Deputy Prime Minister Yoo Il-ho assures Japan’s Deputy Prime Minister and Minister of Finance Aso Taro of the continued stability in South Korea despite the ongoing political turmoil.

Dec. 15, 2016: Japan’s Upper House passes the “Bill Promoting Implementation of Specified Integrated Resort” in an extraordinary session of the Diet.

Dec. 16, 2016: Japan, South Korea, and US hold Defense Trilateral Talks (DTT) in Seoul.

Dec. 16, 2016: Japan and South Korea share their first piece of classified information on North Korea’s nuclear program and ballistic missiles since inking GSOMIA in November.

Dec. 19, 2016: UN General Assembly adopts a resolution recommended by its Third Committee (Social, Humanitarian and Cultural) on the Situation of Human Rights in North Korea.

Dec. 19, 2016: [*The Japan Times*](#) reports that the Japanese government will broadcast its radio program aimed at Japanese abductees in North Korea on more frequencies in the coming year.

Dec. 20, 2016: [*The Hankyoreh*](#) reports that prosecutors have requested a three-year jail sentence for Park Yu-ha – a Sejong University professor who is on trial on accounts of defamation of “comfort women.” Her sentence hearing is scheduled for Jan. 25, 2017.

Dec. 28, 2016: Japan’s Minister for Reconstruction Imamura Masahiro visits the Yasukuni Shrine, sparking protests from South Korea.

Dec. 29, 2016: Japan's Minister of Defense Inada Tomomi visits Yasukuni Shrine, prompting South Korea's Ministry of Foreign Affairs to summon Maruyama Kohei, a minister at the Japanese Embassy in Seoul, and the Ministry of Defense to summon Takahashi Hideaki the Japanese military attaché to Korea.

Dec. 31, 2016: South Korean civic group unveils a "comfort women" statue in front of the Japanese Consulate in Busan, which raises concern with the South Korean Ministry of Foreign Affairs regarding potential implications for its ties with Japan.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

CHINA-RUSSIA RELATIONS

THE DAWN OF A BRAVE TRUMP WORLD

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The end of 2016 was a period of extraordinary uncertainty in world affairs. Much of the world was engulfed by waves of [refugees](#), terror [attacks](#), and rising populism, culminating in the election of Donald Trump as president in the US. Against this backdrop, top Chinese and Russian leaders interfaced regularly. Military ties also gained momentum as the two armed forces conducted a joint exercise in the South China Sea and stepped up coordination in missile defense. Twenty years after their “strategic partnership of coordination,” the two countries still resist a formal alliance, but the perceived challenge to their national interests and strategic space by Western alliances seems to have led to more proactive and coordinated actions. Meanwhile, both Moscow and Beijing were anxiously awaiting the Trump presidency. Welcome to the brave new world of the reversed strategic triangle, Trump style.

This article is extracted from [Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Yu Bin, “China-Russia Relations: The Dawn of a Brave Trump World,” *Comparative Connections*, Vol. 18, No. 3, pp. 103-116.

G20 in Hangzhou: between symbolism and substance

The 11th G20 Summit in Hangzhou was both routine (a long [communiqué](#) with 48 clauses and 37 additional documents) and extraordinary (the US and China [ratified](#) the 2015 Paris Climate Change Agreement). As its rotating host, China managed to focus on its planned “4-I” theme (Innovative, Invigorated, Interconnected and Inclusive world economy) without any “anti-Russia snubbing” as in the previous G20 summits in Brisbane, Australia and Ankara, Turkey.

There were some mishaps in Hangzhou, including some with political implications: [no red-carpet](#) and not even a staircase for Barack Obama, [no handshake](#) between Vladimir Putin and UK’s Theresa May, and Angela Merkel got the time of day [wrong](#) with Putin. The Chinese hosts, however, made sure that President Putin was treated with respect and dignity. Even before the summit, senior Chinese officials made clear that the Putin would [top China’s guest list](#) in the most beautiful city of China (Hangzhou is traditionally referred to as “paradise on earth”). The night show (“Hangzhou, A Living Poem”) on Sept. 4 – with Chinese artistic and musical pieces harmonized with Western ones (Debussy, Beethoven, etc.) – prominently featured [Swan Lake](#) with Chinese ballerinas dancing on the actual water of the West Lake. One wonders how Putin felt about this Chinese “distortion” of Tchaikovsky’s masterpiece.

The Hangzhou meeting was the third encounter between Xi Jinping and Putin in 2016. Both pledged greater “coordination” in international and regional affairs as the two countries deepened their ties amid growing tensions with the West. Fifteen years after the China-Russia Treaty of Good-Neighborliness and Friendly Cooperation and 20 years after the China-Russia “strategic partnership of coordination,” Sino-Russian relations were indeed “operating at a [high level](#),” as Putin noted in talks with Xi on the sidelines of the summit.

Apparently satisfied with the Hangzhou G20, which was in sharp contrast to the humiliating and early exit at the Brisbane G20 two years before, the Russian president chose to hold his press conference after he met Xi to publicly support China’s SCS stance: “President Xi did not ask me to comment on the situation in the South China Sea,” disclosed Putin at the press conference. “In general we would not like to get involved in this dispute. However, this is our general position that interference of non-regional powers only hampers the

settlement of this kind of issue. Our position is not a political, but rather a legal one: we think that third-party arbitrations should be initiated by the parties involved and we think that the arbitration court should listen to the arguments of both parties,” said Putin. Later, Russian media described Putin’s remarks as those of an “[objective bystander](#).” For China, however, Russia’s hands-off stance was seen as both fair and timely, similar to China’s “sympathetic neutrality” regarding Ukraine and Crimea. “China values Russian President Vladimir Putin’s position on the South China Sea issue,” and it “represents the voices of justice from the international community,” said spokesperson [Hua Chunying](#) of the Chinese Foreign Ministry. Ten days after the G20, Russian and Chinese navies conducted a first-ever joint naval drill in the South China Sea.

While enjoying China’s hospitality in Hangzhou, Putin seemed careful in touting Russia’s special relationship with China. After the early morning Xi-Putin meeting on Sept. 4, Chinese media quoted [Xi](#) as telling his Russian guest that China and Russia should firmly support each other’s efforts to safeguard sovereignty, security, and development interests; that China and Russia should strengthen coordination in international and regional affairs to safeguard justice and promote world peace. Specifically, China would like to see that bilateral military exchanges and security cooperation are strengthened. Given China’s heightened tension with the US in the SCS and on the Korean Peninsula, Xi seemed eager to seek Russian reciprocity.

[Putin’s responses](#) were more reserved, if not aloof. According to Chinese media, Putin said that Russia would like to join with China to share political trust and their people’s friendship to stimulate economic cooperation, adding that the two countries should enhance cooperation in trade, investment, finance, energy, science and technology, and to bring real benefits to peoples on both sides. The Kremlin web page went further by completely [dropping Xi’s remarks](#) calling for enhanced strategic coordination, while adding that “Our relations are developing just as well as we hoped,” a rather take-it-easy approach in comparison to Xi’s sense of urgency.

The Russian president, however, could also be surprisingly considerate, such as when he brought a box of Russian [ice cream](#) from Siberia as a gift to Xi. Only Putin knew if the ice cream aimed at warming up or cooling down Russia’s relationship with China. His soft-peddling of the strategic implication of his meeting with Xi in Hangzhou may not mean too much. For Putin, the Hangzhou visit served a broader Russian purpose: to

finally escape the shadow of Western sanctions and return to normalcy in relations with the West. This process started a year before when Putin was “[center-staged](#)” at the G20 Summit in Turkey in making his case for deeper international partnerships in fighting Islamic State after the Paris terror attacks. He followed this with the [20th St. Petersburg International Economic Forum](#) in June 2016 and the second [Eastern Economic Forum in Vladivostok](#) in early September where the Russian president portrayed [a gentler and more cooperative Russia](#) to Western and eastern investors. In Hangzhou, Putin took the opportunity to meet many leaders, including all the major Western participants.

Eighth BRICS Summit in India

During the G20 in Hangzhou, China and Russia started warming up for the Eighth BRICS Summit, which was held in Goa, India Oct. 15-16. [BRICS](#) member countries (Brazil, Russia, India, China and South Africa) account for 41.6 percent of global population, 29.31 percent of total world area and about 22 percent of the world’s total Gross Domestic Product. Despite its relatively short life and multiple problems, BRICS is more institutionalized for real actions, particularly in the economic area, than any other multilateral groups involving China and Russia, such as the Shanghai Cooperation Organization (SCO) and the Eurasian Economic Union (EAEU). BRICS has already set up its New Development Bank (\$100 billion) and the Contingent Reserve Arrangement (\$100 billion). More recently, BRICS also moved to coordinate and institutionalize policies in the areas of [foreign policy](#), [security](#), [environmental issues](#), cultural/humanities exchanges, and parliament exchanges. In Hangzhou, BRICS leaders met informally, which was “one of their most productive encounters ever,” according to Russian Deputy Foreign Minister Sergei Ryabkov.

[Putin’s speech](#) at the BRICS informal meeting was rather pessimistic about the world economic and security situation. He also briefed other leaders on the Syrian situation and Russia’s strategy, while urging the BRICS financial institutions to become “fully operational,” and “to adopt the bank’s strategy, to provide loans in local currencies, and to begin financing specific projects.” Putin concluded by hoping for the “linkage” of Russia’s Eurasian Economic Union and China’s Silk Road Economic Belt.

President Xi made a [four-point statement](#) for BRICS development: 1) search for new growth mode in trade, finance, infrastructure and cultural-humanities exchanges, 2) help improve global governance by

reforming existing international trade and monetary systems, 3) promote stability for a peaceful environment for development, and 4) promote sustainable development.

The joint Russian and Chinese efforts to optimize BRICS operation occurred at a time when the group faced serious internal problems and external challenges. Unlike the issue-oriented and loosely connected G20 (for economics), BRICS members deal with multiple issues on diverse goals and interests. Indeed, the organization faced “the risk of retrogressive, rather than progressive, cooperation,” said [Chen Xiangyang](#), senior researcher at the China Institutes of Contemporary International Relations in Beijing. This was partially because of the “new, intricate circumstances,” and the ‘competition and cooperation’ games that developed and emerging economies play on the geopolitical, geo-economic and other fronts,” added Chen.

Chen was not specific about these “competition-cooperation” games. Prior to the BRICS summit in Goa, India’s relations with China and Pakistan visibly deteriorated over the issues of perceived Chinese “obstruction” for India’s full membership in the Nuclear Suppliers Group (NSG) and heightened Indo-Pakistani tensions in Kashmir after the terror attack in early September (19 Indian soldiers died). It also looked like India was determined to utilize its BRICS chair position for enhancing bilateral relations both within and outside BRICS. Meanwhile, [anti-BRICS sentiments](#) were gaining momentum in India prior to the Goa summit.

These [intra-BRICS tensions](#) bode ill for normal operations, let alone progress. In both Hangzhou and Goa, Russia and China worked hard to promote cohesion. In Hangzhou, [Xi urged the group](#) to “adhere to the open, inclusive, cooperative, and win-win spirit of the BRICS countries, do not be affected by winds and rains, troubled by noise, and impeded by difficulties, continuously strengthen the partnership.” Prior to Xi’s travel to India for the BRICS Summit, China’s Vice Foreign Minister [Li Baodong](#) told reporters that “no country should have double standards on terrorism or use it for political gains.” At a minimum, Russia and China believed that BRICS should not take sides in [bilateral disputes](#) at the expense of the BRICS cohesion. At a maximum, they wanted to see sustainable growth of the BRICS as a viable juxtaposition to, not an alternative to or replacement of, the existing West-led global governance infrastructure.

Xi and Putin were instrumental in molding the Goa Summit into a more constructive event. In his formal address, Xi made a [five-point proposal](#) for the BRICS nations to join hands in tough times, including building an open world, mapping out a shared development vision, coping with the most pressing global challenges, safeguarding fairness and justice in the international community, and deepening partnerships within the bloc.

Largely because of the joint effort by Russia and China, the eighth BRICS Summit ended with more cohesion, albeit compromised, for its future development. By no means does this mean the end of intra-BRICS competition and conflict. Nor should one wish away the decades-long Indo-Pakistan enmity. What the Goa Summit does mean, however, is a relatively successful conflict avoidance and management process with future implications for other multilateral forums with Russian and Chinese participation. In the long run, the case may serve as a benchmark for managing other multilateral groupings relating to China and Russia. Russian scholar Dmitri [Trenin](#) offered a penetrating assessment:

Sino-Russian relations are a good example of two major neighboring powers having de facto accepted a formula of “never being against each other, but not necessarily always with each other.” This formula squarely puts a premium on a solid partnership between Moscow and Beijing where their interests meet, eschews conflicts where they don’t, and allows a lot of flexibility where interests overlap only partially. Russia and China will probably never become full allies; the important thing is that they abhor mutual hostility, and have mastered their differences.

Trenin’s confidence in the ability of Beijing and Moscow to massage BRICS politics, however, should be taken with a grain of salt. It was the convergence of interests – to sustain BRICS functioning – that made China and Russia, the most powerful members of this “gang of five,” to coopt India this time. In the longer run, India’s role in the BRICS, and its willingness and capacity to deviate from the group, will also depend on India’s relative power to other member states, as well as its relations with Washington.

Meeting at APEC

By the time Xi and Putin met for the last time in 2016 at the annual APEC Economic Leaders Meeting in Lima, Peru on Nov. 19-20, the world seemed to be totally altered by three “Ts”: Trump, Trade, and TPP. Perhaps more than any other place outside the US, the Trump

“tremor” was most felt in the Lima APEC forum. For almost a quarter of a century, the loosely connected APEC had served as an advocate for trade liberalization and economic interdependence. Its [21 member economies](#) are home to around 2.8 billion people and represent about 59 percent of world GDP and 49 percent of world trade in 2015. No one, including Trump himself, may know what will happen to APEC and globalization. His America-firstism, however, suggests “sudden death” for both “free trade” (such as APEC) and “not-so-free trade” such as the Trans-Pacific Partnership (TPP), which had so far excluded China, the largest trading state in the world.

Partly because of this sudden sea change, the mood in Lima was subdued if not depressing. President Obama assured his audience that the US remained an “indispensable nation” for the world, implying that nobody, including China, would be able to fill the void (a world without US leadership). President Putin was busy meeting leaders, only to be told by the lame-duck US president to “[cut it out on hacking](#).” It turned out that Xi Jinping assumed the role of champion of free trade with a strong warning against [isolationism](#) and [protectionism](#). Xi also used his APEC trip to make state visits to Ecuador, Peru, and Chile to broaden and deepen China’s economic and political interactions with these countries.

Xi and Putin [met briefly](#) on the sidelines of APEC, mostly reaffirming official visits to each other’s countries in 2017. Putin took the opportunity to express his satisfaction with the “...improving dynamics in our trade and economic relations. It concerns both advanced goods and high-tech production areas. We are moving forward in those areas, regardless of any problems, and we are very happy about it. It speaks to the fact that we are not working idly, but are reaching the objectives we set before us.” Putin may have been referring to a series of high-tech arms sales with China in the last few months of the year, including the first of the 24 *Su-35* multi-role jets, the largest transaction in recent years.

Military and security coordination

The last four months of 2016 witnessed some high-profile activities and exchanges between Russia and China in the areas of security and defense. On Sept. 12-13, Russian Security Council Secretary Nikolai Patrushev traveled to Beijing for two meetings: the 12th round of China-Russia Strategic Security Consultations and the third Russian-Chinese law-enforcement and security cooperation mechanism. In November, Russian

Navy Commander Adm. [Vladimir Korolyov](#) and Defense Minister Sergei Shoigu visited China. Several military exercises also took place, including the annual *Joint Sea-2016* drills in the South China Sea. After many years of “delays,” Russia delivered to China the first four *Su-35* fighters.

Secretary Patrushev is a key figure in Russia’s foreign and security policies and is known for his close relations with President Putin. The [12th security consultation](#) co-chaired with China’s State Councilor Yang Jiechi was held three days after North Korea conducted its fifth nuclear test on Sept. 9. Chinese media reported that the two “conducted in-depth consultation and exchanges on the Korean Peninsula situation ... and on other issues, and reached extensive consensus.” Russian *Interfax* quoted Patrushev saying that “An unprecedentedly high level of interaction between Russia and China has been attained in every field.” [Yang stressed](#) the imperative for China and Russia to “stay in close communication ... strengthen communication, consultation and coordination in strategic security, give more support to each other and further deepen collaboration in international affairs.” After their Beijing meetings, Yang and Patrushev traveled to New Delhi, India for the sixth session of BRICS senior representatives on security issues in India on Sept. 15-16.

The two sides “unanimously believed that the North Korean nuclear test was not conducive to Peninsula’s peace and stability, that at present it is necessary to strive to prevent round after round of escalation or even loss of control of the Peninsula situation, and pull the Korean Peninsula nuclear issue back to the track of dialogue and consultation,” a press release said. Meanwhile, China and Russia were also firmly opposed to the US deployment of the THAAD anti-missile system in South Korea. A month later, Russia and China announced that their militaries would hold a joint anti-missile drill in 2017. The move was widely believed as a counterbalance with the pending deployment of the US THAAD system.

Secretary Patrushev also co-chaired the third law-enforcement session with his Chinese host Meng Jianzhu, state councilor and Public Security minister. They focused on anti-terror and “color revolutions.” Both Russia and China believed that they have been targeted by the West-backed “color revolutions” in recent years. Some of the high-profile ones included the 2011 rally at the Sakharov Avenue in Moscow, which was part of the so-called “[Snow Revolution](#)” from 2011-13 and Hong Kong’s “Occupy Central” movement in

2014. Moreover, Central Asia was seen as becoming increasingly vulnerable because of internal and external disturbances. On Aug. 30, a car driven by a suicide bomber exploded outside the Chinese embassy in Kyrgyz capital Bishkek, injuring three Kyrgyz nationals. They said that neither Russia nor China alone would be able to cope with future instabilities. Together, however, they would be able to manage the situation. Chinese President Xi met with Patrushev after the two security meetings.

There was also a significant increase in the last few months of the year in the number of exercises between Russia and China, or in the name of the SCO. In September, the SCO held two exercises. One was the regular *Peace Mission-2016* joint anti-terror command and staff military exercises in Kyrgyzstan on Sept. 15-21, involving 1,100 troops, 200 pieces of military hardware, and 40 military aircraft, including two *Tu-95MS* bombers. It was the first time that the SCO held its *Peace-Mission* exercise in Kyrgyzstan. The second exercise was the five-week SCO border guard drill, code-named *Unity-2016* from Sept. 25 to Nov. 1. Special services of the five SCO nations reportedly conducted enhanced operations for intelligence/information collection and exchange, coordinated reconnaissance, search, patrol, and combat activities. It was unclear how many border guards participated. Its five-week duration, however, was unprecedented.

In late November, China’s Armed Police hosted for the first time an [international forum on urban anti-terror strategy](#) in Beijing, named *Great Wall-2016*. More than 120 military and police representatives from 26 countries, including Russia, France, Chile, Pakistan and Egypt, participated in the events. During the conference, participants visited China’s special police institute, observed drills by the Armed Police, and attended discussion panels. It should be noted that China’s increasing interest in urban anti-terror operations was in the context of its more proactive posture in Afghan and Syrian affairs. The Beijing forum was followed by a week-long (Nov. 28-Dec. 4) joint training exercise in Korla, China. The exercise was aimed at improving combat ability, boosting military communication and improving troop’s ability to deal with security threats. The goal was to improve cooperation, coordination and actual combat abilities.

Chechen law enforcement officials [visited China](#) from Dec. 6-10 to share their skills in fighting international terrorism and extremism with Chinese counterparts. The visit was reportedly part of an agreement signed with China’s Xinjiang Uygur Autonomous Region. The

Chechen delegation was led by the military aide to the head of the Chechen Republic, Daniil Martynov, and the head of the Directorate of the Federal Service of National Guard Troops for Chechnya, Sharip Delimkhanov. The [Chechen group](#) shared its experience with public security during events of mass public assemblies. They also demonstrated use of their equipment, weapons, kits, and outfit, and visited China's training facilities.

Joint Sea-2016 and its implications

The Chinese and Russian navies conducted a joint exercise in the South China Sea for the first time ever Sept. 12-19. Code-named *Joint Sea-2016*, the drill involved submarines, surface ships, fixed-wing aircraft, ship-borne helicopters, and amphibious armored equipment from both navies. The goal was to strengthen coordination of maritime operations between the two navies. The South Sea Fleet of China played a leading role, while Russia sent five warships led by the *Udaloy*-class anti-submarine destroyer.

The drills kicked off in the wake of increased US pressure demanding that China adhere to the ruling of the Hague international arbitral tribunal invalidating China's longstanding claim to the SCS. During the drill, the two navies increased levels of interoperability, particularly in the areas of communication, intelligence sharing, electronic/information warfare, anti-submarine and island-seizing operations. Chinese and Russian ships/units were assigned to mixed groupings to practice and increase interoperability. They were interfaced, for the first time, with a China-Russia joint command information system (JCIS), according to the spokesman for the Chinese Navy. In the previous *Joint Sea* exercises, the two sides depended primarily on conventional means such as naval maps, telephone, telegraph, and Chinese-Russian translation. The JCIS platform is capable of sending, receiving and sharing information between all command posts and combat units at all levels, a "gigantic leap" (跨进一大步) for more efficient interoperability.

Both China and Russia claimed that the naval drill in the SCS did not target any third party. Beijing's *Global Times*, an extension of the official *People's Daily* that usually displays more assertive views on foreign issues, was more candid: "The Sino-Russian comprehensive strategic partnership of coordination is partly attributed to the US which keeps strategically squeezing the two countries. The joint drills by the two in the South China Sea do not differ much from the ones in the

other waters." Referring to the "extreme" sensitivity of the US and Japan regarding the naval drill in the SCS, the paper simply said "[Let them be.](#)"

Both hawks and doves in Beijing missed the point, deliberately or not. The Sino-Russian joint naval drill has been an annual event since 2012. *Joint Sea-2015* was conducted in the Mediterranean and the Sea of Japan, and both are sensitive areas for coastal nations with the ongoing Ukraine-Crimea and Korean nuclear crises. In fact, the SCS was the only place where the Chinese and Russian navies had not drilled together before 2016. The actual exercise area was just off the coast of Guangdong Province and far from disputed waters. A glimpse of all the *Joint Sea* series shows the size of the forces that participated in the SCS drills was actually the smallest in terms of main surface combatants.

China-Russia Joint-Sea Exercises, [2012-2016](#)

Code-Names	Time	Location	warships & subs *
Joint Sea-2012	April 22-27	Qingdao, China	25 (7)
Joint Sea-2013	July 5-12	Peter the Great Gulf, Russia	19 (12)
Joint Sea-2014	May 20-27	East China Sea	16 (6)
Joint Sea-2015 I	May 11-21	Mediterranean	9 (6)
Joint Sea-2015 II	Aug. 19-28	Sea of Japan	25 (18)
Joint Sea-2016	Sept. 12-19	South China Sea	15 (5)

* Number of Russian warships and subs in parentheses.

Beyond the technical aspects of the SCS drills, it was perhaps not in the interest of China to push hard on the SCS drills at a time when Vietnamese Prime Minister Nguyen Xuan Phu was [visiting China](#). Meanwhile, newly inaugurated Philippine President Rodrigo Duterte was pivoting away from Washington and reaching out to Beijing. Russia, too, has been treading carefully in the SCS region, looking for a bigger footprint after its neglect of the region since the Soviet collapse. In May 2016, Putin hosted in Sochi the first-ever Russia-ASEAN summit, calling for the creation of a "Greater Eurasia" economic grouping consisting of the Eurasian Economic Union, the SCO and ASEAN.

Joint Sea-2016, therefore, was never a mere naval drill for Beijing and Moscow, but part of a broader political and diplomatic game. The best option was to speak softly while carrying a concealed, or semi-concealed, stick. Good, or normal, working relations with regional players may be more useful than a demonstration of force.

Shoigu's Beijing visit: end of an era? not so fast

Russian Defense Minister Shoigu visited China from Nov. 22-24 for an official visit and to co-chair the 21st session of the Intergovernmental Military-Technical Cooperation Commission with Vice Chairman of the Chinese Central Military Commission Air Force Gen. Xu Qiliang. It was Shoigu's third time to visit China as Russia's defense minister. It was widely believed that his meetings with Chinese counterparts focused on the sales of Russian weapon systems, particularly the *Su-35* multirole fighters and *S400* surface-air batteries.

The session reportedly summed up the outcomes of the work over the past year and planned for the following year in the military-technical area. The Russian side also "offered to discuss" Syria, Iraq, and Libya with the Chinese hosts. A total of \$3 billion in annual contracts was implemented in 2016, according to the Russian side. And "...all of them are being implemented, to one degree or another, within the framework of mutually advantageous military-technical cooperation," Shoigu said. The Russian side declared that military-technical relations with China "has returned to the [best time in history](#)," meaning the peak transaction year of 2002 with a total amount of \$2.7 billion. Although the 2016 dollar figure of \$3 billion was actually lower than that of 2002 (\$3.6 billion at the current US dollar rate), military cooperation was much deeper, broader, and more diverse than the past. Instead of depending heavily on sales of complete platforms, current cooperation was more integrated in various technical aspects including parts (engine, radar) supply, joint R&D, etc.

Some in China, particularly those online chatterers with a keen eye on Russia, were not convinced. Shoigu's statement perhaps aimed to pacify lingering doubts that Russia had been [delaying the delivery](#) of *Su-35* and *S400* to China. Several times in November, Russia sent contradictory messages and some went as far as to claim, just four days before Shoigu's visit, that there was no date set for the *Su-35* delivery, contrary to the previous agreement setting delivery at the end of 2016.

"The leaders of Russia and China determine the depth, nature and direction of this interaction, which they keep

under their constant control. We are set to fully implement the agreements, which have been reached in this area," Shoigu remarked in Beijing. It was unclear if this was an excuse for the apparently delayed delivery of the *Su-35s*, which may be due to technical reasons. The display panel of the *Su-35s*, for example, remained in the Russian language, at least for the first four delivered *Su-35s*. The Russians tried to convert it to Chinese characters but they were unreadable due to problems in the software. Many in China were unconvinced. Some even believed that Russia finally let the *Su-35* go when Chinese Air Force's stealth [J20 made its public](#) appearance in the Zhuhai Air Show in early November, which would make the *Su-35* less appealing to the PLA.

Russia's real motive to delay the *Su-35* delivery, however, may not have concerned China's *J-20* stealth fighter, but rather to delay the R&D of the *J-11D*, China's own variant of the *Su-35*. As an equivalent to the US *F-22*, China may not be able, or willing, to mass produce the *J-20* due to its high price tag. A relatively inexpensive replacement of China's vast number of second-generation fighters, and eventually the current *J-10* and *J-11* series, requires a more advanced version of the *Su-27* series. The delay of the *Su-35* delivery to China was more likely done to slow down China's *J-11D*, if there was such a calculation on the Russian side.

On Dec. 25, the first four *Su-35s* were delivered to the Chinese Air Force. For this, a commentary in the Chinese Military Net ([中国军网](#)), which is the only designated net for the PLA by the Chinese Military Commission, declared that "despite its good quality, the *Su-35s* hopefully will be China's last imported fighters." The article indicated that its delivery was delayed for nearly two years. "Some may believe that the *Su-35* delivery was because of close relationship between China and Russia. Conventional wisdom, however, says that there is no enduring friendship but only permanent interests," [claimed the author](#).

While in Beijing, Shoigu also met Chinese Defense Minister Gen. Chang Wanquan, Vice chairman of China's Central Military Commission Xu Qiliang, and Chairman of the National Committee of the Chinese People's Political Consultative Conference Yu Zhengsheng. Surprisingly, Shoigu was not received by President Xi, who had met other Russian dignitaries in China throughout 2016 (Foreign Minister Lavrov in April, Federation Council Chairperson Valentina Matviyenko and Security Council Secretary Nikolai Patrushev in September). In his first visit to China as Russian defense

minister in 2014, Shoigu was received by Chinese Prime Minister [Li Keqiang](#).

The “never-again” claim regarding the *SU-35* purchase is indicative of the complex and sensitive nature of the bilateral relationship. The suspicions about Russia motives are contrasted by the reaction among Chinese to the tragic death of 64 artists/singers of the Red Army Choir in a plane crash in Sochi on Christmas Eve. The event was heartbreaking for tens of millions of their [fans](#), particularly those “boomers” now in leadership positions, including President [Xi Jinping](#). The extensive exposure to Russian/Soviet literature and culture of this generation is likely to exert considerable influence on their perception of Russia, no matter who is in power in Moscow.

Military sales is only part of the broader bilateral military-to-military ties ranging from confidence building, security consultations, military exercises, military education and training, joint R&D of military and civilian products. It is highly unlikely that the current institutionalized relationship will be seriously affected by one transaction. China’s expert community is more pragmatic about the current and future military relationship with Russia. A military columnist in Shanghai, for example, asked, “[What can China learn from Su-35s?](#)” In his long article intended for general readership, the writer provided a balanced assessment of the strong and weak points of the two military-industrial complexes, particularly in the aerospace and naval armament areas. His conclusion was that perhaps in the foreseeable future, China would continue to benefit from, or be influenced by, the design philosophy and technology of its Russian counterparts, even if China may take the lead in some areas of aerospace and naval R&D.

Central Asia: great game again?

Great power competition in Central Asia ebbs and flows in a timeless and tireless fashion. This “great game” – including the cooperative-competitive ones between Moscow and Beijing – continues, albeit to different degrees and in different areas, 25 years after the Soviet implosion, and 15 years after the formation of the SCO and the massive incursion by the US in the wake of 9/11. In addition to the traditional challenges defined by the SCO (“three evils” of terrorism, separatism, and religious extremism), the region is faced with new complexities, including the prolonged instability of Afghanistan and a growing ISIS footprint. Meanwhile, Central Asia is more integrated today than any other time in the post-Soviet era thanks to two China-related

mechanisms: the SCO and the [huge energy infrastructure](#) (gas and oil pipelines) running from Turkmenistan to China through several Central Asian states.

More recently, the region has been gripped by the succession issue as Soviet-era leaders are fading away. On Sept. 2, Uzbek President Islam Abduganiyevich Karimov died. After 27 years in power, this left a huge void in Uzbekistan, a stable, independent, and secular state in a region of Islamism and instability. Uzbekistan is only the first to experience a succession crisis; Kazakhstan, Tajikistan and Turkmenistan are in the same boat. President Putin stopped in Tashkent right after the G20 Summit in China, and Prime Minister Dmitry Medvedev represented Russia at Karimov’s funeral.

Russia’s core interest is to make sure that there is a friendly leader and an ally in Tashkent, observed veteran Indian diplomat/scholar [M K Bhadrakumar](#). Moscow, nonetheless, will have to compete with both Beijing and Washington in this vital part of the region. Between the US military and political presence and China’s economic drive, the latter is less alarming for Russia. China’s desire for stability overlaps considerably with that of Russia.

More recently, “returned” ISIS fighters from the Middle East have made Central Asia both their “home” and transit area to other countries. Moscow and Beijing, therefore, share a more [pessimistic view](#) of the regional security outlook. The SCO security services (RATS), for example, identified [multiple sources](#) (Tajik, Chinese, and Russian) behind the August terror attack near the Chinese embassy in Bishkek, a sign of a more coordinated ISIS operation. SCO’s September [Peace Mission-2016](#) exercises in Kyrgyzstan ran a scenario of “regional crisis triggered by international terrorists” (国际恐怖主义引发的地区危机). Still, it was odd that Russia dispatched two Tupolev *Tu-95MS* strategic bombers. It was “overkill” for anti-terror operations, but perhaps “just right” to underscore Moscow’s role for both its friends and foes.

The 15th SCO Prime Minister’s Meeting was held in Bishkek on Nov. 2-3. Economic issues dominated the annual meeting, with China’s proposals to establish a [free trade zone](#) (FTZ) within the SCO as well as a SCO development bank to promote regional trade and investment topping the list. In his speech, Premier Li Keqiang expressed willingness to conduct relevant feasibility studies for the FTZ. Others, however, were

not so sure about the FTZ for the SCO. Uzbek Deputy Prime Minister [Rustam Azimov](#) favored an SCO bank, which is in progress. Prime Minister [Medvedev](#) cautioned about the complexities in operating “any preferential trade regimes” due to its conflict with internal rules. Instead, Russia favored working through the existing SCO Business Council and Interbank Associations. Medvedev also supported upgrading and utilizing existing rail and highway systems, presumably those vast and underused Russian transportation lines. The [Joint Communiqué](#) issued largely reflected Russia’s preference without any explicit reference to China’s FTZ proposal.

It is unclear how China’s Silk Road strategy, commonly known as the “One Belt, One Road” initiative, and Russia’s Eurasian Economic Union (EAEU) will interface with the SCO’s economic strategy. Both Russian and Chinese leaders now favor integration of the two, at least in their rhetoric. In actuality, however, Moscow seems more forthcoming when working with financial mechanisms outside the SCO framework, such as the more recently developed BRICS and the Asian Infrastructure Investment Bank (AIIB). As a result, bilateral projects have been the main format between China and individual Central Asian states. It looks like economics will continue to be the “weakest link” for the SCO in the foreseeable future.

In the security area, the region was increasingly torn by competing and mutually exclusive arrangements regarding Afghanistan. In early August, a high-level (defense ministers) [Quadrilateral Cooperation and Coordination Mechanism](#) was set up by Afghanistan, China, Pakistan, and Tajikistan. The goal was to coordinate with and support each other in a range of issues, including situation assessment/evaluation, intelligence sharing, anti-terrorist capability building, and joint anti-terrorist training and personnel training. The four also committed to keep this coordination and cooperation “exclusive” to the four countries. China’s highly publicized engagement with Afghanistan was a sharp departure from its usually cautious approach. The word “exclusive,” however, begs the question: why were Russia and the US excluded?

Before anything tangible was accomplished by the quartet, an [“India-US-Afghanistan Trilateral Dialogue”](#) made its debut in September on the sidelines of the UN General Assembly session. For a while, the Afghan government seemed to be engaging with everyone except Russia, to Moscow’s dismay. On Oct. 12, Russian Ambassador to Afghanistan Alexander Mantytskiy said that the US and NATO had failed in their mission in

Afghanistan, that terrorists were still strong enough to launch attacks, and that Russia was concerned about insecurity in the north of Afghanistan. At the same time, Moscow hosted an international conference titled [“Instability in Afghanistan in the Fall of 2016”](#) with representatives from Russia, Kazakhstan, Tajikistan, Kyrgyzstan, Germany, and Afghanistan, without the Chinese!

Regardless, [RT](#) reported on Oct. 10 that Beijing publicly backed Moscow’s Afghan and Syrian initiatives. Throughout October and November, reports and leaks claimed that Russia had established [contacts with the Taliban](#) for the purpose of fighting ISIS or “protecting the Russian embassy in Kabul.” Moscow dismissed the alleged “contacts” as “fairy tales,” maintaining that “the U.S., the British and the French contacted Taliban for years and had no troubling thoughts over this,” reported *Interfax* on Dec. 9. Meanwhile, [a new trilateral “axis”](#) was taking shape between Russia, China, and Pakistan. In late December, [the trio met](#) for the first time in Moscow to discuss the Afghan issue, without the Afghans! Afghan media warned that the growing Russo-American rivalry in Afghanistan may turn the country into [another Syria](#).

All of these “consultation mechanisms” regarding Afghanistan were against the backdrop of previously [failed initiatives](#) to seek a political solution to the Afghan conflict. In July 2015, Pakistan, which is seen as key to the future of Afghanistan and was part of both Beijing and Moscow’s initiatives, brokered the first-ever direct talks between the Afghan government and the Taliban. However, the process was scuttled after the confirmation of the death of Taliban Supreme leader Mullah Omar. Six months later, another initiative was announced involving Pakistan, Afghanistan, the US, and China to make renewed efforts for direct talks between the Ghani administration and the Afghan Taliban. The group, which was formed in December 2015, is all but dead after the killing of Afghan Taliban chief Mullah Akhtar Mansoor in a US drone strike in Balochistan near the Afghan border in July 2016.

It is unclear how this new round of tug-of-war focusing on Afghanistan between those global and regional powers will play out. On the eve of an unprecedented power transition in the US, Moscow and Beijing seemed to be working together, with Pakistan, to counter the US-India-Afghan trio. Meanwhile, Russia and China reacted sharply to President Obama’s Dec. 9 decision to lift the ban on providing lethal weapons to Syria and to send 200 US Special Forces to Syria. The battle of Aleppo” – driven by Moscow and with an [increasingly](#)

[proactive role of China](#), albeit on the periphery – may well be part of the end game at the dawn for the much anticipated (for Russia) and dreaded (for China) Trump era.

Awaiting the Trump Show 2.0, and the winner is...

The election of Donald Trump as the 45th US president, aside from its domestic shock, was perhaps the most, and least, anticipated event for Moscow and Beijing. Part of this “Trump complex” in Moscow and Beijing was derived from their mutual dislike of former Secretary of State Hillary Clinton. Washington’s worsening relationship, almost simultaneously, with China and Russia had moved the two Eurasian powers closer, [albeit reluctantly](#), to the dismay of political realists such as [Henry Kissinger](#) and [Zbigniew Brzezinski](#). Meanwhile, many in China and Russia were surprised, puzzled and perhaps entertained by Trump’s overly pro-Russia stance, which appeared to be an extremely rare, and perhaps dangerous, game between Trump and the rest of the political elite in the US. As a result, both Moscow and Beijing were anxiously waiting for Trump to take full control on policies toward Russia and China.

Fluidity and uncertainty is inherent in any triangle relationship. Nevertheless, the Trump “tremor” meant very different things for Russia and China. For Moscow, the prospect was to get a quite different type of relationship with Washington. Given Trump’s overt and overly pro-Putin outlook, there were good reasons for Russia to expect that the worst with the US would be over, though the direction and degree of any change remained unclear. Indeed, chemistry was already in the making between Trump and Putin. On Dec. 15, Putin send a letter to Trump, hoping to “restore bilateral cooperation in different areas with a constructive and pragmatic way, and to elevate our cooperation at the international level to a new height.” Trump’s transition team quickly publicized the letter. Later, Putin went so far as to “refuse” to reciprocate Obama’s expulsion of 35 Russian diplomats, thus avoiding the normal retaliation cycle. In contrast to Washington’s growing Russia-bashing climate, Moscow appeared to be notably calm, either to hide its pleasant disbelief for the totally unexpected “gift,” or for its uncertainty about Trump’s ability to work with the Washington establishment.

Meanwhile, almost everything from Trump and his team for China pointed to a less sure, or even worse, prospect. The basic trust and foundation of bilateral relations (Taiwan and the one China policy) were shaken by Trump’s Dec. 2 phone call with Taiwan

President Tsai Ing-wen even before Trump’s inauguration. And he did not seem to care!

Trump’s Russia-soft-and-China-hard posture set off a deluge of commentaries and assessments in China. Some published assessments [questioned](#) if Trump would be able to undermine the current Sino-Russian strategic partnership, given the level of shared [mutual interests and deep and broad bilateral interactions](#) constructed and matured over the past quarter of a century. At best, Trump’s Russia policy may open [a door for improving relations with Moscow](#), but it may be more challenging for him to turn that into a real hedge against China. Regarding Trump’s China policy, an [analyst](#) in the China Institute of International Studies (CIIS) in Beijing, which is attached to the Foreign Ministry, pointed to the limits of Trump’s “China-unfriendly” policy due to the complex and deep interactions between the US and China.

Still, Trump’s capacity to alter existing relations with China, particularly after his [telephone talk](#) with President Tsai on Dec. 2, sufficiently alarmed, and angered many in Beijing. A growing number of published assessments started to take seriously Trump’s willingness and ability to pursue a “revised” strategic triangle once in office. [Jia Qingguo](#) (贾庆国), dean of Peking University’s School of International Affairs, warned shortly after the Trump-Tsai phone call that the trust deficit and confrontation between major powers, particularly between Washington and Beijing, were increasingly leading to deteriorating security situations in both Europe and East Asia. This trend toward confrontation, though undesirable, may not be reversed in the foreseeable future.

This pessimistic assessment of Trump’s China policy was perhaps most obvious in the two pieces published by Liu Ying (刘莹), associate professor at CIIS in Beijing and currently visiting scholar at the Stanford Freeman Spogli Institute for International Studies. In her Oct. 31 article for Beijing’s *Global Times*, [Liu was cautiously optimistic](#) about the future of US-China relations, assuming that Hillary Clinton would win. In her [Nov. 22 op-ed](#) in the same paper, Liu urged that China should be ready to change its Russia and US policies “with the times.” Liu noticed that both Putin and Trump had expressed willingness to reset the difficult bilateral relationship. Although this may be difficult, US policy toward Russia will change for sure. China therefore must be ready to face changes in US-Russian relations, which can be “imperative, pragmatic and ‘unprecedented.’”

The uneasiness toward the impending Trump era and its perceived challenge to Sino-Russian relations by China's experts was also evident at the official level. An authoritative op-ed in the Dec.17 *People's Daily* with the pen-name of [Zhong Sheng](#) (钟声) stressed the invulnerability of the Sino-Russian strategic partnership. With the title of "China-Russia strategic coordination acts as stabilizer of world peace," its targeted audience may also include Moscow. After listing almost all the major developments, shared interests, and current and future benefits of the bilateral relationship, Zhong Sheng ended with a clear preference for future relations with Russia: "Looking into the next year, the international situation may become even more complicated, thus posing greater challenges for the development of both China and Russia. With the joint efforts and cooperation, the China-Russia comprehensive strategic partnership of coordination will continue to serve as a ballast stone in order to further promote prosperity in both countries and enhance world peace and stability."

In her last press conference in 2016, Chinese Foreign Ministry spokesperson Hua Chunying expressed similar views. China would like to see a normal and less confrontational relationship between Moscow and Washington, remarked Hua, referring to Obama's decision to expel 35 Russian diplomats in late December. "China, the U.S. and Russia are large powers in the world with global influence.... Closer cooperation and more positive interactions between the three are in line with the fundamental interests of the countries and peoples of the world, as well as for promoting world peace, stability and development," said Hua.

Toward the year end, Chinese President Xi Jinping also weighed in. In a two-day Politburo meeting on Dec. 26-27, which focused on domestic politics, [Xi](#) said that his leadership would "never and under any circumstances tolerate anything jargonizing the fundamental interests of the Chinese nation."

These increasingly negative views in China about the coming Trump administration were mostly in the public and policy domains. The view of Feng Shaolei (冯绍雷), a top Russianologist in Shanghai, however, provided a unique perspective. For him, the current Trump-Putin tangle was by no means derived from personal preferences, but rather the outcome of several "convergences" between the two large powers at various levels of their perceptions and interactions:

First, both Putin and Trump are populists and conservative. And their anti-elitist views are also based on certain similar geostrategic and civilizational components. Partly because of these similar ideational elements, both respect realist thinker/practitioners such as Henry Kissinger who met with Trump both before and after his recent China trip.

Second, both Putin and Trump are able to feel and to lead the populist impulse in each other's country. Although they come from totally different cultural, social and political backgrounds, both have been successful in overcoming considerable odds in their respective career/experiences. Their mutual respect is, therefore, natural and logical.

Third, Trump's effort to reset the current asymmetrical triangular relationship between the US, Russia and China is understandable. A less confrontational side in a strategic triangle is more stable and therefore more desirable for Trump, as well as for Russia and China. The key is to avoid an all-round confrontation with any one of the trio.

Feng noticed that a considerable amount of US public opinion actually agreed with Trump's pro-Russia rhetoric. What surprised him in his recent encounters with the US side, however, was the deep, broad, and unprecedentedly strong anti-Russia sentiment across the US political establishment, including think tanks and the entire Hillary Clinton team. In such a climate, even some moderate Russia experts were unable and unwilling to speak their mind. He also found that Russian political elites understood the difficulties that Trump would have to overcome to be able to reset his Russia policy and were therefore not overly optimistic about that prospect.

As a frequent visitor to Russia, Feng noticed the "entire Russian elite including Putin himself were waiting for the possible readjustment" of the US Russia policy under the Trump administration. Meanwhile, Putin had on almost all the occasions when Feng was present in Russia, spoken highly of relations with China. Feng was particularly impressed when (presumably in one of the annual sessions of the Valdai International Discussion Club) Putin said that "Sino-Russian relations is higher than normal strategic partnership relations" (中俄势必一般战略伙伴关系更高级的关系).

At a time when the Sino-Russian-US triangle was to experience some adjustment, Feng said that Putin had been extraordinarily careful and cautious not to

undermine the bilateral relationship with China by expressing clearly and unambiguously the signal that “Sino-Russian relations should be cherished” (要珍惜中俄关系).

Meanwhile, Putin had been pragmatic about relations with the US. Even when he was very critical of the US, Putin always left the door open with conciliatory messages for future adjustment. Nor did Putin always blame Western sanctions and outside factors for Russia’s internal problems. Instead, he was quite honest and pragmatic about Russia’s own predicament. In the end, Feng seemed sure about the sustainability of the Sino-Russian side of the triangle, while anticipating some almost unavoidable adjustments in Russian-US relations under the Trump administration.

In the current foreign studies community in China, Russia specialists are well outnumbered by US scholars/experts and international relations generalists. Even within China’s Russia studies community itself, many are “Westernized,” though to different degrees, in terms of their methodology and Russian language proficiency. Genuine Russianologists are hard to find. Feng’s assessments of possible changes in Russian-US relations are therefore unique against the proliferation of “expert” opinions of various kinds.

It remains to be seen how Feng’s views will be interfaced with others in the policymaking process. On the eve of Trump’s inauguration, however, there seems to be a visible “disconnect” between China’s concerns about a more symmetrical triangle with some reduction in Russian-US tension, and a possible “free fall” in Sino-US relations regarding the SCS, Korea and Taiwan, etc. It is also unclear for many Chinese analysts how Trump’s White House will interface with the vast military-industrial-intelligence community. What worries many in China now is not necessarily Trump’s ability to pursue a pro-Russia policy, or the many high-level pro-Russia officials in his foreign policy team, but rather the sheer lack of any equivalent in the China policy making team in the White House. The only possible “China hand” in the White House (senior director for Asia on the NSC) is former Marine intelligence officer [Matthew Pottinger](#). The Chinese-speaking officer/scholar, however, may well be more China-unfriendly due to his years in post-Tiananmen China as a journalist for *Reuters* (1998-2001) and the *Wall Street Journal* (2001-2005). He has been, however, one of the most trusted subordinates of Lt. Gen. Michael Flynn, Trump’s designated national security advisor, who is known for his “pro-Russia” views and behavior. In the past few

decades, China has been able to turn some old-generation Russia scholars/policy makers (e.g., Kissinger and Brzezinski) more China-friendly. The China experts in Trump’s team, however, are recruited because they are tough on China.

In light of all the unfriendly signs and messages from team the incoming Trump team, a popular Chinese media outlet in Shanghai advised its readers to “[buckle up](#)” (系好安全带) for future relations with the US.

CHRONOLOGY OF CHINA-RUSSIA RELATIONS

SEPTEMBER - DECEMBER 2016

Sept. 4, 2016: President Xi Jinping meets Russian President Vladimir Putin on the sidelines of the 11th G20 meeting in Hangzhou, China. Xi tells Putin that the two countries must reinforce their mutual political support, including in “the protection of their sovereignty.”

Sept. 4, 2016: BRICS leaders met informally on the sidelines of the G20 Summit in Hangzhou. They agree to boost their strategic partnership to address common economic challenges.

Sept. 8-10, 2016: Russian Federation Council Chairperson Valentina Matviyenko visits China. She is received by President Xi in Beijing.

Sept. 10, 2016: Russian Deputy Foreign Minister Igor Morgulov and Chinese Special Representative for the Korean Peninsula Affairs Wu Dawei have a telephone conversation to discuss events in the Korean Peninsula. The sides expressed concerns about the DPRK’s new nuclear test, and call on countries to refrain from steps that could further escalate tensions.

Sept. 11-19, 2016: Chinese and Russian navies conduct *Joint Sea-2016* naval drill in the South China Sea. The last joint drills (2015) were held in the Sea of Japan and the Mediterranean.

Sept. 12, 2016: Russia and China hold the 20th meeting of the subcommittee on nuclear issues in Moscow in preparation for the Prime Ministers Meeting.

Sept. 12, 2016: Chinese Foreign Minister Wang Yi and Russian counterpart Sergey Lavrov exchange views by phone on North Korea’s nuclear test and ceasefire deal in Syria.

Sept. 12-14, 2016: Russian Security Council Secretary Nikolai Patrushev visits Beijing and jointly chairs 12th Round of China-Russia Strategic Security Consultation with China’s State Councilor Yang Jiechi. He also participates in the third Russian-Chinese law-enforcement and security cooperation mechanism and meets President Xi.

Sept. 15-16, 2016: Top security officials from the BRICS states (Brazil, Russia, India, China and South Africa) meet in New Delhi, India for the sixth session of BRICS senior representatives on security issues. Russian Security Council Secretary Nikolai Patrushev and Chinese State Councilor Yang Jiechi join the meeting.

Sept. 15-21, 2016: SCO member states (Kyrgyzstan, Kazakhstan, China, Russia and Tajikistan) hold *Peace Mission-2016* joint anti-terror command and staff military exercises in Kyrgyzstan.

Sept. 25-Nov. 1, 2016: SCO’s border guard and special services conduct joint operation code-named *Unity-2016*.

Sept. 26, 2016: Russian Deputy Foreign Minister Alexei Meshkov meets China’s Assistant Foreign Minister (rank of Deputy Foreign Minister) Liu Haixing in Moscow. Talks focus on European situation including Brexit and Russian relations with NATO.

Oct. 10-12, 2016: China and Russia announce at the seventh Xiangshan Forum that the two militaries will hold a joint anti-missile drill in 2017.

Oct. 15-16, 2016: Eighth BRICS Summit held in Goa, India. President Xi and President Putin meet

on sidelines for “an in-depth exchange of views” on Korean, Syrian, and Central Asian affairs.

Oct. 27, 2016: Fifth round of the Russia-China Dialogue on Security in Northeast Asia is held in Beijing, co-chaired by Assistant Foreign Minister Kong Xuanyou and Deputy Foreign Minister Igor Morgulov. They urge coordination to ensure strategic stability in Northeast Asia.

Nov. 2-3, 2016: Fifteenth annual SCO Prime Ministerial Meeting is held in Bishkek. Chinese Premier Li Keqiang and Russian Prime Minister Dmitry Medvedev meet on the sidelines.

Nov. 3-6, 2016: Adm. Vladimir Korolyov, commander-in-chief of the Russian Navy, visits China and PLA Navy Commander Adm. Wu Shengli. Korolov also visits PLA Navy’s North China Sea Fleet, the Submarine Academy and vessels including the aircraft carrier *Liaoning*.

Nov. 6-8, 2016: Premier Li Keqiang visits Moscow and co-chairs with Prime Minister Medvedev the 21st China-Russia Prime Ministers Meeting. Li is received by President Putin.

Nov. 19-20, 2016: APEC Economic Leaders’ Meeting is held in Lima, Peru. Presidents Putin and Xi meet on the sideline and agree on reciprocal visits in 2017.

Nov. 22-24, 2016: Russian Defense Minister Sergei Shoigu visits China and co-chairs the 21st session of the intergovernmental military-technical cooperation commission together with Vice Chairman of the Chinese Central Military Commission Air Force Gen. Xu Qiliang.

Nov. 21-24, 2016: China’s first international forum on urban anti-terror strategy, code-named *Great Wall-2016*, organized by China’s Armed Police is held in Beijing.

Nov. 28-Dec. 4, 2016: SCO Infantry forces conduct joint training exercise in Korla, Xinjiang Uygur Autonomous Region.

Nov. 30, 2016: The 14th SCO Attorney Generals Meeting and the 2016 BRICS Attorney Generals Meeting are held in Sanya, Hainan Province.

Dec. 6-10, 2016: Group of Chechen law enforcement officials visits China and share their skills in fighting international terrorism and extremism with Chinese partners.

Dec. 12, 2016: Deputy Foreign Minister Igor Morgulov visits Beijing and meets Assistant Foreign Minister Li Huilai. They exchange views on bilateral relations, the SCO and other topics.

Dec. 26, 2016: President Xi sends condolences to President Putin on behalf of the Chinese government and people for the airplane crash near Sochi that killed all 84 passengers on board, including 64 artists and singers of Russia’s world-renowned Red Army Choir.

Dec. 27, 2016: Russia, China, and Pakistan meet in Moscow to discuss Afghanistan.

Dec. 31, 2016: President Xi and President Putin exchange congratulatory messages on the coming New Year.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

INDIA-EAST ASIA RELATIONS

ROBUST BUT NOT RIVETING

SATU LIMAYE, EAST-WEST CENTER

India deployed its prime minister, president, and vice president as well as key Cabinet officials across East Asia and the Pacific in 2016 in support of its “Act East Policy.” [Since 2015 was the first full year of India “acting east”](#) under Prime Minister Narendra Modi’s administration, 2016 was not expected to be a defining year in India-East Asia relations and it was not; rather, India’s engagement was robust but not riveting. After years of negotiating, a nuclear deal between India and Japan was one major development. More troubling, trade and investment ties were lackluster due to a range of international as well as specific bilateral factors, although India continues to participate in negotiations for the Regional Comprehensive Economic Partnership (RCEP) agreement. India-China relations were noticeably cool and contentious. Still, India pursued broad and innovative outreach initiatives despite more pressing priorities, limited leverage, and East Asia’s own flux, contestations, and uncertainties. An example of innovation was President Mukherjee’s first-ever state visit to Papua New Guinea. He also made the first Indian presidential visit to China since 2000. Meanwhile, Vice President Ansari made a first-ever vice presidential visit to Brunei and to Thailand after a 50-year gap. So, India “acted east” as Modi promised soon after taking office in 2014, but it was hardly a bravura performance.

This article is extracted from [Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Satu Limaye, “India-East Asia Relations: Robust but not Riveting,” *Comparative Connections*, Vol. 18, No. 3, pp. 117-125.

India-China: India's aspirations, concerns, and interests meet China's policy positions

There were only two visits between Indian and Chinese heads of government during the year – both for multilateral meetings with brief sideline bilateral interactions. Prime Minister Modi [traveled to Hangzhou](#) for the G20 Summit in early September and President Xi Jinping visited Goa in mid-October to attend the eighth BRICS Summit. However, Indian President Pranab Mukherjee did make a state visit to China focusing on the mutually-declared “Closer Development Partnership” earlier in May, his first visit since taking office in July 2012 and the first visit by an Indian president since 2000.

Overall, India-China relations during 2016 were hobbled by specific disagreements that also reflected more fundamental divergences. China's policy positions on placing a well-known militant leader on a UN terrorism list, India's entry into the Nuclear Suppliers Group (NSG), as well as border and trade differences were interpreted in India as examples of insufficient Chinese regard for India's aspirations, concerns, and strategic interests. Prime Minister Modi linked bilateral relations and broader constraints during his September 2016 visit to China [saying](#) “...that to ensure durable bilateral ties and their steady development, it is of paramount importance that we respect each other's aspirations, concerns and strategic interests.” In another formulation, Modi called for both countries to “be sensitive to each other's strategic interests ... promote positive convergences ... and prevent the growth of negative perceptions.” Clearly, he did not think China was doing its part, but claimed India was through the “Closer Developmental Partnership” and cited “maintaining peace and tranquility on the border” and increasing cultural and people to people ties as specific successes.

In March, China did not support for designating Masood Azhar, leader of the banned militant organization Jaish-e-Mohammed, as a terrorist at the United Nations Sanctions Monitoring Committee for al-Qaida, the Islamic State, and other extremist groups. This came on the heels of a Jan. 2 attack on the Indian Air Force Base at Pathankot, which Indian officials [claim](#) emanated from Pakistan and JeM. According to press reports, in a bizarre and still unclear development soon afterward, Uighur dissident Dolkun Isa, executive committee chairman of the World Uighur Congress, was reportedly given an Indian visa to attend a conference in Dharamsala only to have it retracted. India's lively

media covered the issues repeatedly throughout the year; Indian officials were muted but clear about the continuing disagreement. For example, when asked at a press conference about the issue on the eve of President Mukherjee's visit to China in May, an [MEA official said](#) “Look on the issue of Jaish-e-Mohammed, I totally agree with what the Chinese Government has said that they are in close communication with the Indian side and we are in close communication with the Chinese side.” That was the full extent of the official explanation. During PM Modi's September China visit, [Indian officials said](#) he condemned a recent terrorist attack on the Chinese Embassy in Bishkek and “... reiterated [to President Xi] that our response to terrorism must not be motivated by political considerations.” Indian briefers did not indicate whether President Xi made a response.

India's Foreign Secretary S. Jaishankar was slightly less constrained than his boss, but still careful at a joint meeting of Indian and Chinese think tanks in December. He [noted](#) that both countries “face threats from fundamentalist terrorism. Yet, we do not seem to be able to cooperate as effectively as we should in some critical international forums dealing with this subject. Even on sovereignty, surely there can be more sensitivity and understanding.” The latter sentence appears to reflect the Indian interpretation that China's reticence about supporting the terrorist designation for Azhar stems from China's concerns about state sovereignty. This may well be so, but what the incident signifies is that even on an issue where China and India are said to share an interest and principle (anti-terrorism), differences regarding Pakistan and United Nations action trumped the ability and willingness to fully accept the other's interests and positions. Nevertheless, the two sides continued to insist that they were cooperating on counter-terrorism. In a November meeting with Meng Jianzhu, secretary of the Central Political and Legal Affairs Commission of the Communist Party of China, Prime Minister Modi “said that terrorism poses the gravest threat to international peace and security, and welcomed increased cooperation between India and China on counter-terrorism related matters.”

Another incident complicating India-China relations over the latter half of 2016 was India's bid for membership in the Nuclear Suppliers Group (NSG). Prior to a plenary meeting of the NSG in June in South Korea, China's Foreign Ministry issued an online statement that [noted](#) “large differences” remain among NSG members over including non-NPT signatory countries. India dispatched Foreign Secretary

Jaishankar to Beijing for talks June 16-17. According to the PRC press briefing, “[d]uring this visit, the Indian side expressed its desire of joining the NSG for the purpose of developing nuclear energy to combat climate change. The Chinese side understood India’s need to develop nuclear energy. Meanwhile, China reaffirmed the importance of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) as the cornerstone of the international non-proliferation regime, stressing that the group remained divided on the accession of non-NPT countries.” China also [noted](#) that “... NSG meetings have never put the accession of any specific non-NPT countries on their agenda. The upcoming NSG Plenary Meeting in Seoul will not cover this issue either. Therefore there is no point talking about supporting or opposing the entry of a particular non-NPT country at this moment... China’s stance does not target any particular country, but applies to all non-NPT countries.” India responded later in the year expressing frustration that shared principles were not being translated into convergent policies. Foreign Secretary Jaishankar [said](#),

Given our Closer Development Partnership and commitment to the BASIC group on climate change, we should be supporting each other on implementation of our Paris Agreement commitments. In India’s case, predictable access to civilian nuclear energy technology is key. The broad basing of the nuclear technology control group is also helpful to a more representative international order. Keeping in mind this solidarity of major developing states, it is important that China view this as a developmental aspiration and not give it a political colouring [sic].

India’s interpretation of China’s position regarding India’s NSG membership drive was clearly much broader than Beijing’s focus on uniform criteria for membership. This was echoed in other divergences regarding “international order.” Foreign Secretary Jaishankar highlighted another gap [saying](#),

And for all the talk of China and India sharing interests in global forums despite bilateral differences, ongoing differences are quite stark. Though we have a commitment to a more democratic world order, our actions in respect of the reform of the UN Security Council are in contrast to our approaches to usher in a more equitable international economic order through reform of the existing multilateral institutions and our cooperation in creating new institutions such as AIIB and BRICS Development Bank. These situations are paradoxical because we actually hardly differ when it comes to principles.

Ironically, given the above differences during the year, the nearly six decades-old border dispute was quiescent in 2016, with only the usual military meetings and special representatives talks taking place. Speaking to a joint think tank forum in December, Foreign Secretary Jaishankar [focused on the positive](#), saying the two sides “have generally established peace and tranquility while agreeing on political parameters and guiding principles for a boundary settlement.” He said that ongoing incidents “emanate from different logistical capabilities and a lack of commonly agreed line of actual control...” but intriguingly expressed the hope that “as these gaps narrow [presumably referring both to the asymmetry of capabilities and the lack of a shared view of the LAC], we will see a greater stability that would be helpful towards arriving at a final boundary solution.” The subtle wording seemed to combine a warning and signaling about India’s efforts to reduce the logistical capability problems on its side of the LAC in Arunachal Pradesh through infrastructure and military upgrades with a reference to India’s consistent diplomatic request for clarification of the LAC – an “ask” that PM Modi had made during his May 2015 visit to China.

Trade and investment relations were mixed. According to MEA officials, Prime Minister Modi in September did not cite commercial relations as a positive factor in the relationship – and it is not clear whether he brought them up at all. This was in contrast to President Mukherjee’s May visit, which purposefully kicked off in Guangzhou with its \$1 trillion provincial economy, and during which [the president noted](#) that bilateral trade had risen since 2000 from \$2.91 billion to \$71 billion in 2015 despite a trade imbalance, and hoped for “expanding our commerce to make it more equitable” including “greater market for [Indian] products in China...” Mukherjee also noted as “a matter of satisfaction that there is emerging focus on two way investment flows.” Foreign Secretary Jaishankar [echoed these sentiments](#) later in the year, saying “Again, it is not altogether surprising that economic differentials and systemic characteristics created over time pose some significant trade challenges.” He worried that “[t]he growing deficit legitimately raised questions about the sustainability of the current way of commerce.” He ended on a mostly upbeat note saying “But it is a testament to our maturity that we have sincerely tried to address this problem through greater investment and wider market access, the former more successfully than I must confess the latter, so far.

India-Japan: finally, a nuclear agreement

The big event for India-Japan relations in 2016 was the Dec. 10-12 visit to Tokyo by Prime Minister Modi for the 11th annual summit. Indian officials made a point of highlighting the breadth and scope of the relationship by issuing a long [fact sheet on bilateral ties](#).

The most significant outcome of the summit was announcement of an agreement on nuclear cooperation. Prime Minister Modi himself [hailed it](#) as a “historic step in our engagement” though he framed it not in terms of recognition of India’s *de facto* nuclear weapons status or its nonproliferation *bona fides*, but rather in terms of “engagement [with Japan] to build a clean energy partnership” and to “combat the challenge of Climate Change.” At the same time, in a nod to Japan’s nuclear history and sensitivities, Modi “acknowledge[d] the special significance that such an agreement has for Japan.” He also thanked Prime Minister Abe Shinzo “for the support extended for India’s membership of the Nuclear Suppliers Group” – although in a section of [his prepared remarks](#) completely unrelated to the comments on the nuclear agreement.

Foreign Secretary Jaishankar, on the other hand, [focused on the nonproliferation](#) context of the agreement. Responding to press questions, he said he understood Prime Minister Abe’s reference to the NPT and CTBT in his press statement and “[w]hile [India] is not a party to the NPT, there is broad recognition, including by Mr. Abe today, that [India] is a country with a very responsible record and which is truly a worthy partner when it comes to international civil nuclear energy cooperation.” He also noted that Japan “was concerned in the context of conclusion of this agreement, that commitment of September 2008 [India’s statement regarding a voluntary unilateral moratorium on testing nuclear weapons made as India sought an NSG exemption for nuclear commerce] was reiterated....” Jaishankar also explained that the long negotiating process with Japan, concluding long after civil nuclear cooperation agreements were reached with the US, Canada, Australia among others was because the four stages done earlier (e.g., bilateral agreement, NSG exemption, reprocessing agreement and finally an administrative agreement) were essentially compressed into one agreement between India and Japan. However, it is difficult to know the specifics because the text of the agreement has not been released at the time of this writing and awaits passage by Japan’s Diet (although PM Modi made a point of preemptively thanking the parliament in his formal

remarks to the press and given the LDP’s strong majority in the Diet approval is not likely to face problems).

The Tokyo visit brought little new news regarding defense cooperation. Prime Minister Modi told the press that the India-Japan strategic partnership was good for the region, that the “successful *Malabar* naval exercise has underscored the convergence in our strategic interests in the broad expanse of the waters of the Indo-Pacific, and that the two countries are united in the “resolve to combat the menace of terrorism, especially cross-border terrorism” but offered no new joint initiatives. Separately, when asked about the status of the possible sale by Japan of [US-2 patrol aircraft](#), Foreign Secretary Jaishankar refused to answer questions suggesting that one of the reasons for the delay was costs. He [explained](#) that the delay was due to India’s own “process of evaluating our requirements” and that India was “not near a decision in this matter and in the spirit of partnership we are quite open on this with the Japanese and they understand that.” Despite a low-key approach to defense cooperation the fact sheet on bilateral ties showed a steady engagement on politico-security, defense, and military issues through civilian and military visits, formal dialogues, exercises, and exchanges.

Aside from the nuclear deal and strategic/security dimensions, India clearly sees the relationship with Japan as critical to its overall modernization effort. Foreign Secretary Jaishankar [explained](#) “this relationship is particularly important as we embark on our own modernization programs in India, if you look at all the flagship programs i.e., Make in India, Digital India, Skill India, Swachh [“Clean”] Bharat [India], many of these draw on the experiences of East Asia and particularly of Japan.” And while the relatively anemic figures on trade and investment do not tell much of a story, Japan’s massive overseas development assistance (ODA) and infrastructure support for India continues to be a vital part of the bilateral relationship.

India-Southeast Asia

India’s ties to Southeast Asia in 2016 continued without fanfare at both the bilateral and multilateral levels. For the latter, Prime Minister Modi duly [attended](#) the 14th India-ASEAN Summit and the 11th East Asia Summit (EAS) in Laos in early September. In his opening statement at the India-ASEAN Summit, Modi noted that 2017 “will be a historic milestone in our ties. We will celebrate 25 years of our Dialogue Partnership, 15 years of our Summit Level interaction and 5 years of our

Strategic Partnership.” India also highlighted that its trade with ASEAN is \$65 billion, or over 10 percent of its total world trade, and an ASEAN-India free trade area went into effect in July with the entry into force of the ASEAN-India Trade in Services and Investment Agreement. India continues to participate in the negotiations over the Regional Comprehensive Economic Partnership Agreement (RCEP), which has received more attention in light of the elections in the US, which led to the election of a president who has said he will not move forward with the Trans-Pacific Partnership (TPP) trade agreement. Modi stated that India and ASEAN have already implemented 54 of the 130 activities identified in the Plan of Action for 2016-2020.

India-Thailand

Thailand’s Prime Minister Prayut Chan-ocha [made a state visit to India](#) in mid-June, becoming the first Thai leader to visit during the first two years of the prime minister’s current term. However, despite 29 rounds of talks, India and Thailand have not been able to conclude an FTA; trade hovers around \$8 billion. Defense cooperation includes regular staff talks between air forces and navies as well as regular ship visits. A new mechanism has been established under the Joint Working Group on Security Cooperation which held its 10th meeting in mid-January.

In March 2016, Thailand’s Deputy Prime Minister and Minister of Defense visited India. Following the visit of the head of Thailand’s Defense Research Organization there has been discussion of possible joint ventures, including Thai investment in the defense sector, and procurement, although when asked at a press conference about Indian defense exports to Thailand, an MEA official said he did not have any data and denied that Bangkok expressed an interest in purchasing the *Brahmos* missile from India.

India-Vietnam

India-Vietnam ties have been incrementally and steadily upgraded. In May 2003, Hanoi and Delhi signed a Joint Declaration on a Framework of Comprehensive Cooperation; in 2007, a Strategic Partnership Agreement; and in September 2016, during Prime Minister Modi’s visit, a Comprehensive Strategic Partnership was announced. The precise operational elements of the distinct categories of relations are not clear, although Prime Minister Modi [declared](#) that the “decision to upgrade our Strategic Partnership to a Comprehensive Strategic Partnership captures the

intent and path of our future cooperation.” The overall significance of the visit is threefold. First, Modi was making the first bilateral Indian prime ministerial visit in 15 years – since the late Prime Minister Vajpayee visited in 2001. In 2010, Prime Minister Manmohan Singh visited, but only to attend the India-ASEAN Summit. Second, the visit precedes the 45th anniversary of bilateral relations in 2017, which will also mark the 10th anniversary of the India-Vietnam strategic partnership. Third, Vietnam will be the India country coordinator for ASEAN from 2016-2018, which complements cooperation in various forums such as the ASEAN Defense Ministers Meeting Plus, ASEAN Regional Forum, and Mekong-Ganga Cooperation. Importantly, both have pledged support for each other’s candidacy for a non-permanent seat at the UN Security Council – for Vietnam in 2020-2021 and India in 2021-2022. Hanoi has long supported India’s quest for a permanent UNSC seat.

Bilateral defense and security cooperation has advanced steadily including capacity-building, training, high-level exchanges, and “more recently defense procurement.” There has been intermittent media reporting that Hanoi is interested in buying the *Brahmos* missile. When directly asked about the *Brahmos* purchase, however, Joint Secretary (East) Sujata Mehta referred only to the \$100 million credit line that India’s defense minister had offered in 2014 for purchases of patrol boats without saying anything specific about *Brahmos* procurement. When pressed again, she said only that “I think I clarified that we have a very robust conversation going on with the government of Vietnam and we are prepared to look at all areas of cooperation when it is raised.” In his remarks during the visit, PM Modi highlighted agreement “to deepen our defence and security engagement to advance our common interests. The agreement on construction of offshore patrol boats signed earlier today is one of the steps to give concrete shape to our defence engagement. I am also happy to announce a new Defence Line of Credit for Vietnam of [\$500 million] for facilitating deeper defence cooperation...” Perhaps the larger credit line will lead to Hanoi’s procurement of the *Brahmos* missile but it remains to be seen. Meanwhile, Indian officials referred to a “very strong composite package for the training of the [Vietnam] Navy” and expressed hope for further cooperation between the two air forces. India reportedly [has also agreed](#) to train Vietnam’s *Sukhoi-30* fighter pilots.

Commercial [ties remain robust](#) with trade growing at 26 percent per year and standing at just under \$8 billion with India having a nearly \$3 billion surplus. Both countries have set a goal of \$15 billion in two-way trade by 2020. Energy cooperation through Indian Oil and Natural Gas Corporation (ONGC) drilling continues with a productive site at block 6.1 and on-going negotiations for block 1.28 as well as others.

India-Myanmar

Two important visits occurred in 2016. In late-August, Myanmar President Htin Kyaw [made a state visit](#) to India. While much of the discussion was focused on the development partnership and connectivity (an agreement to build 69 bridges was signed), security cooperation also came into play. Much of the bilateral security cooperation discussion focused on maintaining peace and stability along the border and “not allowing any insurgent groups to use their soil for hostile activities against the other side.” Special mention was made about “ongoing discussions between the two sides on maritime security.”

Another highlight of the relationship was [the visit](#) by State Councilor Aung San Suu Kyi in October for a bilateral state visit and to participate in the BIMSTEC and the BRICS-BIMSTEC Outreach Summit in Goa on the sidelines of the main BRICS Summit. A joint statement on the state visit highlighted India’s significant \$1.75 billion in development aid to Myanmar as well as a range of activities in agriculture and maritime cooperation.

India-Singapore

In early-October, Singapore’s Prime Minister Lee Hsien Loong made an official visit to India. Security and defense ties received particular attention with a statement by the leaders expressing appreciation for the “significant progress made in defense cooperation since the signing of the revised Defense Cooperation Agreement in November 2015. Earlier, in May, the first Defense Industry Working Group meeting was held to pursue cooperation in defense research and development. The two countries held the inaugural India-Singapore Defense Ministers Dialogue in June.

India-Indonesia

The high point in India-Indonesia relations in 2016 was the visit of President Joko Widodo in December. Speaking at a banquet in his honor, President Mukherjee [focused on two elements of security](#)

[cooperation](#), characterizing the “two countries providing a bulwark against radicalism and intolerance” (without using the word “terrorism”) and their proximity as maritime neighbors as the basis for cooperation “as partners to achieve strategic stability and security in the Indo-Pacific and safety and security of sea lanes.” India’s Andaman and Nicobar Islands are less than 100 nm from the northern shores of Aceh, Indonesia. More importantly, the maritime focus might be explained by Jakarta assuming the chair of the Indian Ocean Rim Association (IORA) from India in 2016. Mukherjee went on to say that “India would be happy to contribute to Indonesia’s ‘maritime fulcrum vision’ of Indonesia Nusantara and, thereby, also to the security of the Indo-Pacific region.” India and Indonesia have been regularly conducting their maritime coordinated patrols (CORPAT) and in 2015 decided to hold both the CORPAT and a maritime exercise side-by-side, although precisely what the change constitutes is unclear. An MEA statement said the exercise included one warship and one maritime patrol aircraft from each side. In 2016, the second bilateral maritime exercise was held in October in conjunction with a visit by Indian Chief of Naval Staff Adm. Sunil Lamba.

Indonesia remains India’s number one trade partner in ASEAN with two-way trade at \$16 billion, although Indian officials cite the need to diversify the trade basket.

India-Australia

In early September, Prime Minister Modi met Australian Prime Minister Malcolm Turnbull on the sidelines of the G20 meeting in Hangzhou, China. In the [official media briefing](#), all that an MEA spokesman would say specifically about security and defense cooperation was that “both sides positively assessed the recently held naval exercises between the two sides and agreed to remain in touch.” This seems an almost consciously lukewarm statement in light of the high expectations regarding the India-Australia bilateral relationship as part of a broader set of “principled partnerships” that some in the US defense community seek to encourage. However, Modi thanked Turnbull for Australia’s “pro-active support” for India’s NSG candidacy and elicited the response that Australia “continues to support India’s inclusion in NSG.”

Both leaders agreed that there was not enough trade and that the ongoing negotiations over the Comprehensive Economic Cooperation Agreement (CECA) should be accelerated. Prime Minister Modi appealed for greater Australian investment in India

through pension funds and provision of clean coal technology.

India-East Asia relations and the US-India relationship

Much has been made of the “convergence” of US and Indian interests regarding East Asia and the Pacific. This reached something of a peak with the signing of the US-India [Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region](#) in January 2015 on the occasion of President Barack Obama’s visit to India as the chief guest at India’s Republic Day. Prime Minister Modi then said “For too long India and the U.S. have looked at each other across Europe and the Atlantic. When I look towards the East, I see the Western shores of the United States.” It is difficult to imagine that the explicit connection now made by both countries regarding their respective, sometimes mutual and convergent, interests in East Asia and the Pacific will be reversed. But India’s still comparatively anemic “Act East Policy” and the uncertain US commitments and role in East Asia as a result of the 2016 elections make the US-India connection in the East Asia and the Pacific very much a work still in progress.

CHRONOLOGY OF INDIA-EAST ASIA RELATIONS

JANUARY – DECEMBER 2016

Feb. 1-3, 2016: Vice President Hamid Ansari visits Brunei, becoming the first Indian Vice President to visit the country. Brunei's importance to India derives from a 10,000-strong Indian community (mostly working as teachers and doctors), the country's support for India's stance on Jammu and Kashmir, support for a permanent UNSC seat, and a major source of crude oil (India is Brunei's third largest export destination).

Feb. 3-5, 2016: Vice President Hamid Ansari becomes the first Indian vice president to visit Thailand in 50 years. He meets government officials and members of the royal family, and delivers an address on India's Act East Policy at Chulalongkorn University. Thailand is India's fourth most important trading partner in ASEAN after Singapore, Indonesia and Malaysia.

Feb. 17-19, 2016: India hosts Delhi Dialogue VIII, bringing together Indian and Southeast Asia officials and experts.

March 26-29, 2016: Timor-Leste Foreign Minister Hernani Coelho visits India for consultations with External Affairs Minister Sushma Swaraj.

April 18-22, 2016: Indian Defense Minister Manohar Parrikar visits Beijing, the first such visit since 2013 by his predecessor.

April 27-28, 2016: Mongolian Foreign Minister Lundeg Purevsuren visits India for the fifth meeting of the India-Mongolia Joint Committee on Cooperation.

April 28-29, 2016: Indian President [Pranab Mukherjee makes the first-ever state visit to Papua New Guinea](#) during which he declares that India "consider[s] our co-operation with the Islands of the Pacific to be a key component of our Act East Policy." He [expresses](#) a diplomatic interest in PNG's regional role, LNG resources, and offers to assist PNG coastal radar surveillance systems, coastal patrol vessels and assistance to secure EEZs, which PNG accepts.

April 30-May 2, 2016: President Mukherjee [visits New Zealand](#) and signs a bilateral air services agreement to increase direct connectivity between the two countries.

May 24-27, 2016: President Mukherjee [makes a state visit to China](#) – his first as president and the first from India since 2000.

June 16-18, 2016: Thailand's Prime Minister Prayut Chan-ocha makes a state visit to India. A joint statement is issued at the conclusion of the visit.

July 14-16, 2016: Vice President Ansari visits Mongolia for the Asia-Europe Summit (ASEM).

July 17-20, 2016: Malaysian Deputy Prime Minister and Minister for Home Affairs Ahmad Zahid Bin Hamidi visits India to meet Home Minister Rajnath Singh.

Aug. 12-14, 2016: China's Foreign Minister Wang Yi visits India for consultations and preparations for the BRICS Summit in Goa.

Aug. 27-30, 2016: Myanmar President Htin Kyaw [makes a state visit to India](#).

Aug. 29-31, 2016: US Secretary of State John Kerry visits India for the second US-India Strategic and Commercial Dialogue.

Sept. 2-3, 2016: Prime Minister Modi visits Vietnam.

Sept. 3-5, 2016: Prime Minister Modi travels to Hangzhou for the G20 Summit. On the sidelines, he meets President Xi, attends a BRICS meeting in preparation for the India-hosted BRICS Summit, and meets Australia's Prime Minister Malcolm Turnbull.

Sept. 7-8, 2016: Prime Minister Modi travels to Vientiane, Laos for the 11th East Asia Summit and 14th India-ASEAN Summit.

Oct. 3-7, 2016: Singapore Prime Minister Lee Hsien Loong makes an official visit to India.

Oct. 15-16, 2016: President Xi Jinping of China travels to Goa to attend the 8th BRICS Summit and for a bilateral meeting with PM Modi.

Oct. 24-27, 2016: New Zealand Prime Minister John Key makes a state visit to India.

Nov. 10-12, 2016: Prime Minister Modi makes a state visit to Japan.

Dec. 12-13, 2016: Indonesia's Prime Minister Joko Widodo makes a state visit to India.

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