



Japan-China-ROK-US Dialogue

A Conference Report

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Pacific Forum CSIS

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The views expressed here do not necessarily represent the views of the respective governments or the group of conference participants as whole.

Executive Summary

The recent sinking of the ROK Corvette *Cheonan*, China's continuing growth, Japan's volatile politics, and the US campaigns for denuclearization and nonproliferation are key factors in the effort to forge a regional security architecture in Northeast Asia. To better understand the challenges and opportunities and to explore the potential of the quadrilateral relationship among the United States, China, Japan, and the Republic of Korea, the Pacific Forum CSIS, the Research Institute for Peace, and the Security Center for International and Strategic Studies, Peking University held the latest in an ongoing trilateral dialogue, and welcomed full participation by a delegation from the Republic of Korea, which joined the dialogue as observers in 2009.

Washington views trilateral Japan-PRC-ROK cooperation positively. From the US perspective, this trilateral cooperation provides an opportunity for ROK-Japan cooperation, the absence of which has been vexing for Washington. There were several positive indications over the past year including several interactions at the most senior levels of government to suggest that trilateral cooperation among the three Northeast Asian neighbors is reaching the point where positive outcomes can be anticipated.

Some Japanese think the US is bypassing Tokyo and emphasizing China on many issues. Japan is concerned about Chinese growth as it surpasses Japan to become the world's largest economy. This concern is expressed not as a sense of alarm, but more through a sense of resignation that many future problems will require US-PRC cooperation. US-China dynamics are being transformed, but the basic structure of the relationship has not changed – cooperation and conflict still exist – and neither side dominates the relationship. Engagement is inevitable and containment is impossible. Washington cooperates when interests converge, but is candid when they do not. The US is demanding China be a responsible stake-holder, but is not putting all its eggs in the 'engagement' basket.

Most South Koreans understand that Seoul cannot influence the US-Japan and US-China bilateral relationships. Rather, South Korea must cooperate to be influential. Seoul accepts that Japan is the main pillar of US security policy in Asia, but does not feel alienated by this. Seoul agrees that a US military presence should be maintained in Japan, and does not want Japan to remilitarize. In fact, South Koreans do not feel threatened by the Japanese military because of the presence of US forces. Seoul wants more, not less, participation from Washington on ROK-Japan issues such as visits to the Yasukuni Shrine, Japanese history textbooks and territorial disputes such as Dokdo (Takashima).

Most Chinese recognize the US military presence and expect it to play a positive role in the region. Beijing has worked with the US to ease tensions surrounding Taiwan-related issues and compromised with Washington on the UNSC presidential statement regarding the *Cheonan* incident. The Chinese view is that their military should serve to ease tensions and would never be mobilized for the purpose of causing tensions. Despite the growing size and increased activity by the China's Navy, Chinese participants argued that there were no tensions over territorial issues in the neighboring seas, given that they define the absence of tensions as the ability to postpone resolution of the issue until there could be a peaceful solution found that satisfied all contenders.

All four countries continue to closely monitor developments on the Korean Peninsula. Generally speaking, South Koreans want unification, but opinions over means and benefits are divergent and the country is not yet ready. Korea has also been a primary source of both hope for regional cooperation and the fear of confrontation among countries in the region. As one delegate said, he did not believe the Chinese have any particular affection for the North, and they see Pyongyang as more of a burden. Yet, South Korea's current hardline policy has driven China and North Korea closer together. Similarly, another participant suggested that the joint US-ROK exercises designed to signal North Korea were now "about China." As China caused the ROK and US to lose face by diluting down the UN Security Council's presidential statement, it was essential they send a strong message to North Korea. Originally, there was no desire to send the *USS George Washington* into the waters off Korea's west coast. China's demand that the US not send the carrier, however, made its dispatch necessary.

The Japanese seemed more optimistic than others about dialogue between the US and DPRK. One optimist believed Six-Party Talks on nuclear issues will restart, US-DPRK bilateral talks on missiles will begin, and talks on peace issues will make headway. He hopes to see US-DPRK normalization as soon as possible; the US needs to take the initiative in engaging North Korea because there is nothing Japan can do and the ROK is in a difficult position in aftermath of *Cheonan*. Despite his optimism, there was recognition that there will be no ultimate solution to the North's nuclear issue without regime change in Pyongyang. Hopefully, through a combination of dialogue and both positive and negative sanctions, the nuclear program can be slowed, frozen, or rolled back.

The two days of dialogue provided a good opportunity to deepen understanding of trilateral and regional issues. Seoul had no qualms about the three large regional powers discussing regional cooperation, but Korean participants stressed that South Korea has to be included in any forum that takes on peninsular issues. Some, however, were not in favor of expanding the dialogue to include South Korea. A US participant noted his preference for trilateral discussions, suggesting a continuation of 'great power' trilateral discussions on larger regional issues, and ad-hoc inclusion of other relevant parties as necessary; quadrilateral talks leave too little time for real discussion of issues. Agenda-setting and participation in these dialogues will be driven by logistical constraints and the desire to provide relevant contributions to concerned governments and agencies.

Japan-China-ROK-US Dialogue

August 10-12, 2010

Shoyu Kaikan, Tokyo, Japan

Few regions pose as many security challenges and opportunities as Northeast Asia. Longstanding historical enmities and ideological differences pose daunting obstacles to cooperation. Yet the growing recognition of shared security concerns has stimulated the search for better diplomatic coordination. The recent sinking of the ROK Corvette *Cheonan*, China's continuing growth, Japan's volatile politics, and the US campaigns for denuclearization and nonproliferation are key factors in the effort to forge a regional security architecture. Integral to the success of this emerging architecture is coordination among the principal nations of Northeast Asia – the United States, China, and Japan. To better understand those challenges and opportunities and to explore the potential of that quadrilateral relationship, the Pacific Forum CSIS, the Research Institute for Peace, and the Security Center for International and Strategic Studies, Peking University held the latest in an ongoing trilateral dialogue, and welcomed full participation by a delegation from the Republic of Korea, which joined the dialogue as observers in 2009. In addition, more than a dozen Pacific Forum CSIS Young Leaders attended the meeting to provide a next-generation perspective on the agenda. The report that follows reflects the views of the author; while other participants have reviewed it for accuracy and completeness, it is not a consensus document.

Third Party Perceptions of Bilateral Relations

In the first session, presenters from each country offered a perspective on relations between the other actors. As a guide, they were asked to respond to the following questions: How does each country see relations between the other countries? How does the US perceive Sino-Japanese relations today and prospects for an “East Asian Community”? How does Japan perceive the US-China relationship and the scope for “G2” cooperation on key bilateral issues? How does South Korea perceive Sino-Japanese-US relations and prospects for an “East Asian Community”?

Providing a US perspective on Chinese policy, **Andrew Oros** highlighted *China Daily* opinion pieces that criticize South Korea, the US, and to a lesser extent Japan, almost daily. Beijing has been particularly upset by Secretary of State Clinton's remarks at the ASEAN Regional Forum calling for multilateral mediation of territorial dispute in the South China Sea. Oros is pessimistic about the prospects for US-PRC-Japan cooperation, but noted that there are possibilities for regional cooperation that may or may not include the US.

Oros noted that have four prime ministers and a change in the ruling party in Japan, all in the last five years, has had an impact on cooperation. Both Chinese and Americans complain about the seemingly constant shift in leadership. The US-Japan ‘honeymoon period’ is over, but outside influences ensure continued ties. While there had been doubts about the direction the new government in Japan was leaning, the *Cheonan* incident and Chinese military activity have pushed Japan back toward the US. Washington appears to be

rethinking its approach to regional cooperation that excludes the US. Once firmly opposed to such initiatives, the US now acknowledges that alliances and other relationships in the region ensure that Washington will remain a force. Oros conceded that there were good reasons for including South Korea in this year's dialogue, but argued the focus should be on bilateral US-PRC and Japan-PRC ties. In particular, joint Japan-PRC exploration of resources is not moving forward and tensions caused by Japanese criticism of China's move into the South China Sea need to be addressed.

Washington views trilateral Japan-PRC-ROK cooperation positively. This provides an opportunity for ROK-Japan cooperation, the absence of which has been vexing for Washington. Overall, nothing in the last year has undermined the basis for trilateral cooperation.

Seiichiro Takagi offered a Japanese perspective on regional relationships, beginning with US-PRC relations. He noted that the Obama administration, while emphatic about the importance of US-PRC relations, has been very careful about being identified with the idea of a G2. Wen Jiabo rejected Secretary Clinton's statement that few problems can be solved without US-PRC cooperation, while others labeled it a new version of the 'China Threat' thesis that puts too much attention on Beijing. It has, however, boosted confidence among the Chinese public.

Japanese think the US is bypassing Tokyo and emphasizing China on many issues. Japan is concerned about Chinese growth as it surpasses Japan to become the world's largest economy. This concern, however, is expressed not as a sense of alarm, but more through a sense of resignation that many future problems will be resolved by US-PRC cooperation. US-China dynamics are being transformed, influenced by the G2 concept and Obama's approach to China, but the basic structure of the relationship has not changed – cooperation and conflict still exist – and neither side is predominate. Engagement is inevitable and containment is impossible. Washington cooperates when interests converge, but is candid when they do not. The US is demanding China be a responsible stake-holder, but is not putting all its eggs in the 'engagement basket.' Washington continues to strengthen alliance relationships and pursue multilateralism. From China's perspective, the importance of the US to Chinese foreign policy is declining, but it is still overwhelming. China is pursuing 'soft balancing' through multilateralism and strategic partnerships. Beijing sees multilateralism as a constraint on US influence in the region.

Pan Wei offered a perspective from China. Beijing recognizes the US security treaty with Japan is the cornerstone of US policy in region, and China is not inclined to challenge that. From Beijing's viewpoint, the US-Japan alliance limits Chinese options vis-à-vis Taiwan and North Korea, but also puts a lid on Japanese rearmament. China does not want to fight another Korean war and cannot challenge the US 7th fleet over Taiwan. Some PLA leaders believe that the US and Japan are in decline, and the PLA may soon have an opportunity to expand its influence. There is also the perception that a Southeast Asian community could exclude the US. Chinese rhetoric on control of the South China Sea and the need for seabed resources serves as an excuse to strengthen the Chinese navy.

However, the ‘decline’ Pan speaks of is not a decline in the military capacity of Japan or the US, but is rather the decline in the ability to resolve issues militarily. He pointed out PRC-Japanese territorial conflicts and North Korean issues as problems that cannot be solved militarily. Pan also conceded that China’s development of an aircraft carrier will not enable Beijing to resolve conflict either, although there remains the threat that China could use military force to prevent a Taiwanese attempt to gain independence. This inability to engage militarily is further enhanced by the growing interdependence of the Japanese, US, and Chinese economies. Furthermore, education, culture and finance are growing more intertwined – and should continue to do so. This drives the discourse on an East Asian Community. Ultimately, military security will be less important, but the US should still be welcome in the region.

As the last speaker, **Kim Young-ho** surmised that signs of change in the region are the strongest since the end of the Cold War. He noted that most states have suffered economically since 2008, and the international financial crisis and subsequent recovery efforts have changed the status of many countries. In his view, China has benefited the most, but South Korea has also benefited. China’s rise is unquestionable; the question is not *if* but *how*. What concerns South Korea is China’s role. Chinese and North Korean power succession, as well as Beijing’s handling of the *Cheonan* incident, has made US-PRC and ROK-PRC relations more confrontational and competitive.

With this background, most South Koreans understand that Seoul cannot influence the US-Japan and US-PRC bilateral relationships. Rather, South Korea must cooperate to be influential. Seoul comprehends that Japan is the main pillar of US security policy in Asia, but does not feel alienated by this. Seoul agrees that a military presence should be maintained in Japan, and does not want Japan to remilitarize. In fact, South Koreans do not feel threatened by the Japanese military because of the presence of USFJ. Seoul wants more, not less, participation from Washington on ROK-Japan issues such as visits to the Yasukuni Shrine, Japanese history textbooks and territorial disputes such as Dokdo (Takashima).

Seoul would also like to see a more cooperative relationship between Washington and Beijing. Tensions force Seoul to choose sides. Such tensions also make inter-Korean relations more difficult. However, Seoul also harbors concerns about improved Washington-Beijing ties. There is a new concern in South Korea over a possible secret deal between the two over North Korea. Kim recognized that the chances are low, but possible, that in an unstable situation within North Korea, the US might let China take over in the North as long as Washington is allowed to secure nuclear threats. This fear, in part, has driven a shift in South Korean views on cooperation with China regarding contingencies in North Korea. Previously, Seoul rejected the idea of Chinese involvement in the case of a North Korean collapse, but has become more open to cooperation with Beijing. Ultimately, we need US-PRC-ROK cooperation regarding North Korea contingencies.

As for regional multilateralism, Seoul considers the bilateral alliance with the US to be more important, but does not reject multilateral forums. As long as South Korea is consulted on issues, Seoul is comfortable being excluded from some dialogues. The state of inter-Korean relations dictates Seoul’s dependence on the alliance over multilateralism.

As the session moved to discussion, a US participant suggested that all three ‘legs’ of the US-PRC-Japan trilateral relationship have weakened over the last 12 months, and this has made both China and the US more at ease with the ‘other’ bilateral relationship, while South Korea is still concerned over bilateral ties but not trilateral relations. He also noted that the four parties represented at this dialogue constitute six bilateral relationships; of those, the strongest is the US-ROK alliance.

Others challenged Pan’s assessment that China has decreased its reliance on military means to resolve issues: if so, why has China pursued military expansion over the past two decades? It was explained that Secretary Clinton’s comment on US-China cooperation arose from the idea that it would be easy to imagine how many issues could be resolved through cooperation, and how difficult it would be to resolve them without cooperation. That said, Americans questioned the assertion that US-PRC relations are independent of regional influences; a Japanese speaker insisted that the relationship does not occur in a vacuum, it is the most influential bilateral arrangement in the region, and it influences other relationships rather than being influenced by regional issues.

Some Chinese recognize (although might not welcome) the US military presence and expect it to play a positive role in the region. Beijing coordinated with the US to ease tensions surrounding Taiwan-related issues and compromised with Washington on the UNSC presidential statement regarding the *Cheonan* incident. If the Chinese military were to be mobilized, it would be to ease tensions, rather than be the cause of them. One Chinese representative also pointed out that despite the growing Chinese Navy, there were no tensions in the South China Sea, nor were there tensions with Japan over territorial disputes (the absence of tensions was defined by the ability to postpone resolution of the issue). Some of China’s ‘new rich’ might have a new-found assertiveness that could be problematic, but only 1.5 percent of China’s GDP is spent on defense (compared to 4 percent spent by Washington). Chinese concerns were not addressed when Japan’s defense budget was just 1 percent, and now India is spending 2~3 percent and, like China, its military budget grows along with its economy. While China is spending more, it is focusing on asymmetric defense capacity, so the current situation is much different than the Cold War US-USSR arms race.

South Koreans recognized that China does not want to see a failed state in North Korea, and if a contingency were to erupt in the North, China would anticipate involvement to prevent collapse. Furthermore, defectors/refugees flowing into China would force its involvement. Most Chinese consider inter-Korean relations to be inter-state relations – and legally, this is correct, although one Korean expressed doubts over whether that should be the case – and therefore abide by the principle of non-interference. On the other hand, Korean issues impact China, so Beijing has a right to be involved, and Seoul should invite Chinese to join the dialogue.

A US participant pointed out that at no time in history has there been greater transparency on Korean issues, and the US would not undermine South Korean interests; no secret US-PRC deal is possible. Koreans conceded that a secret US-PRC deal on North Korea is unlikely, and that current US-ROK relations are solid, but challenged other participants to remember the alliance under the previous administrations. Another Korean

liberal party could win office, and US-ROK ties could falter again. South Korea is the weakest of the five powers in the region, and it has been occupied by Japan; these circumstances encourage Koreans to believe a secret deal is possible. Since Washington has made clear its main concern regarding North Korea is the nuclear weapons program, Koreans worry that the US would cut a deal to get those weapons. While the US is comfortable in the knowledge that no such deal is in the works, it must recognize – and address – South Korean insecurities to avoid such suspicions.

Changes in Domestic Politics and their Impact on Foreign Policy

The second session focused on the domestic politics of each country, and how these politics impacted national interests and foreign policies. The questions posed to guide the dialogue included: How significant are Hatoyama's resignation and Kan's elevation for internal politics and foreign orientation? What are the sources of China's new "assertiveness" and developments in the run-up to the 2012 leadership transition? What are President Obama's prospects in the 2010 mid-term elections and how should we assess his National Security Strategy?

Weston Konishi contended that domestic politics has had less impact on Asia policy in recent years. He noted that the domestic climate in the US is "extremely poisonous," spurred by fears over the economy, unemployment rates (around 10 percent), rising deficits, and other issues. This has led to a very strong anti-incumbent wave, the reemergence of populism, the so-called 'Tea Party' movement, and other campaigns that have energized the Republican base. The Republican Party (GOP) sees the Democratic Party as vulnerable in the upcoming mid-term elections. Republicans need 39 seats in the House and nine in the Senate to gain a majority. Konishi predicted that the GOP might reach that goal in the House, but would get only half the seats it needs in the Senate. This, however, will have little impact on Asia policy because it is generally not a partisan issue. There is considerable overlap in the Republican and Democratic grand strategy for Asia; Republicans want to hedge while Democrats seek to engage, but the reality of foreign relations means both are necessary.

Konishi acknowledged that current events have forced the administration to modify its approach, but contended there has been more continuity than change in Washington. For example, the Asia section of the 2006 and 2010 *National Security Strategy* is almost identical, with both acknowledging the need to strengthen alliances and nurture China as a 'responsible stakeholder.' Many US lawmakers would like to focus more on Asia, but issues in the Middle East demand attention first. Still, Korean issues are ongoing, and there is much concern on the Hill over China-related issues, including revaluing the RMB. President Obama has spoken out about the Korea-US (KORUS) Free Trade Agreement (FTA) and the Transpacific Partnership (TPP), though he is not likely to make significant progress.

Turning to the Chinese perspective, **Pan Wei** again shared his impressions, comparing current Chinese actions to those of the US at the beginning of the 20th century (i.e., expansion to Hawaii, the Philippines, etc.). Likewise, China's rapid economic development, industrialization, and widening gap between rich and poor are causing enormous environmental damage. If China is considered the world's factory, it can also be considered the world's chimney.

Rapid development has also caused corruption and social division that authorities have been unable (or unwilling) to control. China's urbanization process is amazing; China's population is approximately 50 percent urban and 50 percent rural. But second generation migrant workers are becoming the new poor and are creating deeper social divisions. It is impossible for authorities to maintain stability; rather, everyone is trying to predict the nature of change. Pan likened Chinese development to scenes described in "A Tale of Two Cities." There has been much criticism from abroad, but Chinese scholars are proud that the country has developed without sending abroad a '5th column' to raise capital and without using military means. Yet despite its growth, China is not in a position to assume new responsibilities and will, for the time being, remain isolationist, focusing on domestic issues.

Next was an anxiously awaited explanation of Japanese domestic politics. **Matake Kamiya** sought to explain the transitions of power and recent reversals of policy. There were high expectations for Yukio Hatoyama's administration in 2009, but there were concerns over the DPJ security and diplomatic policies because of socialist elements that lingered within the party. Economic policies proposed by the new government would have cost the country 16.8 trillion yen, and doubts arose as to where funds would come from. The Government Revitalization Unit was established to streamline the budget, but results were negligible. Corruption also hurt the party. Voters started to see little difference between the DPJ and the LDP. The government's controversial handling of the Futenma base relocation issue further undermined Hatoyama. Yet, the Japanese public has not yet given up on the DPJ. In the July election, the DPJ took 31.6 percent of the vote, the LDP, 24.1 percent, and the newly formed 'Your Party' claimed 13.6 percent of the vote. In Japanese politics, it is not unusual for the ruling party to lose Upper House elections, and there is no way to predict which party will prevail three years from now.

Kamiya was optimistic that there will be foreign security policy stability in Tokyo. The electorate has been basing preferences more on policy than politicians, which should lead to policy competition between political parties. Prime Minister Naoto Kan has pledged that his foreign and security policies will be pragmatic, not idealistic. Japanese foreign policy under a DPJ government is unlikely to deviate substantially from that of the past; most of Kan's ideas are shared by the LDP, as well, and most Diet members support the US-Japan alliance. Indications point to Japan more aggressively using its Self-Defense Force for UN peacekeeping operations, and LDP support for some DPJ initiatives could anticipate a new era of Japanese politics. Still, the Japanese public is disillusioned about talks with North Korea, and it is impractical to expect domestic public pressure to restart Six-Party Talks. Hatoyama had no real foreign policies, only good ideas. He presented ideas without any concrete plans, creating unnecessary confusion. On the positive side, before Hatoyama, few people on the street understood deterrence; at the end of his administration, more people have an understanding of deterrence and the need for US bases. If LDP-DPJ cooperation over Futenma occurs, it would open a new era for Japan's foreign and security policies.

Hwang Jae-ho shared insights on South Korean domestic politics, particularly on how public opinion fluctuates in response to inter-Korean relations. He explained that national security concerns were prevalent within society after North Korean aggression, but fell after a North Korean delegation attended funeral services for the late-President Kim Dae

Jung. Concerns shot up after the sinking of the *Cheonan*, but are again on the decline. According to one poll, 48 percent of the ROK public supports the US-ROK alliance, and 62 percent supported recent joint military exercises. Fewer South Koreans have a positive view of China, but positive attitudes toward the US have grown. There are contradictions, especially regarding North Korea: there has been a slight decline in the number who believe North Korea will give up nuclear weapons, but even fewer believe that the international community should accept a nuclear-armed North Korea.

Hwang argued that President Lee Myung-bak's election victory was not an indication of support for him or the Grand National Party; but instead represented discontent with former-President Roh Moo-hyun's politics (and domestic politics, in particular). Foreign policy has not been a key issue in either national or local elections, but once elected, Korean leaders strive to distinguish themselves from previous governments with new DPRK and foreign policies. Given that President Lee has two and one-half years left in office, and that it will be difficult to repair inter-Korean relations to a pre-*Cheonan* incident level, Hwang recommended that Seoul work to maintain the status quo and avoid worsening relations. He also recommended that South Korea not prioritize the *Cheonan* incident over Six-Party Talks, and that the government should balance justification and benefits when seeking an exit strategy from the *Cheonan* issue. South Korea should set mid- and long-term goals while displaying short-term capability; Seoul should aim foreign policy at unification and improving relations with North Korea while convincing the US and China to support unification. There is a need for cooling off period and reestablishment of goals between the ROK and PRC. Seoul needs to be able to be tough and flexible.

Generally speaking, South Koreans all want unification, but opinions over means and benefits are divergent. The country is not yet ready. Hwang also does not believe the Chinese have any particular affection for the North, and they see Pyongyang as more of a burden; South Korea's hardline policy drives China and North Korea together.

In the discussion, a Japanese Young Leader challenged the assertion that the 2006 and 2010 *National Security Strategy* (NSS) papers were 'almost identical,' contending that the United States has been shifting its focus in Asia from Japan to South Korea. The 2006 NSS called on Japan to take a leading role in the region, while the 2010 NSS called for Japan-ROK cooperation, and asked if this indicated a long-term policy shift. A US participant challenged that assertion as well, pointing out that there is continuity in US policies, but important distinctions can be made between the Obama and Bush administrations. Obama is under the impression that the Bush administration had disengaged from Asia, and feels the need to re-engage. The two administrations also took different lines on Northeast Asian alliances. Tokyo perceived Bush policy on North Korea as opaque and ultimately as a betrayal of the US-Japan alliance; the Obama administration recognized the need to change course and change this perception.

A participant argued that a Democratic loss in the mid-term election would not make the White House more active on foreign policy; it has been engaged. There is a concern in Washington that Japanese politics could hamper alliance cooperation, but participants disagreed that the 2010 NSS downgraded the importance of Japan in US Asia policy. Still,

President Lee Myung-bak has been vocal about moving the US-ROK alliance forward, and this message is being well received in Washington. If and how this shifts the relative importance of bilateral alliances is up to Tokyo.

The discussion then turned to China, and the meaning of a more vocal People's Liberation Army (PLA). It appears that the PLA no longer seeks permission from the government before speaking to the media: the first Chinese representative to publically speak of sanctioning US companies in retaliation for Washington's arms sales to Taiwan was a member of the PLA. Despite US concerns that this might indicate a more independent and influential PLA, a Chinese discussant argued that China's policy is more predictable than that of Japan or the ROK, and that the PLA's outspokenness might indicate less central control over diverse opinions, rather than greater military influence in policymaking. Beijing is expected to maintain stability as the upcoming 2012 elections approach. He also argued that China desires to remain inward looking despite activities in Latin America and Africa; China has been active in Latin America and Africa for several years (and was responsible for stabilizing raw material prices in Latin America at the beginning of the recent financial crisis, preventing part of the continent from going red, or pink, which is also in the best interest of the US), but China's moves into these other areas of the world were not militarily or security-driven. China's core national interests have been defined for a long time, and are centered on territorial integrity.

Developments on the Korean Peninsula

Our discussion of the Korean Peninsula and the North Korean nuclear issue focused on: the current situation on the Korean peninsula and intra-Korean relations, the impact of the *Cheonan* incident on regional security relations, the Six-Party Talks, and China-ROK relations and the scope for regional cooperation on Korean Peninsula issues.

Evans Revere opened the session with an explanation of the myriad threats on the Korean Peninsula, and reminded participants of the impact of the sinking of the *Cheonan*. The incident has put efforts to resume the Six-Party Talks on hold, and undermined inter-Korean cooperation. China's response to the incident damaged its reputation in the ROK, while some in Beijing saw the joint US-ROK response as directed at China, causing friction in the US-PRC relationship. Furthermore, the incident highlighted ROK military shortcomings, all pleasing outcomes for Pyongyang.

Lee Sang-hyun provided an update on peninsular issues, announcing that an ROK fishing boat had been seized several days prior and was being held by the DPRK, and that one day earlier, the North had fired approximately 110 artillery rounds into the West Sea. He framed recent North Korean provocations by noting that Pyongyang had conducted a second nuclear test and carried out further missile tests, but had also accepted visits from former President Bill Clinton and the head of Hyundai. Lee suggested that North Korea poses two challenges: 1) its nuclear program (Lee sees no sign North Korea will abandon that program in the near future) and the threat of proliferation and 2) political power succession. He noted that the *Cheonan* incident will play a key role in inter-Korean relations, but stressed that domestic politics are driving Pyongyang's actions. With Kim Jong-il's failing health, the goal

of ‘opening the doors to a Strong and Prosperous Nation’ by 2012, and other internal issues, Pyongyang views its nuclear program as essential for regime survival.

Lee insisted the *Cheonan* incident involves the entire region. Despite overwhelming evidence that led an international investigation to conclude that a North Korean torpedo was responsible, China and Russia don’t accept these findings. South Korea took the case to the UNSC and a presidential statement was released, but this can be considered only partially successful because it didn’t name North Korea as being responsible. Therefore, the first priority of the US-ROK alliance should be the reestablishment of deterrence. China is unhappy about joint US-ROK military exercises, and the recent announcement that the carrier *USS George Washington* will join exercises in the West Sea, as well. The Chinese complaint is a message of support for Pyongyang (the carrier could strike China from either the East or West Sea, so its entrance into the West Sea is not an additional security threat to Beijing).

China plays an essential role in dissuading North Korea from reckless actions. But how long will China be willing to support Pyongyang? China’s stated foreign policy is to keep a low profile and be a responsible stakeholder, but since the *Cheonan* sinking, China has taken a more aggressive position. If China wants to keep peace in the region, Beijing needs to exert influence over North Korea. It is in the best interests of all to achieve a nuclear-free Korean Peninsula.

Zhu Feng responded quickly that he in no way felt guilty about China’s response to the *Cheonan* incident. He insisted China is on the same side as the US, South Korea, and Japan, but that Lee Myung-bak’s tactless demand that China condemn North Korea for the *Cheonan* incident pushed Beijing to side with Pyongyang. Zhu could understand why Seoul had not invited China or Russia to join the incident investigation team – sensitive intelligence was involved – but by only inviting allies, South Korea painted China as a potential enemy. Thus, China was less likely to respond to Seoul’s overtures. South Korea asked China to do more, while excluding China from the international investigation. It appears to Zhu that President Lee is unaware of how to handle China. The *Cheonan* issue is now spilling over into other security concerns, as can be seen in the tensions surrounding drills and the presence of a US aircraft carrier off Korea’s west coast.

Zhu challenged the group: ‘Are the US and Seoul ready to quickly change the status quo on the peninsula?’ He recognizes the naval drills do not signal a change in policy toward the North, but how far are Seoul and Washington willing to go? Seoul cannot handle a sudden shift in peninsular stability, and this worries China. If Seoul was ready for change, Beijing would support it. China’s push back on naval drills is reflective of China’s concerns over ROK policy toward the North. China needs a clear message on what Seoul wants; China’s North Korea policy is awkward, but it is not indecisive. Beijing knows North Korea will not exist forever; the question is how to go about implementing change.

Zhu argued that it was good that the US delayed the carrier visit to the West Sea, and demonstrated US maturity. It was understandable that the US shifted its stance and decided to send the carrier after China voiced complaints over rumors of the ship’s impending

participation in drills. That said, the fallout will be negative. If Six-Party Talks restart, Washington and Seoul will want more from China, and should not increase tensions now – the key issue is not how North Korea acts; it is how the other actors in the region can cooperate.

Scott Snyder reflected on the *Cheonan* issue from the perspective of missed opportunities. Many originally thought the response was well handled, but now that appears not to be the case. The US saw the ROK handling of the investigation as rational, but China saw it as emotional. Many questioned whether it an inter-Korean incident, or one that warranted an international response. It was obvious no ‘smoking gun’ would be found, and it hurt the ROK cause to push so hard on circumstantial evidence. Snyder believes President Lee may not have anticipated the implications of handling it as an international affair, and that South Korea mishandled the petition to the UNSC. He believes the US and South Korea should have held joint military exercises prior to approaching the UNSC. Once the exercises were announced, China’s decision to make the joint exercise a red line and the Foreign Ministry statement criticizing inclusion of an aircraft carrier made it inevitable that the carrier would participate; Snyder feels that decision makers in Beijing recognized this.

Snyder shifted his focus to the Korean Peninsula. He was surprised to see that the Kaesong Industrial Complex survived South Korean economic sanctions, but noted that the upcoming G20 and the 2012 presidential election contributed to Seoul’s decision not to press North Korea, as it does not want North Korea or North Korea policy to be key factors in those events. To move forward on North Korean nuclear issues, Snyder suggested focusing less on “Six-Party Talks” and more on the six-party framework. Six-Party Talks require stable inter-Korean relations, a direct US-DPRK channel for dialogue, and evidence that China has persuasive capacity over North Korea; none of these are currently evident. The *Cheonan* incident has driven a wedge between the five parties seeking North Korean denuclearization, and if the talks in Beijing cannot be resumed, the US needs to seek other multilateral venues. Snyder suggested a return to Trilateral Coordination and Oversight Group (TCOG).

In the discussion, a US participant suggested that the joint US-ROK exercises designed to signal North Korea were now “about China” because Beijing had made them about China. The size of the exercises was driven by the UNSC statement and North Korea’s claim of a ‘diplomatic victory.’ As China caused the ROK and US to lose face by diluting down the UNSC presidential statement, it was essential they send a strong message to North Korea. Originally, there was no desire to send the *USS George Washington* into the waters off Korea’s west coast. The carrier was there last November, and the deployment of a carrier battle group is burdensome. China’s demand that the US not send the carrier, however, made its dispatch necessary. Either Beijing does not understand this, or it feels the need to drum up anti-American nationalism. South Koreans are insulted that China seems to define waters off Korea’s coast as Chinese coastal waters. This is more disappointing as Premier Wen’s comments when he last visited South Korea raised ROK expectations that Beijing would not protect North Korea.

A Japanese participant argued that South Korea's response to the *Cheonan* sinking was restrained and highly appreciated by regional countries. It was unfortunate that China did not support Seoul, but Beijing maintained its relationship with Pyongyang, so it may still be in a position to influence the Kim Jong-il regime. Three possible objectives in sinking the *Cheonan* were offered: 1) sending a message of disapproval regarding South Korea's hardline policy, 2) to train and educate Kim Jong-un (who will need to control the military before he can run the regime), and 3) to prepare for peace treaty negotiations and Six-Party Talks. The *Cheonan* sinking was not an isolated incident – missile tests, nuclear tests, crossing of the Northern Limit Line, etc. have been occurring recently with greater frequency. In 1993 and 1998 there were *Taepodong* tests as Kim Jong-il joined and was reelected to the National Defense Council. If left to its own devices, North Korea will continue to escalate tensions (especially if the US refuses dialogue).

The Japanese seemed more optimistic about dialogue. One Japanese discussant believed Six-Party Talks on nuclear issues will restart, US-DPRK bilateral talks on missiles will begin, and UNC-KPA general officer talks on peace issues will make headway. He hopes to see US-DPRK normalization as soon as possible; the US needs to take the initiative in engaging North Korea because there is nothing Japan can do and the ROK is in a difficult position in aftermath of *Cheonan*. Despite his optimism, there was recognition that there will be no ultimate solution to the North's nuclear issue without regime change in Pyongyang. Hopefully, through a combination of dialogue and both positive and negative sanctions, the nuclear program can be slowed, frozen, or rolled back. There are limits to this optimism, however. Even if there is a new leader in Pyongyang, it is the same North Korea, and will need to employ the same resources to rule the state. Ultimately, little is expected from regime change, and the only two realistic options are a nuclear North Korea with engagement, or one without engagement.

A Chinese representative defended Beijing's actions, arguing that the Yellow Sea is surrounded by three countries, none of which is the US. He compared US warships in those waters to US concerns about Soviet ships off its coast during the Cuban Missile Crisis. He claimed the Yellow Sea is not international water in which an aircraft carrier can freely travel. China's concern is that the *Cheonan* incident was an inter-Korean incident and should not lead to any escalation. He also argued that the public evidence demonstrating North Korean complicity was weak, insisting that who sunk the *Cheonan* is not the only question, but also how; this is a state secret that will probably be revealed in around two years.

The Chinese speaker also questioned whether sanctions can pressure North Korea, and pointed out that sanctions-busting aid comes not only from China, but also via Japan's Korean community (at which point a Japanese participant reminded him that the Japanese government has cracked down on the pro-North diaspora in Japan, and funds to Pyongyang from this group are far smaller than money flowing from China). China has agreed to UN sanctions, and it was argued that Beijing's primary concern is nuclear weapons, like all the other actors. China also fears sudden collapse and a refugee problem. In fact, the biggest threat to the Kim Jong-il regime comes from China, as it exports phones, investment, and an economic model to the North. China would be better off under a unified Korean Peninsula; a

unified Korean Peninsula has never been seen as a threat by Beijing, and China has paid a dear price, economically, militarily and politically, due to the peninsula's division.

It was pointed out that there has been no official Chinese claim that the Yellow Sea is Chinese coastal waters, and that China's opposition to the firepower of the *USS George Washington* was reasonable, although Beijing's response should have been less emotional. When dealing with North Korea, China's priority is avoiding a meltdown. China could arm the North, or bail it out economically, but chooses not to; this demonstrates that Beijing is being responsible. However, unlike the US, China shares a border with the North and has a vested interest in avoiding instability and not alienating neighbors.

A Korean speaker conceded that there were technical mistakes by the Lee Myung-bak government; Seoul should have invited China or Russia to participate in the *Cheonan* investigation, and the decision to release the findings just before an election politicized the issue, but the evidence was overwhelming – a propeller shaft was found that matched a torpedo model exported by North Korea – and there is no evidence that refutes the report. If China had such proof, he asked, why did Beijing sign off on the UNSC statement? As a result of Beijing's actions, many Koreans more clearly understand China's long-term Korea strategy; More ROK-Japan military cooperation is now necessary.

Maritime Security

The *Cheonan* incident is not the only naval incident of concern these days; China's increasingly aggressive naval actions – toward both US and Japanese ships – and conflicting claims over territorial waters – including those surrounding Tokto/Takashima, the Northern Limit Line separating North and South Korean waters, and China's reach into the East China and South China Seas – warranted a session dedicated to the discussion of maritime security. Questions posed to help steer this dialogue included: What is the state of Sino-Japanese relations after the Chinese fleet activities in the Pacific Ocean south of Japan? How do countries characterize tensions in the East China Sea? How are US-China maritime relations after the US-ROK naval exercises in the Yellow Sea? Are there proposals to improve military-to-military relations and confidence-building measures?

The session opened with the oft-repeated declaration that the East China Sea constituted a core interest; this time, however, **Hideaki Kaneda** claimed the waters are a core interest of Japan. In April 2007, the summit between Prime Ministers Shinzo Abe and Wen Jiabao led to an agreement to begin jointly developing underwater resources in the East China Sea by the fall of that year, and a May 2008 summit between then Japanese Prime Minister Fukuda and Chinese President Hu led to a Joint Communiqué along similar lines, but no progress has been made. A number of other high-level meetings resulted in rhetoric on cooperation and joint development, including a May 2010 Hatoyama-Wen summit that resulted in agreement on early negotiations to restart joint development, and Japan considers the resources under the Sea to be a high priority. Japan has also undertaken joint development of resources south of Asunaro, invested in Shirakaba, and continues negotiations in other areas. With China's maritime advance and concerns over its anti-access military strategy, Taiwan, protection of maritime interests, and SLOC protection, it is vital to

make the East China Sea a “sea of cooperation with trust.” If China and Japan could develop mutual confidence building efforts, it would provide an example to others and contribute to the overall regional security environment. Japan has cooperated in anti-piracy exercises; establishing and supporting the Regional Cooperation Agreement on Combatting Piracy and Armed Robbery against Ships in Asia (ReCAAP); participated in anti-terror and piracy operations, Proliferation Security Initiative, humanitarian aid, West Pacific Naval Symposium and Heads of Asian Coast Guard Agencies cooperation, joint naval operations; and provided outreach through Japan International Cooperation Agency (JICA), Japan Foundation, and other organizations. Kaneda also pointed out that the most current (2004) National Defense Policy Guidelines stresses Japanese participation in international security issues, and future efforts to make international security cooperation a primary mission of the SDF. Kaneda closed by calling for “3P’s” in the East China Sea: prior notification, preventing incidents (Incidents at Sea (INCSEA) agreement with Russia working well since 1994), and promoting transparency.

China’s rise, the expanding ROK and Japanese navies, and the evolving US extended deterrent are all evident in the maritime environment, reported **Kenneth Gause**. The *Cheonan* incident is the most recent indication of the importance of maritime issues and relations. The maritime environment should be a venue for strategic cooperation and for challenging the status quo. In particular, there is potential for US-PRC cooperation: sea lane protection, humanitarian assistance, environmental issues, anti-terrorism and piracy, and myriad other issues lend themselves to closer coordination between Washington and Beijing. Divergence in interests increases mistrust, inhibiting cooperation. This can be seen in the aftermath of the *Cheonan* incident, which the US and China viewed differently due to interests and lenses. Washington focused on alliance maintenance, as some in Japan and the ROK question the US commitment to their defense. Beijing’s response has raised suspicions about China’s readiness to take responsibility, but China was unable to respond any other way, as Beijing fears a North Korean collapse. The post-*Cheonan* military exercise will have more impact than the incident itself. On a commercial level, US-PRC relations will stay on track, as will civil maritime cooperation (SAR, fishery protection, etc.). Mil-mil (and specifically, navy-navy) relations are already weak and vulnerable. The frequency and level of military talks should be seen as a barometer of US-PRC relations (As one US participant pointed out, despite the lack of formal mil-mil dialogue, there are productive channels between US and PRC navies, and some PRC officers recently served on a US hospital ship, as well).

Lee Suk-soo pointed out the need for the Lee Myung-bak administration to respond to an angry domestic audience. South Korean options are limited, however, by the fear of escalation. Even though Seoul settled for the much-less provocative exercises, they will cause difficulty for Pyongyang. As far back as the 1970s, North Korea has had difficulty mobilizing the resources necessary to respond to joint US-ROK exercises; consecutive or ongoing drills could lead to the North’s demise. However, South Korea, in Kim’s opinion, cannot afford to think about the reason for the incident. Nor do they care about the regional implications of exercises. South Koreans feel a threat from the North, and focus on that threat. Lee is optimistic that the incident could spur ROK-Japan naval cooperation, which he sees

progressing incrementally. **Hideaki Kaneda** agreed, advocating more naval cooperation with South Korea while drawing attention to recent provocative actions by the Chinese navy.

In response to a question about China's interest in participating in the post-*Cheonan* investigation, a Chinese participant stressed that China had not been invited to participate, but said that he understood the ROK government had benign intentions. He understands the desire of the US and ROK to signal North Korea, but warned that confidence-building measures go both ways, and while the primary goal of an aircraft carrier may be to influence Pyongyang, sending the ship into the Yellow Sea has psychological implications for Beijing, too; the carrier's presence off Korea's east coast was sufficient. To this, a US participant countered that China could have indicated its benign intentions by proposing its ROK-US-PRC antisubmarine warfare exercises.

Another Chinese participant agreed that maritime cooperation in the region is important, but stressed that there would be no cooperation between the PLA Navy and DPRK navy. If there was a naval conflict, Beijing would not intervene. He also argued that China's Navy poses no threat to the US or Japan; both possess navies that are much more developed than China's. A US participant responded that the evolution of the PLA Navy represents change, and any time there is a change, there are concerns. More transparency and CBMs would ease these concerns. If China evolves in isolation, there will be more problems, and more incidents like the sinking of the *Cheonan* will hinder US-China relations. He also stated that US and ROK forces are not deterring North Korea; Pyongyang sank the *Cheonan* for domestic reasons, the North expected a response, and the response is playing into the hands of the more hardline elements in the regime.

The Impact of the Financial Crisis on Regional Security

All of Northeast Asia was shaken by the global financial crisis that began in 2008, and the impact of the initial crisis and the means of recovery reverberates across economic and security realms. To more thoroughly explore the impact of the financial crisis on regional security, the following questions were posed: How is the financial crisis affecting the balance of power in the Asia-Pacific region? What are the prospects of China-Japan-ROK trilateral cooperation and a free trade agreement? What are implications of the on-going crisis in the Euro zone?

Masayuki Tadokoro noted that the financial crisis had shifted the regional balance of power. The US moved quickly and curbed its losses, but at a high cost. Japan remains stagnant, despite expectations that Tokyo's limited exposure would allow for quick recovery. The EU was most negatively affected, while China is coming out best. The intangible loss for US diplomacy is notable: the US model of free market economics has lost its credibility, and the US has lost its economic leadership role. Japan (and others in the region) remembers the US demands for transformation following the 1998 financial crisis, demands based on the assumption that the US economic system was infallible. Now, the US has lost its leadership. As the region recovers from the 2008 crisis, what is evident is that China is rising and the US is declining. However, there is no indication that others are bandwagoning behind China's rise. Every state wishes to benefit from Chinese markets, but China offers no real alternative

economic model, especially to democracies. The Chinese say there needs to be a move away from the dollar as the “global currency” and that the international community should adopt a “super-sovereign currency.” This seems unlikely. The US-PRC economic relationship is one of “mutually assured destruction,” and the two will continue to work together out of necessity. Multilateralization of the Chiang Mai Initiative occurred in December, 2009, yet regional governments still turn to the US Federal Reserve before relying on the Chiang Mai mechanism

Drew Thompson disagreed with Masayuki, arguing that power has not shifted in the region – only the perception of power has changed; and only in the financial realm, at that. China is not taking up more of a role in security or other realms. Thompson concedes that the financial crisis has raised doubts about US commitment to the region, and that China’s response was very credible (China marked 8 percent growth in 2008, and will hit 10-12 percent this year). Washington is yet unsure whether its economy is recovering or whether the situation is a “dead cat bounce.” China will continue to be globally competitive, continue to take on large-scale projects and handle large amounts of inbound and outbound investment. However, China’s approach to the G20 was misdirected. China has weathered the crisis, validating its system, and hosting the Olympics and the World Expo add to its confidence. But the US is slashing budgets and reducing expenditures, although this has not yet impacted military readiness. China’s role is growing, but it has not yet replaced the United States. The financial crisis will impact political decisions for several years.

A Chinese participant agreed that the balance of power has not changed, but argues that China, despite its growing confidence, is not abandoning its low-profile strategy. He sees growing concerns over US extended deterrence and movement by Japan and South Korea toward stronger alliances as reflections of concern that the US position is weakening. An US participant also questioned the notion of a power shift, pointing out that many in China have been surprised by US resilience and the relatively quick recovery of the dollar. He concurred that there has been no decline in US military readiness. A Japanese discussant disagreed with the assertion that US military readiness has not suffered, pointing out that the announced \$100 billion budget reduction will impact defense firms, procurement, and alliances. Because of the financial crisis, he pointed out, President Obama has been domestically oriented; he questioned the impact that will have on regional impressions of Washington.

China is feeling confident, but at some point, 8-10 percent annual growth becomes problematic. Deng Xiaoping announced that he wanted to quadruple China’s economy by the year 2000. Economists then determined that that goal required 8 percent annual growth, and China has stuck with that target ever since. Others question the sustainability of Chinese growth, and its basis. The first non-US credit-rating agency recently opened in Beijing, indicating a move away from reliance on US models. That said, most regional currencies are pegged to the dollar; border trade between the DPRK and China is conducted in dollars. Plainly, US financial influence is alive and well. A Chinese participant stated that given last year’s 9.1 percent GDP growth and a negative export ratio, he believes that China’s growth is based on the investment and construction markets, rather than the export market. But since as much as 40 percent of Chinese landfill is construction debris, China’s building market may

be growing but the quality is so low that much of the growth is simply reconstruction rather than improvement or expansion.

The Potential for Quadrilateral Cooperation?

Our last session focused on the impact of trilateral agreements, the construction of a “four-sided triangle,” South Korea’s future role in this dialogue, and the future of the project.

Noting that this was the 65th anniversary of the end of WWII, the 60th anniversary of the beginning of the Korean War, and 100th anniversary of Japan’s annexation of Korea, **Evans Revere** stressed that these dates should serve as reminders of misunderstandings and tragedies that hamper efforts to reorient the region (including the US) and move toward trust, transparency, and cooperation. He agreed with expanding the dialogue to include South Korea, arguing that by making this a quadrilateral meeting, the group has the four actors that can and should constitute the core of a future security dialogue. Environmental cooperation, energy cooperation, transnational crime, terrorism, piracy, and other common threats to regional stability, as well as proliferation, natural disaster response, East China Sea maritime issues, and Japan-China transparency and cooperation must all be tackled. However, the scar of history inhibits regional cooperation.

What is necessary is a regional cooperation coordination group of influential statesmen to agree to a quadrilateral agenda, working from easier to harder issues. Revere intentionally excluded North Korea as a participant or target of discussion. He did not include Pyongyang as a participant because he suspects the regime would exclude itself, anyway; the other parties should leave the door open, but should deal with North Korea issues only through Six-Party Talks. Additionally, as the inevitable end of the North Korean regime becomes visible, it will be necessary to have a conversation about what the peninsula and region will look like without North Korea.

Masashi Nishihara explored the advantages of a quadrilateral meeting, recognizing that South Korea would be suspicious if China, Japan, and the US discuss Korean Peninsula or North Korean issues. But while there is a need for quadrilateral dialogue, there may be a tendency for a three-against-China coalition to emerge. Many issues can be discussed by all four actors, as well as by any combination of them. Nishihara proposed that there be quadrilateral dialogue, but suggested that there is no reason that only South Korea be the fourth party; he suggested bringing in Indonesia, Vietnam, and other actors when they are relevant to particular discussions.

Nishihara noted that Japan, the US, and China find it difficult to hold official, track-1 dialogue, so there is a need, and a role for, track-2. Since there are no official quadrilateral discussions, there is no dialogue to which quadrilateral track-2 meetings can contribute. If this dialogue is to be expanded to a trilateral-plus-one format, it should be linked to an official dialogue, such as ASEAN+3 or ASEAN+6. On this point, a US participant, agreeing that there needed to be a government demand for a quadrilateral track-2 dialogue, raised the question of Russian participation.

Some participants have joined trilateral track-2 dialogues for at least 14 years in anticipation of a formal dialogue to which it could contribute. In the meantime, there are two prominent trilateral dialogues, US-ROK-Japan and ROK-PRC-Japan. Several participants voiced a desire for some form of dialogue that can bring the ‘other’ party in to discussions at both of these trilateral formats. Eventually, there will be a need for a mechanism to deal with North Korea, and these four will constitute its core. On peninsular issues, a Korean Young Leader noted a generational gap in views on Korean unification. The younger generation now faces the question of how and what kind of unification is desired. South Koreans understand that China has a role to play in crisis management, but see intervention and crisis management differently, and history makes them concerned about Chinese intervention. South Koreans also understand that Chinese and US participation in unification is inevitable, but because of history, there is a subconscious attempt to marginalize any Japanese role in unification. Nevertheless, the ROK economy is not strong enough to support unification without Japanese assistance. Because of these concerns and contradictions within South Korea, all four actors need to be involved in discussions on Korean issues. Our South Korean Young Leaders also argued that the three trilateral dialogues will continue to be held, and that they will be based on identity (US-ROK-Japan allies/US-PRC-Japan great powers/PRC-ROK-Japan Asian countries), and the excluded party will always be worried about what it is missing. There is a need to find a way for the “odd man out” to make a positive contribution to any given trilateral discussion.

The two days of dialogue provided a good opportunity to deepen South Korean understanding of trilateral and regional issues. Seoul had no qualms about the three regional powers discussing regional cooperation, but Korean participants stressed that South Korea has to be included in any format that take on peninsular issues. A Chinese participant agreed that South Korea is a key player in the region, and Korean Peninsula issues are growing in importance to all regional actors, creating a need for quadrilateral dialogue. However, he suggested that to facilitate Chinese participation, there needed to be a more institutionalized configuration, and a fixed date on which the annual meeting would be held.

Not everyone, however, was in favor of expanding the dialogue to include South Korea. A Japanese speaker who has been attending the trilateral talks since 1993 noted that the discussions were unproductive at the outset, mainly because the Chinese were not free to talk. That has changed dramatically (and positively). For him, the idea of expanding the trilateral dialogue to include South Korea at the very moment that it is becoming productive doesn’t make sense.

A US participant noted his preference for trilateral discussions, suggesting a continuation of ‘great power’ trilateral discussions on larger regional issues, and ad-hoc inclusion of other relevant parties as necessary; quadrilateral talks leave too little time for real discussion of issues. To this, a Korean representative disagreed, emphasizing that quadrilateral dialogue was necessary. A number of separate dialogues are useful; Japan, South Korea, and China need to gather to work on “historical scars,” and the *Cheonan* incident and the rise of China make ROK-Japan cooperation more important. It appears that common threats are more important than common causes. North Korea will necessitate quadrilateral dialogue; international assistance will play a role in unification and preparatory

track-2 dialogue is necessary. A second Korean participant supported these assertions, stating that Seoul was open to any number or format of dialogues, and suggesting that in addition to annual dialogues, there be occasional issue-based gatherings, and scenarios or role-playing exercises.

Agenda-setting and participation in these dialogues will be driven by logistical constraints and the desire to produce relevant contributions to concerned governments and agencies. One must think of the goal first, then move forward. In particular, is dialogue the goal or a means to an end? To whom will the dialogue be beneficial, and the supporting role these talks can take are the questions that will shape decisions on format and function.

About the Author

Dr. Kevin SHEPARD is a James A. Kelly Korean Studies Fellow at the Pacific Forum CSIS. His research interests include the DPRK policy-making environment, economic reform in the North and its impact on society, cooperation schemes for DPRK infrastructure development, and North Korean foreign relations. He has contributed to *The Dynamics of Change in North Korea* (Kyungnam University, 2009); *Navigating Turbulence in Northeast Asia: The Future of the US-ROK Alliance* (KEI, 2010); *International Journal of Korean Unification Studies* (KINU, 2010); and the forthcoming *A Roadmap for Expanding US-ROK Alliance Cooperation* (The Asia Foundation, 2010). His articles have also appeared in *Asia Business and Technology Report*, *IFES Forum*, and *ICNK Forum*. He holds a PhD in North Korean politics and unification policies from Kyungnam University, Graduate School of North Korean Studies, as well as an MA in international policy studies from Sydney University and an MA in Korean from the University of Hawaii.

Japan-China-ROK-US Security Dialogue

Shoyu Kaikan, Tokyo

August 9-11, 2010

Agenda

Monday, August 9

- All day** Arrival and check-in at Hotel Villa Fontaine (Roppongi)
- 18:00** **Reception Dinner** at Restaurant “Plates” (2nd Fl, Ark Mori Bldg., Ark Hills)

Tuesday, August 10

- 9:00** Bus leaves the hotel
Registration at Shoyu Kaikan
- 09:30** **Welcome and Opening Remarks**
- Masashi Nishihara
Ralph Cossa
Zhu Feng
- 09:45** **Session I: *Third Party Perceptions of Bilateral Relations***
- How does each country see relations between the other countries? How does the US perceive Sino-Japanese relations today and prospects for an “East Asian Community”? How does Japan perceive the US-China relationship and the scope for “G2” cooperation on key bilateral issues? How does South Korea perceive Sino-Japanese-US relations and prospects for an “East Asian Community”?
- Presenters:*
Andrew Oros
Seiichiro Takagi
Huang Ping
Kim Young-ho
- 11:15** Coffee Break
- 11:30** **Session II: *Changes in Domestic Politics and Their Impact on Foreign Policy***
- How significant are Hatoyama’s resignation and Kan’s elevation for internal politics and foreign orientation? What are the sources of China’s new “assertiveness” and developments in the run-up to the 2012 leadership transition?

What are President Obama's prospects in the 2010 midterms and his National Security Strategy?

Presenters:

Matake Kamiya

Pan Wei

Weston Konishi

Hwang Jae-ho

13:00 **Lunch** (lunch box)

14:00 **Session III: *Developments on the Korean Peninsula***

How do we see the current situation on the Korean peninsula and intra-Korean relations? What about the impact of the Cheonan incident on regional security relations, the six-party talks, and China-ROK relations? What is the scope for regional cooperation on Korean Peninsula issues?

Presenters:

Lee Sang-hyun

Zhu Feng

Scott Snyder

Narushige Michishita

15:30 Coffee Break

16:00 **Session IV: *Maritime Security***

What is the state of Sino-Japanese relations after the Chinese fleet activities in the Pacific south of Japan? Tensions over the East China Sea? What are US-China maritime relations after the US-ROK naval exercises in the Yellow Sea? Any proposals to improve military-to-military relations and confidence building measures?

Presenters

Ken Gause

Hideaki Kaneda

Lee Seok-soo

17:30 Close

18:30 **Dinner** at Restaurant "Turandot" (2nd Fl, Ark Mori Bldg., Ark Hills)

Wednesday, August 11

09:30 **Session V: *The Impact of the Financial Crisis on Regional Security***

How is the financial crisis affecting the balance of power in the Asia Pacific region? What are the prospects of China-Japan-ROK trilateral cooperation and free trade agreement? What are implications of the on-going crisis in the Euro zone?

Presenters:

Richard Jerram
Chinese participant
Masayuki Tadokoro
Drew Thompson

11:00 Coffee Break

11:15 **Wrap-Up: *The Potential for Quadrilateral Cooperation?***

Speakers:

Masashi Nishihara
Evans Revere
Zhu Feng

12:30 Close

12:45 Farewell Lunch at Restaurant “Keyaki” (35th Fl, Kasumigaseki Bldg.)

**Japan-China-ROK-US Security Dialogue
August 9-11, 2010, Tokyo**

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