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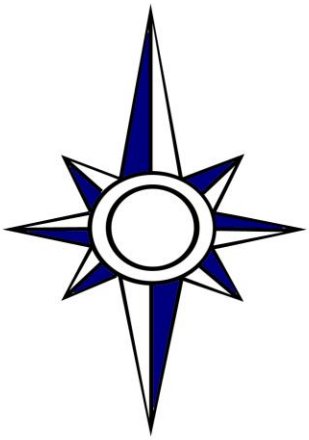
Comparative Connections



A Triannual E-Journal on East Asian Bilateral Relations

edited by

Carl Baker
Brad Glosserman

September – December 2015
Vol. 17, No.3
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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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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.

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A Triannual E-Journal on East Asian Bilateral Relations

Regional Overview:

Summits Galore, But (Mostly) Business as Usual

Ralph A. Cossa, Pacific Forum CSIS
Brad Glosserman, Pacific Forum CSIS

While events in Paris and San Bernardino refocused the international community's attention on terrorism, it was largely business as usual in Asia, with the normal round of multilateral meetings – the Association of East Asian Nations (ASEAN) Summit, US-ASEAN Summit, East Asia Summit (EAS), and ASEAN Defense Ministers Meeting Plus (ADMM+) in Kuala Lumpur, plus the Asia-Pacific Economic Cooperation (APEC) Leaders Meeting in Manila – going largely unnoticed. A few other summits did attract attention, including the first "Plus Three" (Japan-Korea-China) Summit in three years (which included the first direct one-on-one summit between ROK President Park and Japan Prime Minister Abe) in Seoul and the "non-summit" between Mr. Xi Jinping and Mr. Ma Ying-Jeou who just happen to be the presidents, respectively, of the People's Republic of China and Republic of China, in Singapore. Chinese actions (and US reactions) in the South China Sea continued to dominate the news, while hopes that Kim Jong-Un was on the brink of behaving were quickly dashed as the new year began. All eyes remain on the Chinese economy and the impact the continuing slowdown there may have on global growth, even as the US pushes forward on the finally completed (but not yet Congressionally-approved) Trans-Pacific Partnership.

ASEAN/East Asia Summits: proclamations as usual

The annual series of ASEAN Summits – beginning with the ASEAN leaders proclaiming the official formation of an ASEAN Community, followed by a number of ASEAN Plus One sessions, and culminating in the EAS involving the ASEAN 10, plus Australia, China, India, Japan, New Zealand, Russia, South Korea, and the US – brought President Obama to Asia for the ninth time as president.

The ASEAN leaders, on Nov 20, patted themselves on the back while signing the 2015 Kuala Lumpur Declaration on the Establishment of the ASEAN Community, thus meeting their self-proclaimed 2015 deadline – the "landmark achievement" officially went into effect on Dec. 31, 2015. During the signing ceremony, witnessed by UN Secretary General Ban Ki-moon, Malaysian Prime Minister Najib Razak declared that "Our ASEAN way has guided us and will continue to be our compass as we seek to realize a politically cohesive, economically integrated, socially responsible and a truly people-oriented, people-centered rules-based ASEAN." Most observers argued, however, that this was largely a case of form over substance, especially when it comes to economic integration. While many tariff barriers have been eliminated, many

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politically sensitive sectors, such as agriculture, auto production and steel, remain protected; much work remains for its most important pillar – the ASEAN Economic Community (AEC) – to achieve its primary goal of allowing freer movement of skilled workers, trade, and capital for the region's more than 600 million people.

During the third US-ASEAN Summit on Nov. 21, President Obama met the heads of state of the 10 ASEAN nations for "a frank and constructive discussion on strengthening ASEAN-United States relations as well as a productive exchange of views on regional and global issues of common concern." The Chairman's Statement highlighted Washington's continued support for a "politically cohesive, economically integrated and socially responsible, and a truly people-oriented, people-centered ASEAN Community" and for "ASEAN's central role in the evolving rules-based regional architecture through ASEAN-led processes." It also applauded the launching of the "forward-looking and comprehensive" ASEAN-US Strategic Partnership while welcoming the "commitment of ASEAN Member States and China in ensuring the full and effective implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) in its entirety" while calling for the early establishment of an "effective Code of Conduct in the South China Sea (COC)" and a resolution of disputes "through peaceful means, in accordance with international law." It also recognized the conclusion of the TPP, which it saw as complementing the AEC – four ASEAN members (Brunei Darussalam, Malaysia, Singapore, and Vietnam) are TPP charter members.

For his part, President Obama commended ASEAN's "vital role in advancing a rules-based order for the Asia Pacific" and for working to ensure that all nations uphold international law and norms, including the peaceful resolution of disputes, freedom of navigation and freedom of over-flight, while elevating the relationship to a "strategic partnership." He also invited the ASEAN leaders to meet with him in the US. That meeting will take place at Sunnylands in Rancho Mirage, California on Feb. 15–16, with a declared aim to build upon "the deeper partnership that the United States has forged with ASEAN since 2009," noting that the meeting will "further advance" the Obama administration's rebalance to Asia and the Pacific. The context and location will no doubt be interpreted as an unfriendly gesture by the Chinese – Sunnylands was the location for Obama's famous "shirt-sleeved summit" with President Xi in 2013.

On Nov. 22, Prime Minister Najib chaired the 10th EAS. The Chairman's Statement identified the following EAS priorities: energy, education, finance, global health (including pandemics), environment and disaster management, and ASEAN connectivity. As in past years, it "reaffirmed the importance of maintaining peace, stability, security and upholding freedom of navigation in and over-flight above the South China Sea" while taking note of "serious concerns expressed by some Leaders over recent and on-going developments in the area, which have resulted in the erosion of trust and confidence amongst parties, and may undermine peace, security and stability in the region."

In this regard, it supported the "full and effective implementation" of the DOC and "expeditious establishment of an effective COC." It also "registered deep concern" over Pyongyang's May 2015 ballistic missile launch while supporting the "complete and verifiable denuclearisation of the Korean Peninsula in a peaceful manner."

ADMM+: much ado about something

The flurry of mid-November ASEAN summits was preceded by the third ADMM+ on Nov. 4, which garnered a certain amount of press coverage, not for what was said or accomplished, but by the failure to issue a joint statement. The reason was familiar and expected: many participants (the US very much included) wanted the joint statement to reference security concerns in the South China Sea; one participant in particular (guess who, reportedly supported in its position by Russia) was adamantly opposed. The others decided it was better to not have a joint statement than to have one which omitted the major security issue of the day.

This does not mean the issue went unmentioned; by all accounts it was hotly debated. As with the ASEAN meetings, the ADDM+ Chairman's Statement – which is not a consensus document – also urged the "effective implementation" of the DOC and the "early conclusion" of a COC. It further noted that "some countries also expressed concerns on the escalation of tensions in the Korean Peninsula and pushed for peaceful conflict resolution through diplomatic means."

US Defense Secretary Ashton Carter, in his prepared remarks at the meeting, applauded ASEAN as "both a source of rules and a steward of the rules-based regional order" and pledged to "work to build our partners' maritime capacity and capabilities, so we can face shared challenges, together." He noted that "many of the participants here remain concerned about the South China Sea. While the United States takes no position on sovereignty claims to land features in the South China Sea, we do have an interest and an obligation – as do others – to uphold international law and standards" while further asserting that "freedom of navigation and the free flow of commerce are not new concepts; they are not theoretical or aspirational goals; in this part of the world, these rules have worked for decades to promote peace and prosperity." Carter also expressed Washington's support for "existing diplomatic and legal processes, such as . . .the Law of the Seas Tribunal," an obvious reference to the ruling a few days by the Permanent Court of Arbitration that it has jurisdiction over the case Manila filed against China's nine-dashed line claim to sovereignty over the whole of the South China Sea.

What is new, Carter asserted, is "the intensive and aggressive reclamation of features in the South China Sea. Make no mistake: these new facts will not change what we've always done. The United States will continue to fly, sail, and operate wherever international law allows." The sailing of the *USS Lassen*, a guided-missile destroyer, within 12 miles of the Chinese reclaimed (or more accurately, fabricated) Subi Reef in the disputed Spratly Islands on Oct. 27 underscored this point. Australia, Japan, and South Korea have joined Washington in proclaiming the importance of freedom of navigation (FON) under international rules, which do not recognize territorial claims based on low tide elevations. Obama's critics have complained that more such FON operations are needed and that the US Navy needs to clearly distinguish between FON operations and "innocent passage" to send a stronger message to Beijing. But it's clear Beijing has already gotten the message and that FON operations will continue against areas claimed by China and by others, on the Navy's timetable, not the critics. (Personally, we believe that US sailors deserve to spend the Christmas holidays in port; there will be plenty of time and opportunity for messaging in the New Year.)

Pyongyang's exaggerated claims (or are they?)

At the ADDM+, Secretary Carter also noted "the need to seek a Korean Peninsula at peace and free of nuclear weapons." His message, echoed in the EAS Statement, was lost on Kim Jong Un, who created quite a stir in early December when he boasted that "Our great President Kim Il Sung has turned today's DPRK into the powerful nuclear state that can make the loud blasting sound of the atomic bomb and the hydrogen bomb for the self-defense of the country's autonomy and dignity." (For the record, it was his father, Kim Jong Il, and not his grandfather, who brought the DPRK into the nuclear age, but all credit always goes to the "Eternal President.") While it is always risky to underestimate Pyongyang's nuclear prowess – a similar debate has been underway regarding its ability (or lack thereof) to miniaturize a warhead – most experts dismissed this claim as yet another highly unlikely and unsubstantiated assertion.

Kim also made headlines two months earlier when he presided over a huge military parade marking the 70th anniversary of the ruling Korean Workers' Party. The parade was described as a "highly orchestrated event included goose-stepping soldiers, convoys of rocket launchers and missiles, and fighter jets roaring overhead." In a long speech before the parade, his first public address in three years, the "Great Successor" boasted: "We have stood up against the American imperialists, and we are ready for any kind of war against the United States," adding "We can firmly declare that we can fight and win against the U.S. anywhere."

Much has been made of the presence of Liu Yunshan, the fifth-ranking member in the Chinese Communist Party Standing Committee, at Kim's side during the parade. While somewhat overshadowed by the more prominent image of South Korea President Park's presence at President Xi's side during China's even grander parade commemorating the 70th anniversary of the ending of World War II a month earlier, it still was seen as a significant warming of the seemingly troubled relationship between the two communist neighbors. When the long-anticipated DPRK long-range missile test/satellite launch did not take place in October, most analysts saw this as the quid-pro-quo for the high-level Chinese visit. Feeding speculation that Beijing had persuaded Pyongyang to tone things down was the absence of any reference to nuclear weapons in Kim Jong-Un's New Year's Day address. That euphoric feeling, to the degree it existed, only lasted six days and ended with a bang, as Pyongyang boasted of a successful test of a hydrogen bomb "conducted in a safe and perfect manner had no adverse impact on the ecological environment." Beijing joined Washington, Seoul, and the rest of the civilized world in condemning this latest violation of a number of UNSC resolutions; the coming months will show just how angry Beijing really is as the UNSC debates next steps.

APEC: something for everyone

Prior to the ASEAN-centered events, President Obama was in Manila for his fifth APEC Leaders' Meeting (out of seven opportunities; since APEC's creation in 1993, ironically, only George W. Bush among US presidents had a perfect attendance record). We are APEC skeptics: apart from the original complaint – the group consists of "four adjectives in search of a noun" – the annual leaders meeting tends to be a showy affair (mercifully, the fashion photo has been abandoned), more symbol than substance. This year's meeting, in Manila Nov. 18-19, was no exception. Coming on the heels of terror attacks in Paris and Beirut, much of the discussion of an

"economic meeting" focused instead on security concerns. The leaders "strongly condemned all acts, methods and practices of terrorism in all their forms and manifestations," and the attendees pledged that they would not "allow terrorism to threaten the fundamental values that underpin our free and open economies."

That boilerplate rhetoric could not mask the divergence of views between those who feel the most important way to deal with this problem is tougher law enforcement and military efforts and those who think the focus should be economic growth that deprives such groups of traction and followers. Thus, in the banal sentiments invariably churned out in such gatherings, the leaders agreed that "Economic growth, prosperity, and opportunity are among the most powerful tools to address the root causes of terrorism and radicalization." Yet, "global growth is uneven and continues to fall short of expectation," and poverty "continues to be a reality for millions … in our region." Here, as in other issues, the debate featured the US and China facing off, with the US pushing the hard power, law, and military response while China argued for tackling "root causes." As is often the case in APEC, the final declaration was a catch-all document that offered something for everyone.

TPP: now comes the hard part

A sharp contrast to the "squishy APEC" offering was the conclusion of the Trans-Pacific Partnership trade deal, an agreement reached in October in Atlanta after seven years of negotiations and numerous missed deadlines. TPP has two purposes: producing a "gold standard" trade agreement to counter the low-value bilateral and regional deals that have been struck in recent years, and ensuring that the "Asia Pacific" remains a viable economic unit. Both goals are an implicit repudiation of the other ongoing Asian economic negotiation, the Regional Comprehensive Economic Partnership (RCEP), even though they are not mutually exclusive. Agreeing on the TPP was a real accomplishment, given the participants, their diversified interests, and the range of issues included. The challenge now is national ratification. There are few countries where that can be taken as a given. In the US, election-year politics will delay serious debate; Senate Majority Leader Mitch McConnell has said that he won't schedule a vote before the November ballot. Most of the candidates have complained about the deal, and called for renegotiation of parts. That should be a nonstarter – if the October deal wasn't final for the US, then other countries will want modifications as well and that would make the October document anything but final. (Still, other "concluded" deals, such as the Korea-US Free Trade Agreement, have been modified.) These apprehensions notwithstanding, TPP members took advantage of their combined presence at the APEC Leaders Meeting in Manila to have their first TPP Summit to highlight their success (thus far).

Putting history behind?

Perhaps the most eventful multilateral meeting was the China-Japan-South Korea trilateral summit that was held in Seoul in November, the first such sit-down in three years. The three leaders – Chinese Premier Li Keqiang, Japanese Prime Minister Abe Shinzo, and ROK President Park Geun-hye – agreed to resume annual meetings and produced a declaration with a grab-bag of issues: 18 points on economic and social cooperation, 10 on sustainable development, 14 on "enhancing trust and understanding among the peoples," and eight points addressing security and

political issues, most of which concerned promises to coordinate before multilateral meetings. Of some significance was the backing of a trilateral free trade agreement and the call on North Korea to return to diplomatic negotiations over its nuclear weapon program. Since those two initiatives were always priorities, it is hard to say that the trilateral meeting provided any new momentum. Nevertheless, the fact that the three leaders were able to meet suggests that history concerns have been diminished and the three governments are trying to get back to business as usual. The statement declared that "trilateral cooperation has been completely restored on the occasion of this Summit." We shall see.

The most significant outcome was the side meeting between President Park and Prime Minister Abe (covered in detail in the Japan-Korea summary). This opened the door for the historic grand bargain on comfort women which, while far from satisfying everyone, is the first tangible progress on this issue in years and opened to door for closer cooperation between America's two Northeast Asia allies.

A (premature?) vote of confidence in the RMB

After months of anticipation, the International Monetary Fund (IMF) agreed to include the renminbi (RMB) or yuan, in its basket of reserve currencies. The decision reflects the growing role that the RMB is playing in international finance; it is also intended to push China to continue reform and opening its economy. IMF Managing Director Christine Lagarde called the November decision "an important milestone in the integration of the Chinese economy into the global financial system" and "recognition of the progress that the Chinese authorities have made in the past years in reforming China's monetary and financial systems."

Beijing has pressed for inclusion of the RMB in the IMF basket of reserve currencies, both in recognition of its growing international status and as a way of reducing the world's reliance on the dollar (and diminishing the resulting US influence). China sees the IMF policy as a sign that the Fund is ready to adapt to reflect new geoeconomic realities. Failure to reform IMF voting rights was part of the reason China proposed the new Asian Infrastructure Investment Bank. (Mercifully, the US Congress in mid-December finally approved the long-sought quota and governance reforms.)

There has been debate, however, over whether the RMB met the two criteria for inclusion in the basket: it must be widely used and it must be freely available. The first would seem obvious given the scale of Chinese trade: the RMB was used for 24 percent of China's current account transactions in the first nine months of 2015, about RMB 5.5 trillion. But Beijing's tight grip on national finance, exchange rates in particular, threatened the second. Nevertheless, staff economists concluded and the IMF executive board agreed that China met the two requirements.

That second factor is a partial explanation for the Chinese decision last summer to allow the RMB to move more freely against the dollar, a move that produced an immediate plunge in the value of the currency against the dollar and charges that Beijing was engaging in currency manipulation to boost a slowing economy. Many Westerners don't like market forces when they work against their national interests, but they should accept this particular weakening as part of the case for continuing liberalization in China.

Reform could be dangerous, however, especially given the many uncertainties in China produced by a slowing economy, the anti-corruption campaign, reports of bubbles, market manipulation, and outright fraud. The RMB has continued to slide against the dollar since the authorities decided to loosen the currency's bounds last summer, but a freefall would be equally dangerous, generating inflation in China, along with complaints of currency manipulation. China's economy is likely to continue to weaken as a result of diminishing international demand, excess capacity, and mounting debt for government units and parts of the finance sector. Most damaging, however is a perception that China's economic decision makers are foundering under multiple assaults, a charge that has taken on increasing weight as the Shenzhen and Shanghai stock markets were forced to suspend trading as share prices plummeted. The installation of "circuit breakers" failed and seemed to accelerate the declines. The People's Bank of China has been forced to intervene heavily in currency markets – its reserves reportedly decreased by half a trillion dollars in 2015 – to prevent the RMB from plummeting.

China's troubles managed to overwhelm the Federal Reserve's December decision to raise interest rates from near zero to a range of 0.25 – 0.50 percent. There were fears that such a move would force a skittish global economy to stumble: the US economy is doing reasonably well, they argued, but inflation risks were low and the rest of the global outlook was uncertain. At the same time, however, there were equally real concerns that the near zero interest rate, in combination with the Fed's quantitative easing policy, was flooding emerging markets with cash. Fed members wanted a return to normalcy, among other things to signal their faith in the US recovery. The move also meant that if the US economy stumbled, they would have one of their usual tools – interest rate cuts – to help cope. Most observers credit Fed Chairman Janet Yellen with providing enough advance warning – without explicitly saying what was happening – to minimize any damage.

Elections past and pending

On Nov. 8, international attention focused on Myanmar as that country held elections, which the National League for Democracy (NLD) won in a landslide: the party took 86 percent of the seats in the Assembly of the Union (235 in the House of Representatives and 135 in the House of Nationalities), a supermajority that should ensure that its candidates are named president and first vice president. The NLD victory was expected. Far less certain was the military government's response to that win. By all accounts, however, the military is prepared to accept defeat. The big question now is what sort of accommodation will be worked out with Aung Sun Suu Kyi, the leader of the NLD who is constitutionally banned from being president (because she has foreign relatives – a clause that was written specifically to disqualify her). Reportedly, negotiations are underway that will allow Suu Kyi to be the power behind the president. Thus far, the democratic transition is proceeding, but there is no guarantee that it will be friction free as the impact of changes begins to impact the military's political and economic interests.

In the next quarter, the electoral focus will be Taiwan's presidential ballot, scheduled for Jan. 16. As we get ready to publish this issue (and voters head to the urns), Democratic Progressive Party (DPP) candidate Tsai Ing-wen is favored to win. Her victory will certainly upset Beijing but China must have been preparing for this outcome for months: the KMT has been in disarray and

Tsai's lead in the polls has never been challenged. Some view the historic meeting between Xi Jinping and Ma Ying-jeou in Singapore on Nov. 7 to have been an attempt to influence that ballot, but we give the Chinese credit for more sophistication. That was far too crude a gesture to move Taiwanese voters. Rather, the meeting seems more like an attempt to burnish Ma's legacy than it was to boost KMT support. All eyes will remain on Taiwan if the DPP wins and as Tsai struggles to reconcile her (and her party's) ambitions for greater autonomy and international space with China's demand for acceptance of the 1992 consensus and the one-China framework.

Other elections will demand attention in the year to come: the US presidential campaign promises to be a spectacle (in every sense of the word). Meanwhile, the domestic and international dynamics identified above will continue to shape and shake regional politics. It promises to be a busy year.

Regional Chronology
September – December 2015

Sept. 2, 2015: Lao President Choummaly Sayovone visits Beijing and meets Premier Li Keqiang. They pledge to strengthen bilateral ties with Li emphasizing the two countries' similarities and China's desire to advance relations with ASEAN countries and protect the peace, prosperity, and stability of the region.

Sept. 3, 2015: China marks the 70th anniversary of the Chinese People's War of Resistance against Japanese Aggression and the World Anti-Fascist War over Japan with a large military parade in Tiananmen Square.

Sept. 3-4, 2015: While in Beijing for the 70th anniversary of the victory over Japan, Thai Deputy Prime Minister and Minister of Defense Prawit Wongsuwon meets Vice Chairman of China's Central Military Commission Xu Qiliang, They agree to strengthen military ties.

Sept. 4, 2015: President Xi Jinping meets Myanmar President Thein Sein in Beijing.

Sept. 4-7, 2015: US Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel visits Myanmar and meets Cabinet officials, members of the Union Election Commission, opposition leader Aung San Suu Kyi, and ethnic leaders.

Sept. 6, 2015: Thailand's junta-appointed National Reform Council rejects a draft charter by a vote of 135 to 105, effectively extending the military regime's rule for at least 22 more months.

Sept. 6, 2015: Indonesian Defense Minister Ryamizard Ryacudu says that the country will upgrade military facilities on the Natuna Islands.

Sept. 9, 2015: Chairman of Vietnam's National Assembly Nguyen Sinh Hung meets Secretary of State John Kerry in Washington, saying Vietnam hopes to deepen its relations with the US.

Sept. 15, 2015: North Korea's *KCNA* announces the DPRK's main nuclear facility at Yongbyon has "resumed normal operations," that the country is improving its nuclear weapons "in quality and quantity," and that it is ready to "face US hostility with nuclear weapons any time."

Sept. 15, 2015: Malcolm Turnbull is sworn in as prime minister of Australia after ousting Prime Minister Tony Abbot in a party leadership ballot.

Sept. 15, 2015: Photographs published by Center for Strategic and International Studies (CSIS) show construction of a 3,000-meter retaining wall on Mischief Reef that matches work by China on Subi Reef and Fiery Cross Reef, where it has constructed airfields and other facilities.

Sept. 16, 2015: Secretary of State Kerry warns of "severe consequences" if North Korea continues to develop its nuclear weapons and missiles.

Sept. 17-22, 2015: China and Malaysia conduct *Peace and Friendship 2015* in Malaysia and surrounding waters. It is the first joint military exercise between the two militaries and the largest bilateral exercise between China and an ASEAN country.

Sept. 19, 2015: Japanese Diet passes legislation that reinterprets self-defense and gives the government the authority to send its Self-Defense Forces overseas to defend allies, even if Japan itself is not under attack. China criticizes the legislation as destabilizing to regional security.

Sept. 22-25, 2015: Chinese President Xi Jinping visits the US with stops in Seattle to meet business leaders, Washington DC for a summit with President Obama and a state dinner, and New York to participate in the UN General Assembly (UNGA).

Sept. 24-25, 2015: South Korea, China, and Japan hold the eighth round of negotiations for a trilateral free trade agreement (FTA) in Beijing.

Sept. 27-Oct. 11, 2015: US and Philippines conduct the 31st iteration of the *Philippine Amphibious Landing Exercise (PHIBLEX)*.

Sept. 29, 2015: South Korean Foreign Minister Yun Byung-se, Secretary of State Kerry, and Japanese Foreign Minister Kishida Fumio meet on the sidelines of UNGA.

Sept. 29, 2015: Secretary Kerry hosts the inaugural US-India-Japan Trilateral Ministerial Dialogue with Indian External Affairs Minister Sushma Swaraj and Japanese Foreign Minister Kishida on the sidelines of the UN General Assembly.

Sept. 30, 2015: Secretary Kerry hosts an ASEAN-US ministerial meeting in New York on the sidelines of the UN General Assembly.

Oct. 1-5, 2015: Trade representatives from the 12 Trans-Pacific Partnership countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam) meet in Atlanta and conclude negotiations on the trade agreement.

Oct. 5-9, 2015: The US, Singapore, Brunei, Indonesia, Malaysia, the Philippines and Thailand, with Bangladesh Navy officials observing, conduct *Southeast Asia Cooperation and Training Exercise (SEACAT*), a naval exercise focused on anti-piracy in the South China Sea.

Oct. 5-10, 2015: Deputy Secretary of State Antony Blinken travels to Japan, South Korea, and China to discuss key political, economic, and security issues.

Oct. 12-13, 2015: Secretary of State Kerry and Secretary of Defense Ash Carter co-host Foreign Minister Julie Bishop and Defense Minister Marise Payne in Boston for the 2015 Australia-US Ministerial (AUSMIN) consultations.

Oct. 13, 2015: Chinese State Councilor Yang Jiechi and head of the Japanese National Security Council Yachi Shotaro co-chair the second China-Japan high-level political dialogue in Tokyo.

Oct. 13-16, 2015: South Korean President Park Geun-hye visits the US and meets President Obama and other senior officials. She is accompanied by Defense Minister Han Min-koo.

Oct. 14-19, 2015: Japan's Maritime Self-Defense Force joins the US and Indian navies in the annual *Malabar* training exercise in Chennai, India. Japan had taken part in these exercises as an invited guest in the past, but joined this year as a permanent member.

Oct. 15, 2015: China hosts ASEAN defense ministers in Beijing for a "deep exchange of views."

Oct. 16-18, 2015: Xiangshan Forum is held in Beijing.

Oct. 20-25, 2015: Japanese Defense Minister Nakatani Gen visits South Korea; he meets Defense Minister Han and attends Seoul's International Aerospace & Defense Exhibition.

Oct. 22-27, 2015: Japan Prime Minister Abe visits Mongolia and five Central Asian Countries including Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, and Tajikistan.

Oct. 25-27, 2015: Indonesian President Joko Widodo visits the US and meets President Obama and other senior officials.

Oct. 27, 2015: US guided missile destroyer *USS Lassen* reportedly sails within 12nm of Subi Reef and Mischief Reef in the South China Sea.

Oct. 29-Nov. 3, 2015: Secretary of State Kerry visits Central Asia with stops in Bishkek, Samarkand, Astana, Dushanbe, and Ashgabat.

Oct. 29, 2015: Permanent Court of Arbitration awards its first decision in *The Republic of Philippines v. The People's Republic of China* case, ruling that the case was "properly constituted" under the UN Convention on the Law of the Sea, that China's "non-appearance" (i.e., refusal to participate) did not preclude the Court's jurisdiction, and that the Philippines was within its rights in filing the case.

Oct. 31-Nov. 1, 2015: Chinese Premier Li, Japanese Prime Minister Abe, and South Korean President Park hold a trilateral summit in Seoul, the first such meeting since 2012.

Nov. 1, 2015: Annual ROK-US Military Committee Meeting (MCM) is held in Seoul.

Nov. 1-4, 2015: Australian Navy ships *HMAS Stuart* and *HMAS Arunta* visit China's South China Sea base at Zhanjiang and conduct military exercises with the Chinese Navy.

Nov. 2, 2015: The 47th ROK-US Security Consultative Meeting (SCM) is held in Seoul.

Nov. 2, 2015: President Park and Prime Minister Abe meet in Seoul marking the first bilateral meeting between leaders of the two countries since May 2012.

Nov. 3-5, 2015: ASEAN Defense Ministers Meeting Plus (ADMM+) is held in Kuala Lumpur.

Nov. 5-6, 2015: Chinese President Xi Jinping visits Vietnam and meets General Secretary of the Communist Party of Vietnam (CPV) Nguyen Phu Trong and President Truong Tan Sang.

Nov. 6-7, 2015: President Xi visits Singapore and meets counterpart Tony Tan Keng Yam.

Nov. 7, 2015: China's Xi Jinping and Taiwan's Ma Ying-jeou meet in Singapore as "leaders of the two sides," marking the first time since the civil war between the People's Republic of China and the Republic of China ended in 1949.

Nov. 16, 2015: G20 Summit is held in Antalya, Turkey.

Nov. 16-20, 2015: US and Cambodia conduct sixth *CARAT* naval exercise.

Nov. 18-19, 2015: Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting is held in Manila.

Nov. 19, 2015: UN General Assembly passes a resolution calling for North Korea to be referred to the International Criminal Court (ICC) for its human rights violations.

Nov. 21, 2015: The 27th ASEAN Summit is held in Kuala Lumpur.

Nov. 22, 2015: Tenth East Asia Summit Leaders Meeting is held in Kuala Lumpur.

Nov. 26-27, 2015: Chinese and Thai air forces conduct first joint exercises that China says are aimed at increasing "mutual trust and friendship."

Nov. 30-Dec. 11, 2015: UN Framework on Climate Change Conference of Parties (COP21) is held in Paris.

Nov. 30, 2015: US Special Representative for North Korea Policy Sung Kim hosts a trilateral meeting in Washington with ROK Special Representative for Korean Peninsula Peace and

Security Affairs Hwang Joon-kook and Japanese Ministry of Foreign Affairs Director-General for Asian and Oceanian Affairs Ishikane Kimihiro.

Dec. 7, 2015: Singapore Minister for Defense Ng Eng Hen visits Washington and meets Secretary of Defense Carter. They sign a joint enhanced defense cooperation agreement (DCA) that will provide a framework for an expanded defense relationship.

Dec. 10, 2015: Despite protests from China and Russia, a UN Security Council (UNSC) meeting is held on North Korea's human rights violations.

Dec. 11, 2015: North and South Korea hold vice-ministerial meeting in Kaesong. The talks end without any substantive agreement and no plans for subsequent meetings.

Dec. 11-14, 2015: Prime Minister Abe visits India and meets Prime Minister Narendra Modi.

Dec. 13-21, 2015: Assistant Secretary of State Russel travels to Asia with stops in Thailand, Laos, and Japan. In Thailand, Russel leads the US delegation to the fifth US-Thai Strategic Dialogue on Dec. 16, marking the first time the dialogue has been held since 2012.

Dec. 15, 2015: The 14th Shanghai Cooperation Organization (SCO) Prime Ministers Meeting is held in Zhengzhou, China. They issue a statement on regional economic cooperation.

Dec. 15, 2015: US announces the planned sale of $1.83 billion in military equipment to Taiwan. Included in the package are two decommissioned US Navy frigates, anti-tank missiles, surface-to-air missiles, and amphibious assault vehicles.

Dec. 16, 2015: China's Foreign Ministry summons the US charge d'affairs in Beijing to protest the Obama administration' s authorization of arms sales to Taiwan and says it would impose sanctions on the firms involved.

Dec. 17, 2015: The defense and foreign ministers of Japan and Indonesia meet in Tokyo in a "two-plus-two" format and agree to strengthen security and economic ties.

Dec. 28, 2015: South Korean Foreign Minister Yun and Japanese counterpart Kishida meet in Seoul and agree to "finally and irreversibly" resolve the issue of Japan's wartime exploitation of Korean women as "comfort women/sex slaves."

Jan. 6, 2016: North Korea claims to have successfully conducted a thermonuclear test at its Pungye-ri nuclear test site saying it has "successfully joined the ranks of advanced nuclear states." Seismic monitoring agencies report a 5.1 magnitude tremor in the vicinity of the site.

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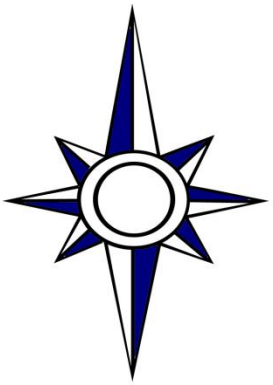

US-Japan Relations:

Official Cooperation, Domestic Challenges

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Washington and Tokyo made significant progress on two new initiatives this fall – Japan's implementation of legislation for the exercise of collective self-defense and the conclusion of negotiations with other participants in the Trans-Pacific Partnership (TPP). US presidential politics also began to heat up this fall, with foreign policy taking a more prominent place in Republican primary debates. While it is too early to know if the 2016 presidential race will focus much attention on the US-Japan alliance, it is clear that trade and military strategy will be contentious topics in the general election. 2016 politics were already on the minds of many in Tokyo also, as the Upper House election next summer invited speculation about just how much support the Liberal Democratic Party (LDP)-Komeito coalition has for implementing security cooperation with the United States.

Two challenges to Washington and Tokyo will continue into the new year. The first is how to respond to Chinese land reclamation in the South China Sea. Military leaders from Japan and the US discussed China's accelerated building in the Spratly Islands, and the Japanese role in a regional response was on the agenda when Prime Minister Abe and President Obama met on the sidelines of the APEC meeting in Manila. The *USS Lassen's* freedom of navigation operation near Subi Reef on Oct. 27 was welcomed by Tokyo, but there is no suggestion yet that Japan is willing to conduct similar operations in the South China Sea.

The second challenge is far from new, but local opposition to Tokyo's plans for building a new airfield to replace the Futenma facility operated by the US Marines has risen again. The central government filed a legal suit directed at Okinawa in November, and then Gov. Onaga Takeshi filed his own civil suit against the central government in December. This battle in the courts over new base construction in Oura Bay is the second legal showdown between the prefecture and Tokyo over who has the authority to control decision making on base consolidation in Okinawa.

Japanese Parliament passes new security legislation

The Abe Cabinet presented a package of bills designed to implement its decision to reinterpret the right of collective self-defense to the Japanese Diet this summer, and after deliberations in the Lower House and Upper House, the bills passed into law on Sept. 19. Inside the Diet, Prime Minister Abe Shinzo and Defense Minister Nakatani Gen repeatedly were called upon to explain

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under what circumstances they would deploy Japan's military, the Self-Defense Force (SDF), abroad with others, and in particular, when they thought the collective use of force by the SDF would be justified.

During the Lower House deliberations, opposition parties argued against the collective self-defense right, with the Japan Innovation Party (JIP) aligning itself at times with the Democratic Party of Japan (DPJ) and drafting an alternative bill. But in the Upper House deliberations, the DPJ found common cause with the Japan Communist Party (JCP) in rejecting outright the Abe Cabinet's bills as "unconstitutional."

Outside on the streets of Nagatacho, thousands of Japanese citizens gathered to demonstrate their opposition to "Abe's war bills," echoing the sentiment that these new laws violated Article 9 of the Japanese constitution, the no-war clause. New and younger demonstrators, largely mobilized under the banner of SEALDs (Students Emergency Action for Liberal Democracy), registered an awakening of political consciousness not seen since the 1970s in Japan. Public figures, including scholars, artists, and actors, also joined in the criticism of the new laws as a threat to Japanese democracy. Although this activism has receded since the security legislation passed, the social movement seems to have taken on a life of its own as more and more younger Japanese continue to seek participation in SEALDs-sponsored – or inspired – gatherings in Tokyo and other cities across Japan.

Opinion polling on the new laws also revealed broad fissures across Japanese society. Leading newspapers, representing both conservative and liberal positions, all reported similar results. In a survey by the *Nikkei Shimbun*, Abe's approval rating dropped six points from August to 40 percent, while his disapproval rating rose seven points to 47 percent. A similar poll by the *Asahi Shimbun* reported Abe's support had fallen to 35 percent, the lowest since the prime minister's return to office. Opinion divided on whether sending the SDF to fight alongside others would help or hinder Japan's security, but a large number of respondents did not know what to think about Abe's latest defense reform. Critics cited fears that this new legislation would compel the SDF to fight "America's wars"; those who supported the new laws registered some concern about the political process for determining when Japan's security warranted the exercise of the right of collective self-defense. A majority of Japanese thought that their government had not explained the new laws sufficiently. In the *Nikkei* poll, for example, among those who identified themselves as supporters of the Abe Cabinet, 61 percent of supporters and 93 percent of non-supporters of the Abe Cabinet felt the government's explanations were "insufficient."

In Washington, the Obama administration welcomed Japan's new security laws. Vice President Joe Biden called Prime Minister Abe on Sept. 29 to thank him for his continued efforts at strengthening the bilateral alliance. This new legislation also opens the way for furthering Japanese cooperation with other partners in the Asia-Pacific, including new initiatives such as the US-India-Japan Trilateral Dialogue and the continuing strategic cooperation between the US, Australia, and Japan. Japan's Maritime Self-Defense Force (MSDF) joined US and Indian naval forces in the annual *Malabar* training exercises from Oct. 14–19 off the coast of Chennai, India, marking its new status as a permanent member of the trilateral maritime cooperation.

Agreement Reached on TPP

Ministers from the United States, Japan, and 10 other Pacific nations announced on Oct. 5 that they had reached an agreement on the TPP trade deal after more than five years of negotiations. President Obama praised the conclusion of a final agreement, saying that the "partnership levels the playing field for [US] farmers, ranchers, and manufacturers by eliminating more than 18,000 taxes that various countries put on [US] products." Prime Minister Abe celebrated the agreement as a "grand plan for the long-term future of [the Japanese] nation," and highlighted his government's ability to ensure that tariffs on certain Japanese products – rice, sugar, beef, pork, and dairy –were not completely eliminated (though they will be reduced over time).

The Office of the US Trade Representative (USTR) released the full text of the TPP deal on Nov. 5, the same day that President Obama announced his intent to sign the agreement. Sticking points at the end of negotiations included automobiles, dairy, pharmaceuticals, and intellectual property rights. Important for US and Japanese markets, the agreement will eliminate tariffs on tobacco and automobiles over various phase-out periods, though there are provisions to account for import surges. An official signing ceremony is currently planned for February 2016.

The legislatures of the 12 partner nations must now ratify the TPP agreement. In Japan, Prime Minister Abe has said that his government will make every effort to obtain immediate parliamentary approval. Opposition is expected in the Diet from the DPJ and other smaller opposition parties, but Abe's LDP currently has control of both houses. Nevertheless, it is unclear whether there will be sufficient time for deliberation so that TPP can be approved before the Upper House election in July 2016.

TPP will likely face tougher opposition as it moves through the US Congress. Last summer, President Obama won a hard-fought legislative battle to gain Trade Promotion Authority (TPA) from the Congress. TPA allows the TPP agreement to be brought before the Congress through an expedited "fast-track" process without the possibility of amendments or filibuster. Despite TPA's eventual passage, congressional opposition to the TPP remains strong, including from members within the Democratic Party. Parts of the TPP agreement related to pharmaceuticals and the tobacco industry may also make it harder to obtain the necessary Republican votes.

TPP's future is made even murkier by the US presidential race, as the first primaries are set to begin in February 2016. Both of the main candidates for the Democratic Party, Hillary Clinton and Bernie Sanders, have voiced opposition to the deal. Clinton's opposition in particular surprised many given that she advocated on behalf of the TPP as secretary of state in the Obama administration. On the Republican side, Donald Trump has called the TPP a "horrible deal," while Ben Carson, Marco Rubio, and Jeb Bush have all said that they support it. It remains to be seen whether the Congress will take up the legislation before next year's election.

US-Japan cooperation in the South China Sea?

Beyond the effort to improve bilateral cooperation, Tokyo and Washington also consulted on the emerging tensions in the South China Sea as US-PRC relations grew increasingly strained. Along with cyber and other security challenges, China's acceleration of land reclamation and

building on disputed islands in the South China Sea highlighted the concerns of the United States and its allies in Asia about Beijing's long-term intentions. President Xi Jinping's visit to Washington in September did little to ameliorate the growing strain over maritime dispute management in Asia. Anticipation of a US freedom of navigation operation (FONOP) in the South China Sea also animated debate in Tokyo over the Obama administration's willingness to stand up to China. For months, US officials openly discussed the Chinese activities as being counter to international law, but there was no FONOP. Public statements by US naval commanders, including the Pacific Command Commander Adm. Harry Harris in testimony before the Senate Armed Services Committee on Sept. 17 described Chinese activities as counter to regional stability, and Adm. Scott Swift, who had taken to the air to see the island-building for himself from a USN *Poseidon* surveillance aircraft in July, made no mistake about the US military reaction to China's accelerated build-up in the South China Sea. On Capitol Hill, the Senate and the House Armed Services Committees held special sessions to discuss China's maritime advances and in letters to the White House urged President Obama to act more forcefully in response. In response to a request from the Senate for more information about US FONOPs, Secretary of Defense Ashton Carter wrote a letter on Dec. 21 to Sen. John McCain detailing the *USS Lassen's* transit near Subi Bay.

U.S. and Japanese military leaders had close consultations on China's island-building. Joint Staff Commander Adm. Kawano Katsutoshi visited the US in July at the invitation of Gen. Martin Dempsey, and prior to his visit, Kawano, in an interview in the *Wall Street Journal*, noted that the rise of Chinese military activities in the Spratly's have created "very serious potential concerns" for Japan. Kawano said that Japan would consider increasing its surveillance of the activities if they proved harmful to Japanese security. The broader implications of the Chinese building in the South China Sea, however, motivated Japan's security planners. In briefing materials made public by Japan's Ministry of Defense, China's broader strategic ambitions in challenging the territorial waters of other Asian states and the sea-lanes that carried the region's energy and trade were clearly worrisome to Tokyo.

Prime Minister Abe, in his APEC meeting with President Obama, publicly stated that Japan would consider joining the US and possibly other allies in patrols in the South China Sea, but a day later, after significant backlash in Tokyo, the prime minister stated that he would "consider [SDF activity in the South China Sea] while focusing on what effect the situation has on Japan's security." Japan to date has made no public commitment to military activities in the South China Sea. The new security legislation had not discussed the possibility of a maritime coalition that would challenge China, nor had the Abe Cabinet made the case to the Japanese public that Chinese island building would directly endanger Japanese security.

Nonetheless, expanding security cooperation with other Asian nations, including the United States, remained a top priority for the Abe Cabinet. General Secretary of the Communist Party of Vietnam Nguyen Phu Tong met Abe on Sept. 15 during his visit to Tokyo, and Abe also met with Vietnam's Prime Minister Nguyen Tan Dung on Nov. 20 on the sidelines of the ASEAN meeting where they reportedly agreed to consult on the South China Sea. In a joint statement released during Abe's visit to India in mid-December, the two nations called upon "all states to avoid unilateral tensions that could lead to tensions in the region."

Tokyo and Okinawa battle in the courts

By the end of 2015, Tokyo and Naha governments had ended their discussions on how to proceed with constructing a new replacement facility for the US Marines at Henoko in northern Okinawa. Since his election as governor in December 2014, Onaga Takeshi had openly challenged the national government plan to construct a new airfield as the path to closing Futenma Marine Air Station in Ginowan City. The Abe Cabinet has stood firm on the goal of building the new runway, despite agreeing to a summer pause in construction while talks with Onaga proceeded. Construction resumed on Oct. 29 and the Oura Bay site offshore Camp Schwab continued to draw protestors. The Japanese Coast Guard intercepted those who approached in kayaks from the sea, and local newspapers chronicled the scuffles that resulted.

In the fall, it became clear that no compromise would be forthcoming. The governor's complaint revolved largely around the way Tokyo managed construction. Legally, Gov. Onaga cited violations to the environmental assessment plan presented to his predecessor, Nakaima Hirokazu, who had approved the land reclamation project. On its part, the Abe Cabinet prepared legal action against the governor for failing to comply with the national construction plan. Minister of Land, Infrastructure, Transport, and Tourism Ishii Keiichi filed suit in November in the Naha branch of the Fukuoka High Court, followed by a countersuit filed by the governor on Dec. 25 in Naha District Court claiming the national government had reneged on the terms of the approved plan. Meanwhile, construction continues. After Onaga's lawsuit was filed, Kobayakawa Mitsuo, chairman of the Dispute Settlement Panel of the Internal Affairs Ministry, rejected Onaga's request that construction be halted until deliberations are complete, calling it "unlawful."

Renewed dissonance between the governor of Okinawa and the prime minister will have two implications for the US-Japan alliance. The first is that construction continues to be delayed, and thus any projection of when the runway might be completed, and when the Marines can be relocated, remains subject to difficult politics between Tokyo and Naha.

The second is the courts will have to decide on the different interpretations offered by the central government and the governor on their authority under Japanese law. Local autonomy has long been associated with postwar Japanese democratic practice and included in the Constitution as a means of weakening central power. More is at stake in these deliberations than the Futenma base relocation, and in the current climate of political tension over the Constitution in Japan; Okinawa could yet again be framed as a test case in the Japan's debate over its governance institutions. Many today, including some in the LDP as well as in the new Japan Innovation Party, advocate for greater latitude for local governments in economic decision-making. For those more inclined to focus on security goals, including some in the Abe Cabinet, there is far greater appetite for strengthening central government powers to improve crisis management. By electing Onaga, the people of Okinawa have presented Tokyo with a paradox: a conservative governor who supports the US-Japan alliance but does not support building a new runway on his island. For now, however, in the absence of a judicial order to stop construction, it seems the Abe Cabinet has the upper hand.

Chronology of US-Japan relations
September – December 2015

Sept. 7, 2015: Prime Minister Abe Shinzo meets Okinawa Gov. Onaga Takeshi in Tokyo to discuss the relocation of the US Marine Corps Air Station Futenma.

Sept. 17, 2015: Japan and the US hold the second Energy Strategic Dialogue in Tokyo. Japanese delegation is led by Ministry of Foreign Affairs Director-General for Economic Affairs Bureau Saiki Naoko and the US delegation is led by Principal Deputy Assistant Secretary of State of the Bureau of Energy Resources Mary Bruce Warlick.

Sept. 17, 2015: Special Committee on Security-Related Legislation in the Upper House of the Diet of Japan approves security bills that expand the overseas role of the Self-Defense Forces and allow Japan to exercise the right to collective-self-defense.

Sept. 19, 2015: Japan's Upper House votes to pass security bills. The Lower House had passed the bills on July 16.

Sept. 26-29, 2015: Prime Minister Abe visits the US to attend the UN General Assembly Meeting in New York. Abe also meets members of the US business community and attends the Invest Japan Seminar as well as the Visit Japan Tourism Seminar hosted by the Japan National Tourism Organization (JNTO).

Sept. 27, 2015: Special Seminar of the United States-Japan Conference on Cultural and Educational Interchange (CULCON) is held in Washington.

Sept. 27, 2015: Prime Minister Abe publishes an article on *CNN* entitled "Lessons Learned for a Better World." The article discusses Japan's contributions to human security, assistance for developing nations, and emphasis on sustainable growth.

Sept. 29, 2015: Secretary of State John Kerry hosts the inaugural US-India-Japan Trilateral Ministerial Dialogue with Indian External Affairs Minister Sushma Swaraj and Japanese Foreign Minister Kishida Fumio on the sidelines of the UN General Assembly.

Sept. 29, 2015: US-Japan-ROK Trilateral Foreign Ministers Meeting is held on the sidelines of the UN General Assembly. Secretary Kerry, ROK Minister of Foreign Affairs Yun Byung-se, and Foreign Minister Kishida discuss North Korea and cooperation on regional affairs.

Sept. 29, 2015: Vice President Joe Biden calls Prime Minister Abe after the passage of the security legislation to thank him for his continued efforts at strengthening the US-Japan alliance.

Oct. 1, 2015: US nuclear-powered aircraft carrier *USS Ronald Reagan* arrives in Yokosuka.

Oct. 5, 2015: Ministers of the 12 Trans-Pacific Partnership (TPP) countries, including the US and Japan, announce the conclusion of an agreement after more than five years of negotiations.

Oct. 6, 2015: Thirteenth US-Japan Joint High-Level Committee meeting on science and technology is held in Tokyo.

Oct. 6, 2015: Third Japan-United States Open Forum is held following the Joint High-Level Committee meeting. Government officials and scientists from both countries discuss future cooperation, particularly in areas such as medical and data sciences.

Oct. 13, 2015: Okinawa Gov. Onaga revokes permission for construction work to begin on the proposed Futenma relocation site at Henoko. Onaga's predecessor, Gov. Hirokazu Nakaima HIrokazu, had given the central government permission for landfill work in December 2013.

Oct. 14, 2015: Nine former US prisoners of war (POWs) visit State Minister for Foreign Affairs Muto Yoji in Tokyo. Muto apologizes for the suffering inflicted by Japan.

Oct. 14-19, 2015: Japan's Maritime Self-Defense Force joins the US and Indian navies in the annual *Malabar* training exercise in Chennai, India. Japan had taken part in these exercises as an invited guest in the past, but joined this year as a permanent member.

Oct. 27, 2015: Minister of Land, Infrastructure, Transport, and Tourism Ishii Keiichi suspends Okinawa governor's attempt to block the building of the Futenma replacement facility at Henoko, saying the validity of the request must be examined.

Oct. 29, 2015: Landfill work for the Futenma relocation facility at Henoko resumes.

Nov. 4, 2015: Prime Minister Abe meets US Chairman of the Joint Chiefs of Staff Gen. Joseph Dunford in Tokyo.

Nov. 4, 2015: Fourth Meeting of the Bilateral Commission on Civil Nuclear Cooperation between the US and Japan is held in Washington. The meeting is co-chaired by Deputy Minister for Foreign Affairs Shinsuke Sugiyama and Department of Energy Deputy Secretary Elizabeth Sherwood-Randall.

Nov. 5, 2015: Full text of the TPP deal is released to the public as President Obama indicates his intent to sign the agreement.

Nov. 16-25, 2015: More than thirty US and Japanese warships participate in *Annual Exercise 16 (AE16)* aimed at responding to the defense of Japan or a regional crisis in the Asia-Pacific.

Nov. 17, 2015: Land Minister Ishii files a lawsuit with the Naha branch of the Fukuoka High Court, demanding that Okinawa Gov. Onaga retract his decision to nullify government approval to begin landfill work for the new US military facility in Henoko.

Nov. 17-19, 2015: US and Japan hold bilateral Extended Deterrence Dialogue (EDD) at Vandenberg Air Force Base, California.

Nov. 19, 2015: President Obama and Prime Minister Abe meet on the sidelines of the APEC forum in Manila, where they discuss regional security and the TPP trade deal.

Nov. 23, 2015: Department of State approves the sale of three *RQ-4 Global Hawk* unmanned surveillance systems to Japan.

Nov. 30, 2015: US Special Representative for North Korea Policy Sung Kim hosts a trilateral meeting in Washington with ROK Special Representative for Korean Peninsula Peace and Security Affairs Hwang Joon-kook and Japanese Ministry of Foreign Affairs Director-General for Asian and Oceanian Affairs Ishikane Kimihiro to exchange views on a wide range of issues related to North Korea.

Dec. 2, 2015: Trial begins at Fukuoka High Court's Naha branch for the lawsuit filed by the central government against Okinawa Gov. Onaga for halting the Futenma relocation.

Dec. 8, 2015: US and Japan conduct a second successful test of their jointly developed *Standard Missile-3 (SM-3) Block IIA* missile off the coast of Malibu, California.

Dec. 9, 2015: Ministry of Foreign Affairs awards the Foreign Minister's Commendations in honor of the 70th anniversary of the end of World War II to 28 individuals and 14 groups for their outstanding contributions to the promotion of friendship between Japan and the US.

Dec. 11, 2015: Joint survey conducted by the *Yomiuri Shimbun* and Gallup finds that 58 percent of Japanese respondents say that they consider Japan-US relations to be "good" or "very good," up from 49 percent who felt this way in the previous poll in November 2014.

Dec. 16, 2015: US and Japan agree in principle to a new five-year package of host-nation support for US armed forces stationed in Japan. Under the agreement, Japan will spend about ¥189.9 billion ($1.6 billion) annually. The agreement will take effect April 1, 2016.

Dec. 21, 2015: Assistant Secretary for East Asian and Pacific Affairs Daniel Russel visits Tokyo after stopping in Bangkok, Thailand and Vientiane, Laos.

Dec. 25, 2015: Okinawa Gov. Onaga files lawsuit at Naha District Court against the central government over its attempt to override the governor and move ahead with the Futenma relocation plan.

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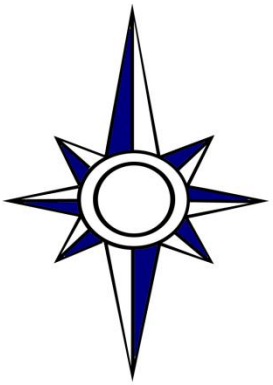

US-China Relations:

Xi's First State Visit to US: Pomp and Progress

Bonnie Glaser, CSIS/Pacific Forum CSIS
Jacqueline Vitello, CSIS

Despite growing friction between the US and China on a number of issues, Xi Jinping's state visit to the US in September was mostly positive and produced important outcomes on climate change, cyber security, and avoiding accidents between military aircraft. Tensions persisted in the South China Sea with China unwilling to stop its construction and militarization of terraformed reefs. The USS *Lassen*, a US Navy guided-missile destroyer, exercised international rights of freedom of navigation by sailing within 12nm of Chinese-occupied Subi Reef. The Obama administration notified Congress of its intent to sell a $1.83 billion arms package to Taiwan prompting Chinese objections, but no suspension of bilateral military exchanges. Presidents Obama and Xi met again on the margins of the Paris climate change conference in late November. They also conferred by phone, helping to conclude an historic, ambitious, global, agreement to reduce emissions at COP21.

Obama-Xi summit exceeds expectations

On Sept. 22, Chinese President Xi Jinping arrived in Seattle, Washington where he delivered a policy speech, attended a meeting with 30 business leaders from the US and China, visited a Boeing assembly line, joined a US-China Internet Industry Forum, visited a high school, and had dinner with Bill Gates, the founder of Microsoft. On Sept. 24, he traveled to Washington, DC for the official portion of his state visit. Shortly after arriving, he attended a small working dinner with President Obama and a few senior officials from the US and China. The following day, Xi was greeted by a 21-gun salute at the White House and held a joint press conference with Obama. He was then hosted for lunch by Vice President Joseph Biden and Secretary of State John Kerry at the State Department and met congressional leaders on Capitol Hill. That evening, Obama and his wife Michelle hosted a state dinner for Xi and his wife Peng Liyuan.

The key deliverables of the summit were in the areas of climate change, cyber, and military-to-military relations. In a joint statement on climate change, the two leaders reaffirmed their commitment to reach an ambitious agreement at the year-end climate change conference in Paris. China announced that it would start a "national emission trading system" in 2017. The US highlighted its Clean Power Plan, in which it pledges to reduce carbon dioxide emissions from the power sector 32 percent compared to 2005 levels by 2030. In the cyber realm, both sides agreed to not conduct or knowingly support cyber-enabled theft of intellectual property and

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announced a ministerial-level dialogue on fighting cybercrime. (Climate change and cyber will be discussed in detail below.)

The US and Chinese militaries finalized and signed an annex to the Memorandum of Understanding (MOU) regarding the rules of behavior for safety of air and maritime encounters that was reached during the last summit in November 2014. The annex, a follow-on to the first annex that guides the behavior of surface naval ships, establishes procedures to prevent collisions between US and Chinese military aircraft. The new annex was signed just two months after a Chinese jet preformed an unsafe maneuver while intercepting a US *RC-135* surveillance plane flying over the Yellow Sea about 80 miles east of China's Shandong Peninsula.

The summit marked the sixth meeting between Barack Obama and Xi Jinping. Speaking at the press conference, Obama maintained that cooperation between the US and China is "delivering results, for both our nations and the world" and said he was committed to expanding cooperation even as both countries "address disagreements candidly and constructively." Iran, Afghanistan, global development, global health security, humanitarian assistance, disaster response, agricultural development, and food security were cited by Obama as areas of expanding US-China cooperation. He also expressed support for "the rise of a China that is peaceful, stable, prosperous, and a responsible player in global affairs."

President Xi noted that he and Obama had had in-depth discussions on their respective domestic and foreign policies, while also addressing bilateral ties, and regional and international issues. Xi referred three times to his concept of a new model of major country relationship, stating that he and Obama agreed to advance that "new model" while managing differences and sensitive issues in a constructive manner. On macroeconomic policy coordination, Xi said that the US and China had agreed to establish a regular phone conversation mechanism on economic affairs between Vice Premier Wang Yang and Secretary of the Treasury Jacob Lew.

Persisting differences between the US and China were signaled by the absence of a joint statement covering the full range of issues in the bilateral relationship. Instead, the only joint document issued focused on climate change. Common language was also negotiated on economic- and cyber-related issues in intense discussions held in the run-up to the summit. For other matters, the two sides issued "unilateral but coordinated statements." These documents were drafted and exchanged ahead of the summit. On strategic issues, the Chinese "summit outcomes" document is much longer and more positive than the US "fact sheet." In one notable difference between the two, the Chinese document celebrates the new model of major country relations, while the US fact sheet makes no mention of it.

Chinese media appraised the summit very positively. For example, a commentary in the Party mouthpiece *People's Daily* signed by the quasi-authoritative "Voice of China," maintained that President Xi's visit to the US "has completely accomplished its purpose of enhancing trust and reducing suspicions" and went "better than expected." Privately, however, some experts expressed disappointment over President Obama's refusal to reaffirm the new model of major country relations and the US unwillingness to set a deadline for signing a bilateral investment treaty. Xi's acceptance of Obama's distinction between the use of cyber for traditional espionage

purposes and for stealing intellectual property, and his pledge to not militarize the Spratly Islands were also criticized by some Chinese analysts, although not publicly.

Progress on cyber?

In April 2015, President Obama signed an executive order that gives him the power to impose sanctions "on individuals or entities that engage in certain significant, malicious cyber-enabled activities." In the wake of the major cyber intrusion in June into the US Office of Personnel Management (OPM) that officials blamed on China, as well as persisting concerns about Chinese use of cyber to steal intellectual property (IP) from US companies, the White House began to threaten the use of sanctions under this executive order. The *Washington Post* reported on Aug. 30 that the White House was preparing a list of possible sanctions against Chinese SOEs and individuals that the administration had evidence showing they had "benefited from their government's cyber-theft of valuable US trade secrets." The move to seek sanctions was born of frustration with a lack of Chinese cooperation on the issue over the past three years. The leak was timed to force action on cybersecurity ahead of Xi's September visit to the US.

When National Security Adviser Susan Rice traveled to Beijing in late August, she apparently warned that failure to take steps to curb cyber-enabled theft of IP would mar the upcoming summit. President Xi agreed to send a "special envoy" to the US to find a solution that would ensure his visit would be positive and successful. On Sept. 9, a Chinese delegation, led by Meng Jianzhu, a Politburo member and secretary of the Central Political and Legal Affairs Commission of the Chinese Communist Party, arrived in Washington. According to *Xinhua*, Meng was hosted by Homeland Security Secretary Jeh Johnson, and also held meetings with FBI Director James Comey, Secretary of State John Kerry, and Susan Rice. The *Washington Post* reported that the talks produced a "substantial agreement" on cybersecurity issues, quoting an unnamed US official as saying "they came up with enough of a framework that the visit will proceed and this issue should not disrupt the visit. That was clearly [the Chinese] goal."

The first sign of a shift in Chinese policy came on Sept. 15. During a regular press briefing, the Chinese Foreign Ministry spokesman stated that China "firmly opposes and combats in accordance with law cyber attacks and cyber espionage launched in China…anyone who performs such action within China shall be held accountable." Around the same time, the Chinese government arrested a handful of hackers it claimed were connected to the OPM breach. That same day, Obama told a group of company chief executives that cyber matters would be a major focus in his talks with Xi. He said that the US is preparing measures to demonstrate to the Chinese that, "this is not just a matter of us being mildly upset, but is something that will put significant strains on a bilateral relationship if not resolved," and that the US is "prepared to take some countervailing actions."

On Monday, Sept. 21, Susan Rice delivered a public speech at George Washington University on US-China relations. In the portion of the speech on cyber security, Rice cited the handling of cyber theft as "a critical factor in determining the future trajectory of US-China ties." Sending a strong message to the Chinese just prior to Xi's arrival, Rice maintained that "cyber-enabled espionage that targets personal and corporate information for the economic gain of businesses undermines our long-term economic cooperation, and it needs to stop."

When asked about US-China tensions over cyber during a press conference to preview President Xi's visit on Sept. 22, Deputy National Security Adviser Ben Rhodes sent a clear warning: "China needs to be mindful that its activities don't undermine its standing here in the United States." Rhodes went on to state that the two countries must "start from a common understanding that you have agreed-upon principles which we believe must include that cyber theft does not go forward." That same day, the *Wall Street Journal* published an exclusive interview with Xi, in which he stated that "the Chinese government does not engage in theft of commercial secrets in any form, nor does it encourage or support Chinese companies to engage in such practices in any way." Xi added that "cyber-theft of commercial secrets and hacking attacks against government networks are both illegal." He reiterated many of these points in his speech in Seattle later that night, stating that "the Chinese government will not in whatever form engage in commercial theft, and hacking against government networks are crimes that must be punished in accordance with the law and relevant international treaties."

At the summit, several important outcomes relating to cyber were announced. In a major breakthrough that Obama had been personally seeking since he met Xi Jinping in June 2013 at Sunnylands in California, both sides agreed not to "engage in or knowingly support online theft of intellectual properties." They also promised to work together to establish "international rules of the road for appropriate conduct in cyberspace," and agreed to begin a high-level bilateral dialogue on cybersecurity before the end of the year. According to a White House fact sheet, the two sides also agreed to cooperate with requests to investigate cybercrimes and to "mitigate malicious cyberactivity emanating from their territory." In addition, they agreed not to target one another's critical infrastructure during peacetime, although the definition of what constitutes "critical infrastructure" was left for future discussion.

In the joint press conference following the summit, President Obama stated that he had reached a "common understanding" with President Xi to "abide by norms of behavior" in cyperspace. He cautioned, however, that these commitments, while important, will face scrutiny. "The question now is, are words followed by actions?" Obama stated. He went on to say that the US "will be watching carefully" to assess whether progress has been made, adding that he remains prepared to levy sanctions against cyber criminals. Xi warned that the issue of cyber should not be politicized, and encouraged further cooperation going forward.

Building on the bilateral September agreement, on Nov. 1, at the Group of 20 Summit in Turkey, leaders pledged that no country "should conduct or support cyber theft of intellectual property for commercial competitive advantage." The language was endorsed by both China and the US, and was viewed by the Obama administration as a major achievement. Critics considered the agreement as weak, however, because it lacks enforcement mechanisms. The use of the word "should" was also contentious, as it indicates voluntary adherence, rather than mandatory compliance. Nevertheless, the statement represents a step forward in reaching a common understanding of acceptable behavior in cyberspace.

The inaugural China-US High-Level Joint Dialogue on Cracking Down on Cybercrime and Related Matters was held on Dec. 1-2 in Washington, DC. The Dialogue was co-chaired by China's State Councilor Guo Shengkun, US Attorney General Loretta Lynch, and US Secretary

of Homeland Security Johnson. A Chinese Foreign Ministry outcomes list from the meeting reaffirmed and built upon Xi's summit pledges stating that, "neither country's government will conduct or knowingly support cyber-enabled theft of intellectual property, including trade secrets or other confidential business information, with the intent of providing competitive advantages to companies or commercial sectors." The two sides established guidelines for requesting assistance on cyber crime as well as to conduct "tabletop exercises" in the spring of 2016, and agreed on procedures for a hotline to facilitate more effective law enforcement cooperation.

According to the Chinese Foreign Ministry outcomes statement, "they also reached broad consensus on some specific cases of cyber security, cyber counter-terrorism cooperation and law enforcement training." Following the conclusion of the Dialogue, *Xinhua* reported that the two sides had discussed the OPM hack, and that "through investigation, the case turned out to be a criminal case rather than a state-sponsored cyberattack as the US side has previously suspected." The US has not commented on the validity of this claim. The next round of the Dialogue is set to take place in Beijing in June 2016.

The jury is still out as to whether progress on the cybersecurity front is genuine or just smoke and mirrors. In a briefing on Nov. 18, US counterintelligence chief Bill Evanina said he had seen "no indication" that China's hacking behavior had changed. Rebutting this claim, anonymous officials told the *Washington Post* that the Chinese military has scaled back its theft of US commercial secrets. Obama raised cybersecurity again when he met with Xi Jinping in late November on the sidelines of the Paris climate negotiations. Obama called the discussions "candid," and noted that cyber is still one of the "differences between our countries."

Cooperation on climate change yields results

On Sept. 25, following the Obama-Xi summit in Washington, the US and China released an ambitious joint presidential statement on climate change announcing historic pledges to reduce their country's respective carbon emissions by 2030. The statement also set new fuel efficient standards for heavy-duty vehicles in China, outlined increased cooperation to reduce emissions from methane and HFCs, and charted a plan to develop energy efficient standards for new Chinese buildings and cities, all of which should help China to reach its goal of an emissions peak in 2030. China also pledged to contribute $3.1 billion to help developing nations meet their own emissions standards. In addition, the two countries articulated a common vision for the Paris United Nations conference on climate change, which took place in November. The White House called the statement a "major milestone in US-China joint leadership in the fight against climate change."

Beijing's willingness to cooperate with the US on climate change is partly a result of increasingly alarming pollution levels in Chinese cities and growing public concern about air quality. It may also be due to Xi Jinping's push for China to more actively contribute to global development, which he described in a speech to the United Nations General Assembly on Sept. 28. Enhanced cooperation between the China and the US – the number one and number two largest emitters of greenhouse gases – likely spurred other countries to make commitments to reduce emissions in the run-up to the Paris conference. Chinese state-run media outlet *Xinhua*

claimed that, "it is widely believed that the China-US agreements on climate change in the past years have inspired the global community in fighting climate change."

The 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change was held in Paris from Nov. 30 – Dec. 11 with the aim of signing a new global agreement to reduce carbon emissions. The historic agreement was reached at the end of COP21 on Dec. 12, and replaces the 1997 Kyoto Protocol, which is set to expire in 2020. While not all elements of the agreement are legally binding, the accord will encourage the 196 countries present to take significant steps to reduce the risk of a global temperature rise beyond 2 degrees. The agreement will officially enter into force if at least 55 countries "accounting in total for at least an estimated 55 percent of the total global greenhouse gas emissions have deposited their instruments of ratification, acceptance, approval or accession."

Presidents Xi and Obama, who both attended the opening ceremonies in Paris, met on the sidelines of COP21 on Nov. 30 to discuss a range of bilateral issues, with an emphasis on climate change. Obama reportedly praised Xi's cooperation, stating that the US-China joint "leadership on this issue has been vital." The two presidents discussed ways to make the Paris conference a success for all parties. For both the US and China, COP21 was the result of many months of cooperation and hard work, and demonstrated the ability of the US and China to work together where their interests converge.

In a press conference following their bilateral meeting, however, the two leaders' statements revealed persisting differences. Obama stated that the US recognizes its own negative contributions to climate change, then called for a solution to the problem that is "global in nature." Xi had a slightly different take, emphasizing that "countries should be allowed to seek their own solutions, according to their national interest," a statement consistent with past Chinese efforts to protect the rights of developing countries to prioritize economic growth over fighting global warming. China's special representative on climate change, Xie Zhenhua, made similar arguments in a Nov. 19 report, which re-stated China's long-standing position that any deal should encompass the principles of "common but differentiated responsibilities" and "respective capabilities."

Nevertheless, both presidents were ultimately satisfied with the agreement and praised its outcomes. According to a White House statement, Obama spoke with Xi on the phone on Dec. 14 following the announcement of the Paris accord, "to express appreciation for the important role China played in securing an historic climate agreement." The Chinese Foreign Ministry reported that Xi described the Paris agreement as "pointing the direction and goal for global cooperation in fighting climate change post 2020." Both presidents reaffirmed their pledge to continue their cooperation.

While all countries celebrated the climate deal, Chinese media outlets appeared especially excited about the significant role that their country played in creating global norms. A *Xinhua* editorial called the deal, "a particularly sweet victory for China, which emerged to take a leading role." In Xi Jinping's New Year's message delivered on Dec. 31, he mentioned global climate change as one of the priority issues that Chinese leaders paid attention to in 2015. In that context,

Xi noted that "the international community expects to hear a voice from China and look at China's plans. China cannot afford to be absent."

Tensions over South China Sea flare up again

At the small dinner that President Obama held for Xi Jinping and few members of China's foreign affairs apparatus, the most contentious issue was the South China Sea. Both leaders presented and defended their respective positions, unable to make any headway toward narrowing differences. Persisting tensions were apparent during the press conference. Obama described their discussions on the South China Sea as "candid," noting that he had conveyed US concerns over China's land reclamation, construction, and militarization, and reiterated that the US would continue to sail, fly, and operate anywhere that international law allows.

President Xi maintained that China is committed to maintaining peace and stability in the South China Sea, including addressing territorial disputes through "negotiation, consultation, and in a peaceful manner." He pledged to uphold "freedom of navigation and overflight that countries enjoy according to international law." Xi asserted that the US and China share common interests in the South China Sea, with both supporting peace and stability. Both countries, he said, "have agreed to maintain constructive communication on relevant issues." In a surprise to Obama administration officials, Xi asserted that "China does not intend to pursue militarization" of the Spratly Islands. It was unclear what Xi meant by "militarization, however." Months after the summit, Chinese officials and scholars continued to refuse to define it publicly or privately. In closed-door meetings, Chinese experts and officials indicated that Xi Jinping had simply used the phrase at the summit to reassure President Obama that he intended to resolve differences with the other South China Sea claimants peacefully, and nothing more.

On Oct. 27, the USS *Lassen*, a US Navy guided-missile destroyer, exercising international rights of freedom of navigation, sailed within 12nm of Subi Reef, a low-tide elevation that China has terraformed and on which it is constructing facilities that could be used for military purposes. The *Lassen* also went within 12nm limits of features claimed by Vietnam and the Philippines. Over the previous six months, various US media had reported that the Obama administration was considering conducting such an operation, so the Chinese were neither surprised nor unprepared. Moreover, the US action was not unprecedented: although US Navy ships had not sailed within 12nm of Chinese-occupied features in the South China Sea for some time, according to testimony by Assistant Secretary of Defense David Shear before the Senate Armed Services Committee on Sept. 17, they did conduct such operations prior to 2012.

Two Chinese Navy ships and its "air arm" shadowed the USS *Lassen* and issued warnings to evacuate the area. China's Foreign Ministry charged that the US destroyer had "illegally" entered its waters and said it "firmly opposes any country harming [China's] sovereignty and security under the pretext of freedom of navigation and overflight." China's Defense Ministry called the patrol "an abuse of freedom of navigation" and said that the PLA is ready to "take all necessary steps to protect the country's security and interests." China's Vice Foreign Minister Zhang Yesui summoned US Ambassador to China Max Baucus, telling him that the US patrol was "extremely irresponsible." The Foreign Ministry spokesman warned that China might be compelled to "increase and strengthen the building up of our relevant capabilities."

Two days after the US freedom of navigation operation (FONOP), Adm. John Richardson, the US chief of naval operations, held a video call with Adm. Wu Shengli, commander of the Chinese Navy, to discuss the event. A US Navy spokesman described their exchange as "professional and productive." Under pressure from the White House, the Pentagon made no official statement regarding the purpose of the FONOP or the specific activities conducted by the *Lassen* during the operation. Without such a statement, the exact message that the US was seeking to convey remains uncertain.

Unrelated to the FONOP, on Oct. 29, the UN Permanent Court of Arbitration issued a ruling in a case filed against China by the Philippines. It found that it has jurisdiction on seven issues and reserved the right to declare jurisdiction over the remaining issues after evaluating the merits of the case. China's Ministry of Foreign Affairs reiterated that any ruling by the Tribunal concerning the South China Sea is "null and void" and has "no binding effect on China."

At the 10th East Asia Summit (EAS) in Kuala Lumpur at the end of November, the South China Sea was a central topic of discussion among the 18 leaders from member states. President Obama reportedly urged all claimants to halt reclamation, construction, and militarization. He also highlighted the importance of preserving freedom of navigation and overflight. Other leaders raised concerns about the South China Sea, including Japanese Prime Minister Abe Shinzo and Philippine President Benigno Aquino. Malaysian Prime Minister Najib Razak told reporters that there was a consensus that the South China Sea had to be handled in a way that doesn't raise tensions in the region. In his off-the-record remarks, Chinese Prime Minister Li Keqiang reportedly agreed to accelerate negotiations aimed at concluding a binding code of conduct on the South China Sea and reiterated that China does not intend to militarize the Spratly Islands.

Military-to-military exchanges proceed despite tensions

The final four months of 2015 witnessed a flurry of discussions and exchanges between the US and Chinese militaries. A 27-member delegation of US Navy captains traveled to China in mid-October, a reciprocal visit for the visit to the US by a captain delegation of the Chinese PLA Navy in February. The US delegation visited the Chinese aircraft carrier *Liaoning* on Oct. 19, sharing their experiences in training, healthcare at sea, and aircraft carrier development strategies, according to the Chinese Navy's official microblog. The US delegation also visited the Chinese Navy's submarine school.

Adm. Harry Harris, made his first visit to China as commander of the US Pacific Command in early November, less than a week after the *USS Lassen* conducted its FONOP near Chinese-occupied Subi Reef. Harris met separately with Gen. Fang Fenghui, chief of the PLA General Staff, and Gen. Fan Changlong, vice chairman of the Central Military Commission. According to the Chinese military's flagship newspaper, the *People's Liberation Daily,* Fan told Harris that the US warship had threatened Chinese sovereignty and that such operations could "easily trigger miscalculations and accidents." Harris also delivered a speech at the Stanford Center at Beijing University in which he defended the US FONOP in the South China Sea, insisting that avoiding the escalation of US-China disputes to military conflict is a US priority.

While Adm. Harris was in Beijing, US Secretary of Defense Ash Carter met Chinese Defense Minister Gen. Chang Wanquan on the sidelines of the ASEAN Defense Ministers Meeting Plus in Kuala Lumpur. In a 40-minute discussion that focused on the South China Sea, Chang emphasized that China's activities in those waters are mainly defense in nature. He reportedly warned that China has a "bottom line" on US challenges to its territorial claims. Carter indicated that the US welcomed Xi Jinping's statements during his September visit to the White House that China "does not intend to pursue militarization" on reclaimed islands in the Spratlys. According to defense officials, Chang did not comment on what the Chinese mean by "militarization" or explain what Chinese intentions are.

US Pacific Fleet Commander Adm. Scott Swift flew to Shanghai on Nov. 16 to be on board the *USS Stethem* when it arrived at Wusong, a military port, for a goodwill visit. He reportedly was invited on short notice by Chinese Vice Adm. Su Zhiqian, commander of the East China Sea Fleet of the Chinese Navy, with whom he met for two hours on board the *Stethem* during the visit. A few days later Swift flew to Beijing and met Adm. Wu Shengli, commander of the Chinese Navy. In a discussion that centered on the South China Sea and relations between the US and Chinese navies, Swift reiterated the intention of the US to fly and sail wherever international law allows and emphasized the importance of transparency, parity, and reciprocity between the Pacific Fleet and PLAN counterparts. According to Chinese media, Wu called on the US to stop its "provocations" in the South China Sea. He maintained that the US FONOP did not contribute to peace and stability in the South China Sea, and charged the US with "sabotaging" China's sovereignty and security. Wu and Swift also discussed the PLAN's participation in the upcoming *Rim of the Pacific (RIMPAC)* multilateral exercise in 2016.

The US and Chinese navies conducted three port calls between Sept. 1 and Dec. 31. On Nov. 4, Chinese Naval Taskforce 152 composed of three Chinese vessels arrived at Naval Station Mayport in Florida, marking the first time that a Chinese Navy ship visited the east coast of the United States. The three ships held a passing exercise with US Navy ships in the Atlantic Ocean. The Chinese flotilla was on an around-the-world cruise, and later stopped in Mexico and Cuba before arriving at Pearl Harbor, Hawaii on Dec. 13. The *USS Stethem*, an *Arleigh-Burke*-class destroyer, docked in Shanghai on Nov. 16 for a five-day port visit after a brief stop in the northern port of Qingdao. After the goodwill port call in Shanghai, the *Stethem* conducted joint naval drills with Chinese ships involving a joint rescue operation near the estuary of the Yangtze River as well communication exercises of the Code for Unplanned Encounters at Sea (CUES). Although not considered part of official military-to-military exchanges, the Chinese hospital ship *Peace Ark* arrived in San Diego for a five-day visit on Nov. 3 during which discussions were held with US Navy and Veteran Affairs medical professionals.

The US and Chinese armies launched a bilateral Army-to-Army Exchange and Cooperation Dialogue Mechanism on Nov. 19 in Beijing. Gen. Wang Jianping, deputy chief of the PLA General Staff, led the Chinese side, and Maj. Gen. William Hix, director for Strategy, Plans and Policy at US Army headed the US delegation. Chinese media reported Wang's call for continuously strengthening communication and exchange, making greater efforts to promote mutual trust and cooperation, and effectively manage and control risks and crises. About 70 PLA soldiers participated in the third joint US-China drill for humanitarian assistance and disaster relief at Joint Base Lewis-McChord outside Tacoma, Washington Nov. 19- 23. The event

included command post exercises and field exercises, including 12 earthquake rescue-related activities and 13 medical-related drills.

Another arms sale to Taiwan

On Dec. 16, the Obama administration notified Congress of its intent to sell a new $1.83 billion arms package to Taiwan. This is the third US arms sale to Taiwan since President Obama came to office in 2009 and brings the total of arms sales to Taiwan during Obama's tenure to $12 billion. The package includes two *Perry*-class Frigates, *Javelin* anti-tank missiles, *TOW 2B* anti-tank missiles and *AAV-7* Amphibious Assault Vehicles. It also includes follow-on work for Taiwan's *Syun-An* C4ISR systems, Link 11/Link 16 for Taiwan's naval ships, *Phalanx* Close-In Weapons Systems, and *Stinger* surface-to-air missiles.

Beijing's public and official media reaction to the US announcement was the most restrained response to such sales since at least 1992, probably because the package was smaller than recent prior arms sales and did not contain advanced weapons. Whereas after previous sales China has issued "protests" or "strong protests," this time it issued a "solemn representation." A Chinese vice foreign minister summoned the US *charge d'affaires* in Beijing to deliver a demarche. According to *Xinhua*, the vice minister called on the US to "avoid further harming" US-China relations and "cooperation." By contrast, after the 2011 arms sale, China's then vice minister stated that it would "damage" bilateral ties and in 2010 China's then vice minister said that the sale would have a "serious and negative impact" on a range of bilateral exchanges.

A statement on the Foreign Ministry website indicated that Beijing would respond by imposing sanctions on companies involved in the sale, although the companies were not identified. This is not the first time that China has made such a threat, which in effect means that the Chinese government and Chinese enterprises will not do business with companies that sell weapons to Taiwan. The reaction from China's Defense Ministry was slightly harsher, though milder than in recent years. The Defense Ministry spokesman stated that the latest arms sale would have "a negative impact" on US-China military ties, compared to "severely damage" and "seriously harm" in 2011 and 2010 respectively.

Economic issues at the JCCT and the summit

US Trade Representative Michael Froman and Commerce Secretary Penny Pritzker along with Chinese Vice Premier Wang Yang co-chaired the 26th US-China Joint Commission on Commerce and Trade (JCCT) in Guangzhou on Nov. 21-23. Under Pritzker's guidance, the US made efforts this year to strengthen cooperation with the business communities on both sides. Several smaller roundtables and discussions were also convened with JCCT chairs and business leaders who were in attendance. For the year overall, JCCT results were modest, with Froman stating that, "we made progress on a number of fronts, but of course there's still work to be done." Wang, for his part, praised the "important consensus and outcomes" of the talks.

Expectations for progress in this year's JCCT were low partly because of the achievements made on commerce and trade just two months prior during the Xi-Obama summit. The November JCCT sought to build upon commitments made during the summit, but didn't achieve any new

breakthroughs. In a White House fact sheet on US-China economic relations released after the summit on Sept. 25, the two sides reportedly recognized the "positive progress" of ongoing Bilateral Investment Treaty (BIT) negotiations, including "improved negative list proposals." Both sides have previously noted the importance of BIT negotiations to the larger bilateral relationship and place significant value on completing negotiations in the near future. Indeed, the White House fact sheet stated that the two sides reaffirmed the negotiation of a high standard BIT as a "top economic priority."

There was no mention of the BIT in the US fact sheet released after the JCCT, however, and China's Ministry of Commerce failed to issue any official statement, signaling that no substantial progress was made in the BIT negotiations. This was confirmed by Froman, who stated that "there's still significant work to be done for the negative list." Business communities on both sides were disappointed with the lack of movement on BIT negotiations. In their meeting on the sidelines of the Paris climate change conference, Xi again brought up the subject, suggesting that the two sides conclude a bilateral investment treaty soon. It seems increasingly unlikely, however, that a BIT will be finalized within Obama's term in office, and it will likely face further delays as a new US administration gets settled in and reviews existing policies.

At the September summit, Obama also pressed Xi to follow through on economic reforms and not discriminate against US companies doing business in China. Xi reportedly was receptive to both points, stating that reforms would continue apace and that China would cut restrictions to market access for foreign companies. These themes were echoed during the JCCT, where China again pledged more open markets and allow greater access for foreign firms.

On intellectual property rights (IPR), an issue of increasing importance to the US, the White House reported during the summit that both countries affirmed that, "states should not conduct or knowingly support misappropriation of intellectual property, including trade secrets or other confidential business information with the intent of providing competitive advantages to their companies or commercial sectors." According to a USTR statement, further progress was made on IPR during the JCCT where, "China clarified several ongoing and intended efforts to revise China's trade secrets system and provide more effective aspects of its civil judicial system to deter and respond to the misappropriation of trade secrets." Despite these promises of better IPR protection, Chinese representatives insisted that China should be allowed some flexibility given its status as a developing country. Chinese Vice Commerce Minister Zhang Xiangchen said in a press conference following the JCCT that China needs "to effectively protect intellectual property in a balanced way. That means we need to protect the rights of holders and users."

In a move that is of great importance to US companies, China made a commitment to create nondiscriminatory and transparent policies for Information and Communications Technology (ICT) security. According to USTR Froman, China pledged to allow its banks to purchase technology regardless of where that technology was produced. Froman did not, however, address the issue of whether companies would be required to turn over IPR and source code to Chinese banks under the terms of the sale, an issue that continues to worry US and other foreign companies doing business in China. Relatedly, China promised that commercial secrets obtained from foreign companies under its new Anti-Monopoly Law will be protected and that antitrust cases will be pursued without political or bureaucratic influence. All of these measures indicate a

commitment by China to stronger protection against the theft of trade secrets, a welcome development for foreign companies if effectively implemented.

As in previous years, China pushed for lower restrictions on the purchase of high-tech items from the US at both the summit and the JCCT. At the summit, the US stated its commitment to "encourage and facilitate exports of commercial high technology items to China for civilian-end users and for civilian-end uses" and agreed to further discussions on the subject. At the JCCT, Secretary Pritzker promised that the US would "develop a mechanism to improve the exchange of information on individual cases of commercial high-tech items exported to China." China also pushed for easing restrictions on Chinese investment in the US. According to the White House, during the summit the US committed to maintaining an open environment for Chinese investors, including Chinese state-owned enterprises (SOEs). These commitments were echoed at the JCCT talks in November.

Closing out 2015 and looking ahead

After a year of considerable friction, US-China relations ended 2015 on a relatively positive note. Washington and Beijing worked together alongside other nations to reach a deal with Iran and to sign a global pact to address global warming. Bilaterally, they expanded military exchanges and took a step toward addressing cyber theft of intellectual property. Nevertheless, many problems persist and there is a clear trend of intensifying competition.

2016 will be the final year of President Obama's term in office. Obama and Xi will meet at the Nuclear Security Summit in Washington DC, March 31 – April 1. Obama will visit China for the 11th G20 meeting in Hangzhou. Defense Secretary Carter plans to travel to China in the spring and the PLA Navy will participate in *RIMPAC* for the second time in the summer. The US and China will hold the Strategic and Economic Dialogue in June or July. As the US presidential campaign kicks into high gear, both nations will be watching closely to see who emerges as the next US president. Regardless of whether it is a Democrat or Republican, most observers expect US policy toward China to get tougher and the bilateral relationship to face greater challenges.

Chronology of US-China Relations*

September – December 2015

Sept. 2, 2015: Five Chinese Navy ships pass through US territorial waters as they transit the Aleutian Islands, coming within 12nm of the coast of Alaska.

Sept. 6–8, 2015: US Assistant Secretary for East Asian and Pacific Affairs Daniel Russel meets Chinese Assistant Foreign Minister Liu Zhenmin to discuss peaceful cooperation in the Asia Pacific region and other issues of importance to the bilateral relationship.

Sept. 8, 2015: US Senior Advisor to President Obama Brian Deese meets Chinese Vice Premier Zhang Gaoli in Beijing.They agree to work together more closely to address climate change.

* Chronology compiled by CSIS intern Hannah Hindel

Sept. 8–9, 2015: US Assistant Secretary for Arms Control, Verification and Compliance Frank Rose meets senior officials from China's MOFA and the Chinese Academy of Military Science to discuss multilateral arms control, strategic stability, and space security.

Sept. 10, 2015: US Deputy Secretary of State Antony Blinken meets Chinese Executive Vice Foreign Minister Zhang Yesui.

Sept. 11, 2015: Chinese Vice Premier Wang Yang and US Treasury Secretary Jacob Lew hold a phone conversation to exchange views on economic relations and other issues.

Sept. 12, 2015: Concluding four days of meetings on cyber security between senior US and Chinese officials, National Security Advisor Susan Rice has a "frank and open exchange about cyber issues" with Meng Jianzhu, secretary of the Central Political and Legal Affairs Commission of the Chinese Communist Party.

Sept. 15, 2015: US Drug Enforcement Agency Officials and the Chinese Ministry of Public Security hold a meeting of the Bilateral Drug Intelligence Working Group to discuss major drug issues facing their countries.

Sept. 15, 2015: US Special Envoy for Climate Change Todd Stern meets China's Special Representative for Climate Change Affairs Xie Zhenhua in Los Angeles, announcing joint actions in both countries to reduce greenhouse gas emissions, including development of cap-and-trade programs in China.

Sept. 15, 2015: A Chinese fighter jet makes an unsafe intercept of a US Air Force *RC-135* reconnaissance plane.

Sept. 15-16, 2015: US and Chinese leaders from cities in both countries meet for the White House-organized "US-China Climate Leaders Summit" in Los Angeles and sign agreements to help the US and China meet their national greenhouse gas emission reduction goals.

Sept. 16, 2015: President Obama brings up the potential for taking "countervailing actions" against China over cyberattacks in remarks at the Business Roundtable in Washington, DC.

Sept. 16, 2015: Secretary of Defense Ashton Carter expresses deep concern about "the pace and scope of land reclamation in the South China Sea" and says China is "out of step" with "international rules and norms" at the Air Force Association's Air & Space Conference 2015.

Sept. 17, 2015: The Counter-narcotics Working Group, led by the US Department of Justice and the Chinese Ministry of Public Security, share potential avenues for cooperation in combatting "designer drugs" and stress "expanding mutual understanding and cooperation on drug issues."

Sept. 17, 2015: David Shear, assistant secretary of defense, and Adm. Harry Harris, commander, US Pacific Command, testify before the Senate Committee on Armed Services in a hearing on Maritime Security Strategy in the Asia-Pacific Region.

Sept. 17, 2015: Co-Chairman of the Congressional China Caucus and Chairman of the House Armed Services Seapower and Projection Forces Subcommittee Congressman Randy Forbes submits a bipartisan letter to President Obama calling for a "firm response" to China's actions in the South China Sea, garnering 29 signatures.

Sept. 17, 2015: President Xi Jinping meets US delegates attending the seventh China-US business leaders' and former senior officials' dialogue in Beijing.

Sept. 17, 2015: US Assistant Secretary for International Organization Affairs Sheba Crocker lauds US-China cooperation on peacekeeping and on Afghanistan among cooperative efforts at the UN at the Carnegie Endowment for International Peace in Washington, DC.

Sept. 22, 2015: President Xi begins his US visit, speaking at the Third US-China Governors Forum in Seattle, and emphasizing the value of local efforts in improving bilateral ties.

Sept. 23, 2015: Secretary of State John Kerry meets relatives of Chinese dissidents imprisoned in China to signal the Obama administration's concerns about human rights.

Sept. 23, 2015: At the US-China CEO Roundtable, President Xi appeals to US business leaders to "deepen China-US business cooperation."

Sept. 23, 2015: Wrapping up the eighth US-China Internet Industry Forum, President Xi meets 29 technology executives, including Apple's Tim Cook, Amazon's Jeff Bezos, and Facebook's Mark Zuckerburg following tours of Boeing and Microsoft.

Sept. 24, 2015: Undersecretary of Commerce for International Trade Stefan Selig and Deputy USTR Robert Holleyman meet Vice Commerce Minister Zhang Xiangchen in Washington to prepare for the Joint Commission on Commerce and Trade.

Sept. 24, 2015: President Xi arrives in Washington, DC for a state visit.

Sept. 28, 2015: US and China hold the inaugural meeting of the Civil Space Dialogue in Beijing.

Sept. 29, 2015: Director of National Intelligence James Clapper tells a Senate hearing on cybersecurity that he is not optimistic about the US-China agreement on cybersecurity.

Sept. 30, 2015: Deputy Chief of General Staff of the PLA Adm. Sun Jianguo meets US Pacific Command Commander Adm. Harris in Hawaii at the 2015 Chiefs of Defense Conference.

Oct. 5, 2015: Announcing the completion of the Trans-Pacific Partnership (TPP) negotiations, President Obama says "we can't let countries like China write the rules of the global economy."

Oct. 8, 2015: Deputy Secretary of State Antony Blinken visits China and meets State Councilor Yang Jiechi and Chief of General Staff of the PLA Fang Fenghui in Beijing.

Oct. 12, 2015: Chinese PLAN vessel *Zheng He* arrives at Pearl Harbor for a four-day port visit, during which Chinese and US naval officers conduct confidence-building exercises.

Oct. 14, 2015: Chinese Ambassador to the US Cui Tiankai calls for stronger, more resilient relations at the gala dinner of the National Committee on US-China Relations in New York.

Oct. 15, 2015: Secretary Kerry calls on China to release human rights lawyer Zhang Kai.

Oct. 15-16, 2015: The US-China Legal Experts Dialogue takes place in Beijing, led by US Assistant Secretary for Democracy, Human Rights and Labor Tom Malinowski.

Oct. 19, 2015: A 27-member delegation of the US Navy captains visits the Chinese aircraft carrier *Liaoning* and exchanges views with Chinese peers on naval issues.

Oct. 19, 2015: In its Semi-Annual Report to Congress on International Economic and Exchange Rate Policies, US Treasury drops its previous assessment that China's renminbi is "significant undervalued." Instead, it says the RMB "remains below its appropriate medium-term valuation."

Oct. 27, 2015: Secretary of Defense Carter confirms that the *USS Lassen* sailed close to Subi Reef in the Spratly Islands, conducting a freedom of navigation operation. Chinese Foreign Ministry summons US Ambassador to China Max Baucus to express its "strong discontent."

Oct. 28, 2015: China and US begin 22nd round of talks on bilateral investment treaty (BIT) in Qingdao.

Oct. 29, 2015: Adm. John Richardson, chief of Naval Operations, and Adm. Wu Shengli, commander of the People's Liberation Army Navy, hold a video teleconference to discuss the passage of the *USS Lassen* near Subi Reef.

Oct. 29, 2015: Permanent Court of Arbitration awards its first decision in *The Republic of Philippines v. The People's Republic of China* case, ruling that the case was "properly constituted" under the UN Convention on the Law of the Sea, that China's "non-appearance" (i.e., refusal to participate) did not preclude the Court's jurisdiction, and that the Philippines was within its rights in filing the case.

Nov. 2, 2015: Adm. Harris of US Pacific Command visits Beijing to boost naval exchanges and meets Gen. Fan Changlong, vice chairman of China's Central Military Commission.

Nov. 2-3, 2015: Assistant Secretary of State for Educational and Cultural Affairs Evan Ryan meets Vice Premier Liu Yandong, Minister of Culture Luo Shugang, and Vice Minister of Education Liu Huiqing regarding cultural exchange.

Nov. 3, 2015: Chinese Navy hospital ship *Peace Ark* arrives in San Diego for a five-day visit with US Navy and Veteran Affairs officials.

Nov. 3, 2015: Secretary of Defense Carter meets Defense Minister Chang Wanquan in Kuala Lumpur on the sidelines of the ASEAN Defense Ministers Meeting Plus.

Nov. 4, 2015: Three Chinese Navy ships arrive at the US Naval Station Mayport in Florida, beginning a four-day port visit.

Nov. 5, 2015: Defense Secretary Carter boards the carrier *USS Theodore Roosevelt*, which is patrolling the South China Sea.

Nov. 5-12, 2015: House Democratic leader Nancy Pelosi leads a delegation to China, including a visit to Tibet. The group meets Premier Li Keqiang, Vice Chairman of the NPC Standing Committee Zhang Ping, and Chairman of the NPC Standing Committee Zhang Dejiang.

Nov. 6, 2015: Foreign Minister Wang Yi and Secretary of State Kerry exchange views on the South China Sea, Iran, and Syria in a phone conversation.

Nov. 6, 2015: Vice Premier Wang Yang speaks with Treasury Secretary Jacob Lew over the phone on US-China economic relations.

Nov. 7, 2015: Vice Premier Wang has a phone conversation with Secretary of Commerce Penny Pritzker and US Trade Representative Michael Froman on US-China economic relations.

Nov. 16, 2015: *USS Stethem* docks in Shanghai following a stop in Qingdao for a port visit. Pacific Fleet Commander Adm. Scott Swift meets Vice Adm. Su Zhiqian onboard the *Stethem*.

Nov. 17, 2015: Foreign Minister Wang Yi meets with Deputy Secretary of State Blinken in Manila on the sidelines of the APEC Economic Leaders Meeting.

Nov. 19-23, 2015: A group of Chinese soldiers visit Joint Base Lewis-McChord for a military-to-military exercise, practicing humanitarian assistance and disaster relief operations.

Nov. 19, 2015: US Pacific Fleet Commander Adm. Swift meets People's Liberation Army Navy Commander Wu Shengli in Beijing.

Nov. 17-19, 2015: The first annual meeting of the US-China Army-to-Army Exchange and Cooperation Dialogue Mechanism is launched in Beijing. Deputy Chief of General Staff of the PLA Gen. Wang Jianping heads the Chinese delegation and US Army Director for Strategy, Plans and Policy Maj. Gen. William Hix heads the US delegation.

Nov. 20, 2015: In an interview with the *Financial Times*, Assistant Secretary for Arms Control, Verification and Compliance Frank Rose reveals the establishment of an emergency "space hotline" between the US and China.

Nov. 21-23, 2015: Secretary of Commerce Pritzker, US Trade Representative Froman and Secretary of Agriculture Tom Vilsack participate in the 26th US-China Joint Commission on Commerce and Trade in Guangzhou. The Chinese delegation is led by Vice Premier Wang Yang.

Nov. 21-24, 2015: Military representatives from the US and China meet at Pacific Air Force Headquarters in Hawaii for bi-annual Military Maritime Consultative Agreement talks regarding military air and naval safety.

Nov. 23-25, 2015: Chinese and US delegates meet for the 13th US-China Joint Liaison Group on Law Enforcement Cooperation in Washington DC.

Nov. 24, 2015: Secretary of State Kerry speaks with State Councilor Yang Jiechi over the phone to discuss cooperation in advance of the December climate conference in Paris.

Nov. 27, 2015: Bureau of International Narcotics and Law Enforcement Assistant Secretary William Brownfield and Deputy Assistant Attorney General Bruce Swartz join Ministry of Foreign Affairs Director General Xu Hong and Deputy Director General Cai Wei in Baltimore on two coast guard vessels for a law enforcement excursion.

Nov. 30, 2015: President Obama and President Xi meet in Paris on the sidelines of the 21st Conference of the Parties to the UN Framework Convention on Climate Change.

Nov. 30-Dec. 3, 2015: Assistant Secretary for Arms Control, Verification and Compliance Rose travels to Beijing to attend an ASEAN Regional Forum workshop on space security.

Dec. 1, 2015: Director-General of the Arms Control Department of China's Foreign Ministry Wang Qun meets Assistant Secretary Rose to exchange views on space, nuclear and other arms control and non-proliferation issues.

Dec. 1-2, 2015: Minister of Public Security Guo Shengkun visits the US for the first bilateral high-level dialogue on cybercrime. Guo meets National Security Advisor Susan Rice and jointly chairs the meeting with Department of Homeland Security Secretary Jeh Johnson and US Attorney General Loretta Lynch.

Dec. 7-8, 2015: Chinese and American experts and NGOs meet in Beijing for the sixth Sino-American Dialogue on Rule of Law and Human Rights.

Dec. 9, 2015: Foreign Minister Wang Yi meets Deputy Secretary of State Blinken in Islamabad on the margins of the Foreign Ministerial Conference of the Istanbul Process.

Dec. 10, 2015: Two US *B-52* bombers fly into airspace near Chinese-occupied features in the Spratlys, prompting the Chinese Defense Ministry to protest what it called "a show of force" to "create tensions in the waters and airspace."

Dec. 10-11, 2015: The China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC) and the US Financial Crimes Enforcement Network (FinCEN) meet in New York and sign an MOU on money laundering and countering terrorist financing.

Dec. 14, 2015: Presidents Xi and Obama applaud the agreement reached at the UN Climate Conference in a phone conversation.

Dec. 16, 2015: USTR Froman and Commerce Minister Gao Hucheng meet in Nairobi, Kenya and reach a consensus on the expansion of the WTO Information Technology Agreement.

Dec. 17, 2015: Vice Foreign Minister Zheng Zeguang summons US charge d'affairs Kaye Lee in Beijing to protest the Obama administration's $1.38 billion arms sale to Taiwan.

Dec. 20, 2015: Foreign Minister Wang Yi talks by phone with Secretary Kerry. The main topics are Syria and Iran. Wang also raises US arms sales to Taiwan and US military operations in the South China Sea.

Dec. 23, 2015: The Office of the US Trade Representative presents to Congress the 2015 annual report on China's compliance with its World Trade Organization (WTO) obligations.

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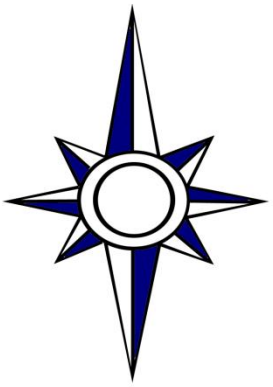

US-Korea Relations:

Summitry, Strength, and a Fourth Nuclear Test

Stephen Noerper, The Korea Society

The final months of 2015 saw hedging around South Korea's relationship with China, strong support for the US-ROK alliance in the face of DPRK threats, a US-ROK summit, and heightened concern as North Korea prepared for a fourth nuclear test, which came on Jan. 6. September began with an easing of inter-Korean tensions and President Park Geun-hye's visit to Beijing for a military parade marking the 70th anniversary of the end of World War II. With the US and South Korea watching closely for signs of a missile or nuclear test, North Korea marked the 70th anniversary of its Workers Party on Oct. 10 without incident. The US-ROK presidential summit appeared solid, with a joint statement against the North Korean nuclear and missile threats and shared concern over DPRK human rights violations. The US again took up the issue of DPRK human rights violations at the UN Security Council in December as reports of possible purges in North Korea continued to attract US and ROK attention. The US was pleased in late December by an agreement between South Korea and Japan on "comfort women."

Exaggerating Park's Beijing visit

The press made much of President Park Geun-hye's Sept. 3 Beijing appearance at the 70th commemoration of liberation from Japanese rule. Park's critics warned of a potential drift away from the US, noting her placement next to President Xi Jinping and Russian President Vladimir Putin. Though the photos of the three viewing the parade surprised some (with a second Korean, UN Secretary General Ban Ki Moon, a few seats down), little was mentioned of Park's bilateral meeting with her Chinese host on Sept. 2. Rather reports centered on the perceived insult to the US-ROK alliance. Though some in the popular press and among Korean nationalists took exception, little concern actually was expressed in official US circles.

Korean sentiments varied. The Asan Forum's Sept. 17 South Korea country report cited a Sept. 1 *Kyunhyang Shinmun* piece suggesting that Park had boldly broken a diplomatic taboo while creating "diplomatic options" and "jolting" diplomacy. A Sept. 4 *Joongang Ilbo* feature acknowledged Park's visit as a way to overcome "sandwiched" geopolitical realities. Identifying the ROK-US alliance as the security base, it suggested that Seoul's diplomacy with Washington and Beijing not be seen as zero-sum (a position taken by the White House). Asan surmised that hyperbole over the visit came "at a time when Seoul's relationship with Washington is less certain than it has been in years," a notion that was surprising to some US security planners.

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The US was quick to dampen concern over President Park's Beijing trip, with Defense Secretary Ashton Carter lambasting the persistent threat posed by North Korea and offering reassurance on the high-level of allied readiness.

However, the issue of South Korea's (and United Korea's) potential drift toward China over time remains. Earlier in her administration, Park asked for diplomatic space for the ROK as it adjusted to new realities. Despite the paradox of leaning toward the US for security and China for economic needs, many in Washington and Seoul wish to check any perceived drift. Both the US and ROK see that Seoul's endgame is to draw the PRC away from its support for the DPRK. Yet, the US wants South Korea to take a stronger stance on issues like the South China Sea, and US and ROK senior officials do appear to diverge more often over steps or statements that might antagonize the PRC.

Tough talk

In early September, US Defense Secretary Ashton Carter offered his strongest comments to date on the North Korean threat in a webcast for US forces stationed worldwide. He underscored US defense of the ROK in the event of a DPRK attack and suggested that "the North Koreans always understand that any provocation with them will be dealt with, and that they stand no chance of defeating us and our allies in South Korea." Likening Korea to a "tinder box," he cautioned that "it's probably the single place in the world where war could erupt at the snap of our fingers." Carter's comments were motivated by the August tensions at the DMZ and the DPRK deadline for ROK action on propaganda broadcasts; though the marathon inter-Korean negotiations resulted in the 8.25 agreement and tensions declined, the US defense secretary was sending a clear message to Pyongyang.

In mid-October, Carter welcomed President Park and Defense Minister Han Min-koo to the Pentagon with full military honors, the first of his tenure (a nod to the importance of the alliance). Carter visited the DMZ on Nov. 1 alongside Han, noting an "ever-present danger" and US support for a "negotiated outcome with North Korea … they should be on the path of doing less – and ultimately zero – in the nuclear field." The next day, in the context of the 47th ROK-US Security Consultative Meeting (SCM) in Seoul, Carter referred to the ROK-US alliance as "iron clad" in the face of the "up close, dangerous" DPRK threat. The resulting communiqué addressed the comprehensive nature of the alliance bilaterally, regionally and globally, emphasized common values and trust, and cited the 2009 Joint Vision, the 2013 Joint Declaration commemorating the 60th anniversary of the alliance, and the 2015 Joint Fact sheet suggesting cooperation on "new frontiers."

A tad early

Relations saw some complications given talk over the introduction of the US Terminal High Altitude Area Defense (THAAD) system in South Korea that preceded the early November SCM. THAAD deployment is sensitive for Seoul vis-à-vis its relations with Washington and Beijing; one observer likened Seoul's "dilemma" to a "tripwire." Just prior to the SCM, on Oct. 29, senior Lockheed official Mike Trotsky described THAAD at a National Press Club news conference as a "subject of a policy discussion" between Seoul and Washington, adding "those

policy discussions are ongoing now." The Lockheed comments prompted speculation that THAAD might be part of the Carter-Han dialogue. The US and ROK denied the claim, with Han stating at the National Assembly the next day that "no decision regarding THAAD has been made inside the US government. There has been no request for any discussion either."

October 10 anniversary

US and ROK analysts watched carefully for signs of the DPRK readying for a long-range ballistic missile test or a fourth nuclear test in advance of its 70th anniversary of the Korean Workers Party on Oct. 10. For whatever reason – hoped for progress in inter-Korean talks, concern about empowering the ROK and US pre-presidential summit, deference to China (which sent its fifth-ranked member of its Politburo Standing Committee to the commemoration) or some other consideration – North Korea refrained from testing.

The anniversary celebration in Kim Il Sung Square featured a massive military parade with thousands of troops and pieces of equipment, including an intercontinental ballistic missile battery. Leader Kim Jong Un announced that "we are ready to fight any kind of war waged by the US imperialists." Significantly, however, he made no mention of the DPRK's nuclear program, possibly as a conciliatory gesture to China's Liu Yunshan, who accompanied Kim. Presidents Obama and Xi had met in Washington in late September, with cooperation on North Korea on the agenda. DPRK "restraint" around the party anniversary may have been a result.

Park-Obama summit

A missile or nuclear test would have raised public attention prior to the Oct. 16 meeting between Presidents Park Geun-hye and Barack Obama in Washington. Short of that crisis, the two offered a unity statement against the DPRK threat and commitment to cooperation on "new frontier" issues – space, public health, cyber security, and development. Although the summit did not enjoy the attention of Park's first visit as president in 2013, when she addressed a joint session of Congress, the two presidents did use the opportunity to stand firm on nukes and human rights. Park suggested a Korean bid for the Trans-Pacific Partnership (TPP). Obama used the summit press conference to dismiss lingering concerns over Korea's ties with China, noting shared interest in good relations with the PRC.

The Oct. 16 US-ROK Joint Statement on North Korea underscored a "robust deterrence posture" and commitment to "continue to modernize our alliance and enhance close collaboration to better respond to all forms of North Korean provocations." While committing to denuclearization and opposing DPRK actions "that raise tensions or violate UN Security Council resolutions," the two underscored "no hostile policy towards North Korea and [that they] remain open to dialogue with North Korea to achieve our shared goal of denuclearization."

The Joint Statement included an affirmation not to accept the DPRK as a nuclear-weapon state, which some critics saw as inconsistent with current realities and distracting from a more realistic goal of nonproliferation. Reflective of the Park administration's continued emphasis on unification, the statement expressed strong US support for her vision for peaceful unification offered at Dresden. It also condemned DPRK human rights violations outlined in the 2014 UN

Commission of Inquiry (COI) report and support for the new office of the UN High Commissioner for Human Rights in Seoul. (The US again took up the issue of DPRK human rights violations at the UNSC in mid-December, as then-council president US Ambassador Samantha Power urged DPRK referral to the International Criminal Court.)

Prior to the summit, President Park appeared at Washington's CSIS, describing the alliance as a "steadfast buttress" in the ROK's defense of democracy, free markets, and human rights. She also hailed seven decades of Korea-US cooperation as a "great journey." Park offered support for the delay of transferring wartime operational control (OPCON), successful revision of the Korea-US Civil Nuclear Cooperation Agreement, the KORUS FTA, shared development goals, and the US rebalance toward Asia. She expressed hope for the Korea-Japan China Trilateral Summit and improvement in Korea-Japan relations.

Breaking the deadlock

Improvement in Korea-Japan relations appeared to come in late December and none-too-soon for a concerned United States. An Oct. 8 Congressional Research Service (CRS) report on *US-South Korea Relations* noted that "notwithstanding the overall positive state of the relationship, US-South Korea ties have been tested by developments in areas where the two counties occasionally disagree, most prominently on how to handle South Korea-Japan relations."

On Dec. 28, South Korea's Foreign Minister Yun Byung-Se and Japan's Foreign Minister Fumio Kishida announced an agreement on "comfort women." Prime Minister Abe followed the announcement with a call to President Park expressing his "sincere apologies" and desire for a new era in bilateral relations. The apology was underscored by ¥1 billion in funds from the official budget for a foundation established by the ROK to provide assistance to the victims.

Full acceptance of this agreement may be some time off for those who suffered and for nationalist voices in the ROK and Japan, yet the political will required to arrive at the agreement was tremendous. The meeting between Park and Abe in early November at the Blue House provided the necessary foundation for the foreign policy establishments of both countries to move the agenda forward. Had they not, the steady decline in political and economic contacts and popular opinion would have continued at the expense of both nations and the US. Given heighted concerns about North Korea's nuclear weapon programs and China's territorial claims in the South China Sea, the ever-deepening fault line between Seoul and Tokyo was exacerbating regional tensions. In Tom Plate's 2012 *Conversations with Ban Ki Moon*, the UN secretary general cautioned that for the region to develop properly, Korea and Japan had to move beyond historical issues and lean forward for greater regional cooperation.

Forward movement could not have come too soon for the political cycles in Korea and the United States. For Park, who had seen Japan send the largest foreign delegation to her inaugural, stalled relations took both an economic and political toll. With only two years remaining in her presidency and parliamentary elections in April, Park gained an important foreign policy victory that rectified the downturn in relations which began under her predecessor. A return to dialogue over intelligence sharing between Korea and Japan is but one area that might hopefully see fruition if relations continue to improve.

For the United States, the Obama administration has held out an enhanced Asia focus as central to its foreign policy. The breaking of the political impasse between its two allies is of critical importance. US National Security Advisor Susan Rice applauded Korea and Japan for – in their words – "finally and irreversibly" addressing the historical burden on their relations and offered US support for implementing the agreement. Washington needs not only a détente between Seoul and Tokyo but constructive cooperation to see its regional aspirations reach full potential.

Political instability in Pyongyang?

Questions over DPRK regime consolidation grew for US and ROK observers. Senior official Kim Yang Gon, secretary of the Central Committee of the Korean Workers Party and director of the United Front Department, reportedly was killed late December in an early morning traffic accident. Kim had served as a spy chief and the DPRK's senior-most official for inter-Korean relations. Though official laudatory comments on his passing signaled that he was in favor, the legacy of purges under Kim Jong Un raised speculation that the death might not be accidental given competition within senior circles.

In October, Choe Ryong Hae, considered a trusted lieutenant to Kim Jong Un, was reportedly purged and sent for re-education. Interestingly, Choe appeared on the funeral committee list for Kim Yang Gon, possibly suggesting a return to favor. South Korea offered condolences on the passing of interlocutor Kim, but North Korea watchers in the ROK and US continued to weigh questions about stability within the Pyongyang regime.

To that end, a December Council on Foreign Relations Discussion Paper by Sue Mi Terry on *Unified Korea and the Future of the US-South Korea Alliance* posits that "within the next five-to-ten years, a cascading series of events could conceivably end with regime collapse in the North, leading to the unification of the two Koreas." Terry urges that with the inevitability of unification, Washington should take measures now to enhance the likelihood that the US-Korea alliance would survive the disappearance of the DPRK and mitigate any drift of the ROK toward the PRC or an independent foreign policy equidistant to the PRC and US.

Lead-up to a fourth nuclear test

When Kim Jong Un bragged of North Korea's having "a self-reliant A-bomb and H-bomb" in early December, most US analysts dismissed the claim of a hydrogen bomb as hyperbole. On Dec. 21, the DPRK tested a submarine-based ballistic missile, only weeks after a failed attempt. In his New Year address Kim railed against "invasive outsiders and provocateurs" and promised a "holy war of justice" and new "diversified attack means." He did not mention nuclear development and underscored "reconciliation and peace" and the need to "aggressively" work with the ROK to improve relations. His 2015 New Year message emphasized enhanced inter-Korean contacts, only to see the August flare-up in tensions. In South Korea, President Park Geun-hye at the New Year vowed a "stern response" against provocations and a "watertight defense posture," while keeping a "door for dialogue open."

On Jan. 6, the DPRK tested what it claimed was a hydrogen bomb, with a 5.1 seismic event detected along the northeast coast, some 30 miles from the site of earlier nuclear tests. Of course, Pyongyang boasted of the test's "complete" success in advance of Kim Jong Un's Jan. 8 birthday and ahead of the May party congress, the first in 36 years. The US and South Korea were quick to condemn the test, and South Korea cautioned that the yields appeared to be similar in size to the 2013 test, suggesting a boosted-fission bomb rather than a full-fledged thermonuclear device. The ROK National Intelligence Service estimated in a message delivered by a National Assembly member that the yield was 6 kilotons of TNT, not the hundreds that a fusion device successfully tested would deliver or even the tens had it failed. The White House was guarded in its comments, and US and ROK analysts remained cautious, not wanting to underestimate the event while awaiting data that might take several weeks to obtain. UN Secretary General Ban Ki-moon condemned the underground test as "deeply troubling" and an act that is "profoundly destabilizing."

DPRK relations with the PRC, which had warmed slightly in recent months, may have been the greatest casualty of the test. China too stated that it "strongly opposes this act" and will "firmly push" for Korean denuclearization – the test took place only 50 miles from the Chinese border, and Chinese residents expressed concern over the possibility of fallout. In the end, Kim Jong Un may have pushed Xi Jinping closer to Park Geun-hye and Barack Obama, reaffirming Park's rationale for visiting Beijing in early September.

Chronology of US-Korea Relations
September – December 2015

Sept. 1, 2015: Defense Secretary Ashton Carter cautions that "Korea is the single place in the world where war could erupt at the snap of our fingers" and strongly warns North Korea against provocations.

Sept. 2-3, 2015: ROK President Park Geun-hye attends a bilateral meeting in Beijing and is featured alongside Chinese President Xi Jinping and Russian President Vladimir Putin at a military parade marking the 70th anniversary of the end of World War II.

Sept. 7-26, 2015: US and ROK Marines conduct combined exercises in northern Gyeonggi Province.

Sept. 22, 2015: US Special Representative for North Korea Policy Sung Kim visits South Korea.

Sept. 23, 2015: *CNN* interviews DPRK scientists at Pyongyang's General Satellite Control Center.

Sept. 23-24, 2015: US and ROK conduct ninth Korea-US Integrated Defense Dialogue (KIDD) in Seoul.

Sept. 25-28, 2015: President Park visits New York to deliver four addresses at the UN, including a keynote on the 70th anniversary of the UN General Assembly and speeches on health and rural

development. Park meets with Japanese Prime Minister Abe Shinzo on the sidelines and hosts a dinner for individuals from New York-based nongovernmental organizations.

Sept. 27, 2015: DPRK Foreign Minister Ri Su Yong attends the 70th session of the UN General Assembly (UNGA).

Sept. 29, 2015: US Secretary of State John Kerry, ROK Foreign Minister Yun Byung-se, and Japanese Foreign Minister Kishida Fumio meet on the sidelines of the UNGA.

Oct. 1, 2015: Harvard's Korea Institute hosts former US ambassadors to Korea Stephen Bosworth, Kathleen Stephens, and Sung Kim at the 10th Kim Koo Foundation Forum.

Oct. 7, 2015: US Senate Foreign Relations Committee Subcommittee on East Asia, the Pacific and International Cyber security hosts testimony on *Assessing the North Korea Threat and US Policy: Strategic Patience for Effective Deterrence?*

Oct. 8, 2015: Congressional Research Service (CRS) issues report on *US-South Korea Relations*.

Oct. 10, 2015: DPRK marks the 70th anniversary of the Korean Workers Party.

Oct. 15-18, 2015: President Park visits Washington for a summit with President Barack Obama. A Joint Statement condemns North Korea's nuclear development and human rights abuses.

Oct. 19, 2015: President Park names Kim Kyou-hyun senior secretary to the president for foreign affairs and security and Cho Tae-yong first deputy director of national security.

Oct. 23, 2015: ROK Navy holds a fleet review in Busan, with participation by the US aircraft carrier the *USS Ronald Reagan*.

Nov. 1, 2015: Defense Secretary Carter and ROK Defense Minister Han Min-koo visit the DMZ. US and ROK Joint Chiefs of Staff Chairs Gen. Joseph Dunford and Gen. Lee Sun-jin hold the annual ROK-US Military Committee Meeting (MCM).

Nov. 1, 2015: South Korea-Japan-China Trilateral Summit is held at the Blue House.

Nov. 2, 2015: President Park and PM Abe meet at the Blue House.

Nov. 2, 2015: US and ROK hold the 47th Security Consultative Meeting (SCM) in Seoul.

Nov. 30, 2015: US Special Representative for North Korea Policy Sung Kim hosts a trilateral meeting in Washington with ROK Special Representative for Korean Peninsula Peace and Security Affairs Hwang Joon-kook and Japanese Ministry of Foreign Affairs Director-General for Asian and Oceanian Affairs Ishikane Kimihiro.

Dec. 10, 2015: UN Security Council addresses DPRK human rights abuses, with December president US Ambassador Samantha Power urging referral of the DPRK to the International Criminal Court.

Dec. 14 2015: Council on Foreign Relations (CFR) releases a discussion paper on *Unified Korea and the Future of the US-South Korea Alliance*.

Dec. 15, 2015: ROK and Japan hold a second round of working-level talks in as many months aimed at resolving the "comfort women" issue.

Dec. 17, 2015: US and ROK hold the fifth high-level Disarmament and Nonproliferation Consultation meeting in Washington, DC.

Dec. 28, 2015: South Korea and Japan announce a surprise agreement on "comfort women," to include an apology and official fund for victims. PM Abe calls President Park with a "sincere apology." National Security Advisor Susan Rice offers strong US support.

Jan. 1, 2016: DPRK leader Kim Jong Un offers a New Year address promising war against "invasive" outsiders, but withholding mention of DPRK nuclear development.

Jan. 6, 2016: North Korea claims to have successfully tested a hydrogen bomb.

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US-Southeast Asia Relations:
Commitment Concerns

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In the final months of 2015, the US relations with Southeast Asia encompassed all three pillars of its rebalance to Asia: military presence, multilateral diplomacy, and economic engagement. Militarily, the freedom of navigation voyage of the *USS Lassen* past China's artificial islands occurred while the Department of Defense announced a $425 million five-year military aid program for Southeast Asian states and the White House committed an additional $259 million in military support for Indonesia, Malaysia, and the Philippines. Diplomatic engagements included visits to the region by the president, the secretaries of state and defense, and a number of senior aides to attend multilateral meetings. This high-level US presence underlined the region's importance to Washington and demonstrated US support for ASEAN endeavors such as the completion of a code of conduct for the South China Sea. Commitment to the economic pillar led to the conclusion of negotiations for the Trans-Pacific Partnership (TPP) trade agreement, which includes Malaysia, Vietnam, Singapore, and Brunei – with the Philippines and Indonesia expressing interest in joining in the near future. If ratified by the signatories, the TPP would be the most comprehensive trade and investment arrangement in the world, though a number of obstacles in many of the countries do not portend a quick or easy confirmation.

The US rebalance and the region

In recent months the United States has reassured Southeast Asian leaders that Washington remains robustly committed to the region's security and prosperity through its rebalance to Asia policy. Consisting of three components, the rebalance initiative emphasized freedom of navigation in Southeast Asian waters and air space, economic collaboration through the TPP, and a commitment to ASEAN-based multilateralism as vehicles for Southeast Asian leadership in creating mechanisms for peaceful settlement of territorial disputes in the South China Sea.

Indicative of the importance the US attaches to the region's multilateral endeavors is the third ASEAN-US summit on Nov. 21 in Kuala Lumpur, where the relationship was elevated to a strategic partnership through which Washington promises to promote economic integration, maritime cooperation, and collaboration on transnational challenges such as climate change. The ASEAN-centered mechanisms with which Washington will cooperate include the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers Meeting Plus (ADMM Plus), the East Asia Summit (EAS), and the Expanded ASEAN Maritime Forum. At November's ASEAN

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Business and Investment Summit, President Obama averred that, "We've strengthened our alliances. We've modernized our defense posture. More US forces are rotating through more parts of the region for training and exercises. We've expanded our cooperation with emerging powers ... like Malaysia, Indonesia, Vietnam, and India."

ASEAN's importance to the US is based on its consonance with Washington's regional security interests. Just as the Obama administration insists on the peaceful settlement of South China Sea territorial disputes based on international law, so at the 27th annual ASEAN Summit in Kuala Lumpur, several ASEAN states, including Indonesia and Malaysia – usually more circumspect – urged an international law-based solution and ASEAN unity in addressing this and future security challenges. At the ASEAN Foreign Ministers Meeting one day before the summit, all 10 ministers called for full and effective implementation of the Declaration on the Conduct of Parties in the South China Sea – an appeal once again for negotiations while abjuring the use of force – and the speedy conclusion of a code of conduct that would be legally binding on its signatories. While the ASEAN states have agreed among themselves on the content of this document, China has been delaying final negotiations because Beijing does not want to deal with a unified ASEAN on rules for behavior in the South China Sea.

The US has also provided military assistance to ASEAN states to enhance their maritime capabilities. Secretary of Defense Ashton Carter at the ADMM-Plus on Nov. 4 pledged to "work to build our partners maritime capacity and capabilities" through the Southeast Asia Maritime Security initiative that will create "an inclusive, shared maritime domain awareness architecture" for which the US Department of Defense will provide $425 million over the next five years. Additionally, the White House announced a package of $259 million in military aid over the same period to Indonesia, Malaysia, and the Philippines, of which $79 million will go to Manila for a refurbished Coast Guard cutter and an older research ship. The latter will help the Philippines map its seabed. In the Philippines on Nov. 18, a US official insisted that, "More capable navies and partnership with the United States are critical to security in this region."

Despite the high sounding rhetoric from US leaders, skepticism persists in the region. A recent US Congressional Budget Office report cited on Oct. 12 in Singapore's *The Straits Times Online* notes that US Navy ship numbers "would likely fall from 275 ... to around 208 to 251 [in the next several years]." That could mean fewer naval assets for US deployments to Southeast Asia.

"Freedom of navigation" in the South China Sea

Although the US Navy had not conducted a "freedom of navigation" patrol in the South China Sea since 2012, the guided missile destroyer *USS Lassen* passed without incident on Oct. 27 within 12nm of a reef claimed, occupied, and built up by China. The exercise was to demonstrate that the US does not acknowledge China's claims to artificially created islands far from the PRC's land boundary and that the South China Sea is open to peaceful maritime movement by all countries.

Reactions within the region were generally positive. Media in Australia, the Philippines, Vietnam, Singapore, Thailand, and Malaysia all supported freedom of navigation. Criticism came from Indonesia when a government minister disapproved of "power projection," although

President Joko Widodo seemed to endorse freedom of navigation. Only Cambodia, whose diplomacy is generally seen as leaning toward China, openly criticized the US action as "strong arm tactics." The Cambodian government also echoed Beijing's position that the South China Sea disputes be resolved bilaterally. An Australian maritime specialist, Sam Bateman, in a Nov. 19 article in *The Diplomat* pointed out that the South China Sea does not consist of open international waters. Rather, it is divided into components of overlapping exclusive economic zones of bordering countries that have their own rules for use under the UN Convention of the Law of the Sea. For example, Indonesia and Malaysia, Indonesia and Vietnam, and Malaysia and Brunei have all agreed on their maritime boundaries independent of China's claims.

Most recently, Singapore joined the Philippines and Malaysia to invite US surveillance aircraft to fly from the city-state. In an agreement signed in Washington on Dec. 7, the US Navy will operate a *P-8 Poseidon* and rotate surveillance planes on a quarterly basis to Singapore Pya Lebar Air Base. A US Navy spokesman downplayed the China orientation of this development to the *BBC* saying, "It's not about the South China Sea. It's about partnership with Singapore and other partners in the region." The Navy spokesman went on to emphasize the utility of US patrols for humanitarian assistance and disaster relief from which all Asian littorals benefit.

ASEAN centrality

Active engagement with multilateral organizations is a key part of the US rebalance to Asia. Yet, the ASEAN-based groups are porous. Divisions exist between the South China Sea claimants and those members that have no sovereignty concerns in those waters. While ASEAN members have agreed on most of the components for a code of conduct (CoC), there is no agreed roadmap and time limit on this process. As long as China refuses to clarify the meaning of its nine-dash line cartographic claim, progress toward a CoC remains moot.

Differences among ASEAN members provide the context for US efforts to augment the Association's importance. On the one hand, the Philippines and Vietnam welcome enhanced US power projection in East Asia, while Indonesia and Malaysia are restrained, expressing concern that a US buildup will only accelerate the PRC's naval deployments. On Nov. 2, Malaysian Defense Minister Hishammuddin Hussein said that ASEAN states would be "at the mercy of the superpowers." Despite their reservations, Kuala Lumpur and Jakarta welcome US assistance to their defense capabilities and are pleased about the Obama administration's pledge of $425 million to the Southeast Asian Maritime Security Initiative on maritime domain awareness and coast guard capabilities. Moreover, Malaysia has offered the US Marines opportunities to use Malaysian training facilities. These add to a long-standing arrangement for Malaysia to service and supply US ships and aircraft as they pass through the region.

Finally, as See Seng Tan of Singapore's Rajaratnam School of International Studies pointed out in a Dec. 1 *PacNet*, ASEAN solidarity persists diplomatically in meetings with the great powers when the latter disagree with each other. Tan notes that at the early November meeting of the ADMM-Plus, heated disputes between and US-Japan and China over mentioning the South China Sea in a final communique led to ASEAN solidarity in a decision to issue no communique from the ADMM-Plus gathering. Unlike the 2012 Phnom Penh meeting where internal ASEAN divisions on the South China Sea resulted in no joint statement, at Kuala Lumpur, the absence of

a joint statement reflected ASEAN agreement in refusing to formally acknowledge that the ADMM-Plus concluded with a protracted fight among the -Plus states over the South China Sea. As such, the ASEAN defense officials regained control of a meeting "threatened by irreconcilable differences between the major powers."

Japan as the US partner for the South China Sea

With the September passage of new security legislation in the Japanese Diet, Japan's defense forces were authorized for the first time to come to the assistance of countries under attack if those attacks also threaten Japan. The term "threaten Japan" remained essentially undefined, which means that it will be interpreted by the Japanese government on a case-by-case basis. Official Philippine and Vietnamese commentary welcomed Japan's potential new role in Southeast Asian security. Singapore and Thai commentary stated respectively that Japan's contribution would lead to an "improved balance of power" and be a "game-changing – and highly beneficial – development for Asia...." A Pew Research Center poll released in September found 81 percent of Filipinos surveyed viewed Japan positively; in Vietnam it was 82 percent.

Several ASEAN nations, including Vietnam, the Philippines and Indonesia, have also been increasing military cooperation with Japan. Tokyo is providing Hanoi with $1.66 billion in maritime aid, including second-hand patrol vessels. The Philippines will acquire 10 Japan-built multirole patrol boats for its Coast Guard under a $150 million soft loan. Manila is also considering a Visiting Forces Agreement with Tokyo. Indonesia is discussing Japanese capacity building for the Indonesian armed forces (TNI). Japanese Maritime Self-Defense Force ships this past autumn participated in search and rescue exercises with a number of ASEAN navies. One purpose of these activities is to acquaint each other with operational protocols.

In late October, US and Japanese ships held a first-ever bilateral naval exercise in the South China Sea. However, for the time being, that seems to be a one-off event. In late November, Prime Minister Abe Shinzo stated that all SDF activities "are separate" and not linked to US operations. Moreover, the SDF is not patrolling the South China Sea and has no plans to do so. A high-level Japan Defense Ministry official on Oct. 28, explained that deploying Japanese *P-3C*s for surveillance to the South China Sea would be difficult because the country needs them to monitor the Senkakus. Besides, the aircraft has fuel for eight to 10 hours of flight and the round trip to and from the South China Sea would take most of that, leaving little patrol time.

In fact, Japan's main contribution to Southeast Asian security is less in its naval deployments; rather, as Prime Minister Abe said, Japan "will support the countries concerned through such efforts as defense equipment cooperation and assistance by the SDF in building up capabilities." The Philippines and Vietnam are the primary recipients of this aid just as they are also the major beneficiaries of US military support. Tokyo has pledged $1.6 billion toward Vietnam's security. During a September visit to Japan by Vietnam Communist Party General Secretary Nguyen Phu Luong, the two countries issued a Joint Vision Statement on Japan-Vietnam Relations as well as a Memorandum on Cooperation between Coast Guard Agencies; the latter promised additional used patrol ships to enhance Vietnam's civilian maritime law enforcement. These would certainly help a Vietnam Coast Guard currently overstretched with the necessity to patrol around

both the Paracel and Spratly islands. The vessels provided by both Washington and Tokyo do not appear optimal, however, for policing Vietnam's EEZ. Rather, they are coastal patrol craft.

Southeast Asian challenges in the TPP

In early October, 11 countries on both sides of the Pacific Ocean successfully completed multi-year negotiations on the TPP trade agreement, which has become a major part of the Obama administration's economic pillar of the rebalance to Asia. Four Southeast Asian states are among the original signatories – Brunei, Malaysia, Singapore, and Vietnam. Opportunities exist for additional countries to join and both the Philippines and Indonesia have expressed interest. To date, none of the signatories has ratified the treaty.

For the US, not only does the TPP constitute the most expansive trade arrangement ever negotiated among a group of disparate economies but, as President Obama said in a Nov. 21 press briefing: "TPP will lead the United States even closer to some of our strongest allies in Asia." Nevertheless, the TPP sets a high bar for Southeast Asian states with respect to human and labor rights as well as internet freedom. Vietnam, Brunei, and Malaysia all have problems with the human and labor rights components of TPP; additionally, Vietnam restricts access to the internet. Vietnam and Malaysia would have to insure compliance by state-owned businesses on trade and environmental standards. The worker rules commit the signatories to add standards set by the International Labor Organization on collective bargaining, minimum wages, safe workplaces, and against child and forced labor. Trade union and human rights organizations, however, are skeptical that Vietnam, Malaysia, and Brunei will improve labor conditions. For example, they see it as unlikely that Malaysia will stop human trafficking of poor workers from Myanmar and Bangladesh. The US reached separate agreements with those three states that would enable Washington to restore tariffs if their governments were found in violation after a dispute settlement process takes place. Additionally, the TPP countries have strong anti-corruption and transparency provisions that can also be enforced in the same way.

For the four Southeast Asian partners, the TPP offers significant benefits: greater access to other markets, particularly the lucrative economies of the US and Japan. Vietnam's fishing and apparel industries will be particularly favored because of their lower labor costs. Countries such as Thailand that are not members could suffer the most because to qualify for TPP trade incentives, a large percentage of production components must come from TPP member countries. For example, Thailand, as Southeast Asia's most important automotive manufacturer, may well lose exports if it stays out of the TPP. US Ambassador to Thailand Glyn Davies on Oct. 31 said that the country's current military government is welcome to join the TPP but that bilateral political ties will only return to normal after an elected government assumes office.

Hanoi has already begun to meet some of the TPP criteria. In late October, the government initiated the sale of its shares in 10 major state-owned companies. Vietnam is predicted to be a big winner in TPP with its economy conservatively projected to add as much as 8 percent by 2030. Indeed, the US Embassy is working with the Vietnamese government to help revise its laws to make them more compatible with the economic and labor standards of the TPP.

Indonesian President Jokowi in an Oct. 20 interview in Jakarta's *Republika Online* praised the competitiveness of Indonesian textiles on the international market and stated that if the country joined TPP, there could be a "20-30 percent [increase in the economy] .... [T]hat is huge. We should have made a decision about this a long time ago." Indonesian Trade Minister Thomas Lembong said that Indonesia could be ready to join in two years. Nevertheless, US companies have complained about the glacial pace in obtaining business licenses and work permits as well as an unpredictable judicial system.

The Philippines is also interested in TPP membership. At a mid-October business forum in Manila, President Aquino stated that the Philippines would join during the next round of applicants. Citing consultations with six TPP countries, Aquino said joining made "very good sense because many TPP members are already strong allies."

Closer US-Philippine ties

With the weakest military in Southeast Asia and being one of the region's most vocal critics of China's actions in the South China Sea, the Philippines relies on the US for both protection in the event of a major military clash with the China and for assistance in rebuilding Philippine armed forces from a very low base. In exchange, Manila is offering greater access to the US through the Enhanced Defense Cooperation Agreement (EDCA), which was signed in 2014 and would permit the US to rotate troops, weapons, and related material to several Philippine military bases, including Subic Bay and Clark Air Base, both of which were key locations for US forces during the Cold War. In 2015, Washington committed a record $79 million in aid to bolster Philippine maritime security, making Manila Southeast Asia's largest recipient of US military assistance. The aid includes four more patrol boats and a third decommissioned Coast Guard cutter for the Philippine Navy plus a research vessel to help the Philippines map its territorial and EEZ waters.

By a wide margin, public opinion polls show Filipinos hold favorable views of the US, although there is some ambivalence about the return of US forces to the country. If implemented, the EDCA would provide a US naval and air presence less than 500 miles from the artificial islands built by China. In private talks, the Philippine government has asked Washington for up to $300 million in military support, a request so far rebuffed by the Obama administration, which worries about Philippine corruption and Manila's ability to administer such a large financial infusion.

High ranking US military officers have stated that US security guarantees are "iron clad" and, according to Brig. Gen. Paul Kennedy, commander of the Third Marine Expeditionary Brigade based in Okinawa, visiting the Philippines in late September: "I would tell you that if anybody would challenge the sovereignty of this country, best friends within this region would respond within a matter of hours and, generally, I assure you, that that is not a hollow promise." To illustrate this pledge, US Marines and their Philippine counterparts conducted amphibious landing exercises during the first week in October emphasizing interoperability and landing on terrain held an opposition force.

In late November, President Aquino authorized the largest-ever acquisition of military equipment – a multiyear contract worth close to $1 billion, including the purchase of two frigates, eight amphibious assault vehicles, three anti-submarine helicopters, two long-range patrol aircraft,

three aerial radars, and munitions for all of these systems. In 2015, the Philippine Air Force received its first new combat aircraft in decades with the delivery of 12 *FA-50* trainer jets from South Korea. These are to become the first-line fighter planes of the Philippine Air Force and will be based in Palawan, facing the South China Sea. In December, the Philippines announced that Washington was providing 114 excess armored personnel carriers to assist Manila's ground forces in fighting various insurgent groups in the country.

Meanwhile, the Philippine Supreme Court is expected to make a ruling in 2016 on whether the 2014 EDCA is constitutional. It has been challenged by some members of the Philippine Congress as violating the constitutional prohibition on stationing foreign troops in the country and ignoring the Senate's power to review and ratify international agreements. President Aquino argues that since the EDCA is merely an extension of the Philippine-US Mutual Defense Treaty and the Visiting Forces Agreement, no Congressional action is needed. The rotational US presence on local bases, according to Aquino, would enhance regional stability by facilitating the US ability "to project its own power within the region," thus reducing regional tension. Opponents of EDCA argue the opposite: the US presence will accelerate an arms race with China, putting Southeast Asian countries at risk. An additional argument for the EDCA is that with Philippine military modernization beginning, it would provide an opportunity to test new equipment, technology, and joint operations.

The Philippine case before the Permanent Court of Arbitration in The Hague also moved forward this fall when, on Oct. 29, the court ruled that it had jurisdiction and that the Philippines was within its rights in filing the case. Manila has asked the court to determine whether several South China Sea features – reefs, shoals, and rocks – were important enough to base territorial claims and also whether Beijing's nine-dash line claim encompassing most of the South China Sea is excessive. China has rejected the court's jurisdiction in these matters from the moment Manila placed them before the tribunal and has stated that the PRC will ignore any court ruling. A decision is expected in 2016. Vietnam, Japan, and the US have backed Manila's use of the international arbitration court to rule on China's territorial claims. A number of Asian countries also sent observers to witness the court's proceedings.

Complications in US-Malaysia relations

The Obama administration regularly cites Malaysia as an example of a moderate Muslim state opposed to religious extremism and, therefore, a partner of the United States in fighting radical Islamist violence represented by the Islamic State in Iraq and Syria (ISIS) and Al Qaeda. Kuala Lumpur has also been quietly cooperating with the US military by providing access for *P-8 Poseidon* patrols from eastern Malaysia over the South China Sea.

US relations with Malaysia encapsulate a conflict inherent in US foreign policy toward developing countries: strategic interests vs. efforts to promote good governance, democracy, and human rights. Of late, Malaysian politics have been reverting to authoritarianism with the jailing of an opposition leader for the second time on trumped-up charges, to the detention of journalists, lawyers, academics, and lawmakers on sedition charges, to the linking of the prime minister to the massive mismanagement of a state investment fund. A US grand jury is investigating challenges of corruption involving Prime Minister Najib Razak with respect to an

investment fund because of the fund's purchase of US properties. Despite these concerns, the Malaysian government has drawn closer the US in international security matters.

While generally keeping a low profile in the South China Sea conflicts, in recent months Malaysian officials have supported US naval deployments to the region. In mid-October, Defense Minister Hussein stated, "I believe that it is important because all major powers ... have a stake [and] have a role and responsibility in the region." The chief of the country's armed forces, Gen. Zulkefli Mohammad Zin, also slammed China's construction on the islands as a "provocation." Malaysia also continues to send protest notes to Beijing about anchoring its Coast Guard vessel off the coast of Sarawak. Additionally, in the second half of 2014, the US Navy began to use two bases in eastern Malaysia to fly maritime surveillance missions. Under the arrangement, the US must obtain Malaysian permission for each flight and share any intelligence information gathered.

Malaysia has also signed on to Washington's enhanced anti-ISIS program. The two countries' intelligence agencies arranged bilateral cooperation during the visit of Malaysia's Deputy Prime Minister and Home Minister Ahmad Zahid Hamidi to Washington in mid-October. Ahmad also asked the FBI to train Malaysian law enforcement in intelligence gathering and cyber security. A Regional Digital Counter-Messaging Communication Center in Kuala Lumpur with US aid was also established. The center will focus on countering ISIS propaganda and dovetails with Prime Minister Najib's idea of a Global Movement of Moderates. This latter group has convened a combination of Sunni and Shia scholars in Kuala Lumpur to define what an actual Islamic state should look like, emphasizing principles of justice, compassion, and humility.

Indonesia: A closer US partnership

In his first year as president of this archipelagic country of 18,000 islands, President Joko Widodo (Jokowi) enunciated a maritime strategy that emphasized sovereignty over its internal territorial waters and EEZ as well as its maritime connections among the islands, diplomacy involving the resolution of territorial disputes with neighbors, and maritime defenses. This naval orientation has been a challenge since Indonesia has a perilously low defense budget of 1 percent of gross domestic product (GDP). Also challenging Indonesia's security is the international appeal of ISIS. After suppressing Indonesia's radical Jemmah Islamiya in the first decade of this century, splintered Islamic radical groups and self-radicalized individuals have answered the call of the Islamic Caliphate in Iraq and Syria. Indonesian intelligence estimates that over 600 of the country's citizens have traveled to the Middle East to join the Islamic State (IS).

The US has a role in Jakarta's maritime orientation. In Jokowi's first official visit to Washington on Oct. 26-27, the two presidents discussed maritime issues that would involve US assistance in modernizing Indonesia's armed forces, increasing the country's maritime domain awareness, enhancing its counter-piracy capabilities, and building its Coast Guard capacity. The two countries also elevated their 2010 comprehensive partnership to a strategic partnership. This latter designation reflects the progress the two countries have made in bolstering their ties over the last five years. In Washington, Indonesia's Foreign Minister Retno Marsudi expressed hope that the new strategic partnership would give "a priority in the development and joint production of defense technology and technology transfer."

There is some confusion about Indonesia's policy stance on the South China Sea. The head of the country's West Fleet, Adm. *Achmad Taufiqoerrochman,* claimed that Indonesian warships were ready to deal with heightened regional tension, while others insisted there would be no Indonesian naval presence in the South China Sea. Defense Minister Ryamizard Ryacudu, at the October ASEAN-China Defense Ministers Meeting, said there was no reason for non-claimant states to the South China Sea to be involved in the disputes of the claimants.

Meanwhile, Indonesia is appropriating funds to strengthen its naval and air capabilities on the Natuna Islands adjacent to the southern outer edge of China's nine-dash line enclosure map of the South China Sea. In an Oct. 24 report by the Indonesian news service *Antara,* the Ministry of Defense stated that radar was being upgraded and drones deployed that will permit monitoring of up to 60 miles from the airbase on Natuna Island. The military is also adding 2,000 sailors to guard the waters around Natuna and, in November, deployed an additional seven warships to the region near Natuna. Also in November, an Indonesian Foreign Ministry spokesman stated that "we do not recognize the nine-dash line because it is not in line with ... international law."

Human rights and governance contention in US-Thai relations

As in relations with Malaysia, the US also confronts problems of good governance, human rights, and democracy in Thailand. Although longtime allies, political relations between Washington and Bangkok have plummeted since the May 2014 coup returned the Thai military to power. The Obama administration insists on the full restoration of civilian rule through democratic elections as well as the restoration of media freedom and the release of political prisoners before normal relations can be restored. Under US law, Washington suspended military aid and scaled back several military exercises after the coup. Although the annual *Cobra Gold* multinational exercise took place, it was significantly scaled back and confined essentially to humanitarian scenarios rather than war fighting. Plans for the 2016 *Cobra Gold* exercise have also been reduced though not cancelled. The US has tried to reach a balance between support for democracy and human rights while retaining a focus on a strong and unified ASEAN as the center of regional political-security architecture.

In addition to tense political and military relations, intelligence sharing, which heretofore has been among the best of US partners, has also suffered as illustrated by Bangkok's refusal to accept help from the FBI and CIA in investigating the bombing attack in Bangkok that killed 20 people in mid-August. The September appointment of a new US ambassador, Glyn Davies, raised hopes in both capitals that relations could be on the upswing. Davies has a sterling reputation for managing high-stakes political imbroglios as special representative for North Korea and to the UN International Atomic Energy Agency. However, like his predecessors, Davies has urged the military junta to "continue on the path in which there is an opening for greater public participation in the debate about Thailand's future." These gambits were strongly rebuffed when Defense Minister *Prawit Wongsuwon* on Nov. 30 warned Davies to "think carefully" when he speaks about Thai politics. Prawit was responding to Davies' criticism of the lengthy prison sentences imposed on civilians for violations of Thailand's stringent *lese majeste* law on criticizing the royal family and by extension, the military regime that regards itself as the royal family's protector. On Nov. 25, Davies had said, "We believe no one should be jailed for

peacefully expressing their views, and we strongly support the ability of individuals and independent organizations to research and to report on important issues without fear of retribution." The ambassador had simply reiterated longstanding US policy.

On Dec. 10, Thai police announced they were investigating a charge that Ambassador Davies had committed *lese majeste.* Yet, they seemed baffled on how to proceed since Davies had diplomatic immunity from any criminal proceeding. In the midst of all this, in mid-December, Assistant Secretary of State for East Asian Affairs Daniel Russel visited. While reiterating the US commitment to freedom of speech and assembly "because these are universal freedoms and universal rights," he also emphasized that "the US-Thai relationship is an important asset that we value...." Russel characterized his discussions with Thai officials as "in depth and constructive," though there appear to be no changes in the reduced levels of Thai-US interactions.

Myanmar: important progress on the road to democracy

In testimony before the Senate Foreign Relations Subcommittee on East Asia on Nov. 11, Deputy Assistant Secretary of State for Democracy and Human Rights Scott Busby praised the Nov. 8 election in Myanmar (Burma) as "competitive with more than 90 political parties campaigning ... and [m]illions of people voting for the first time." International observers confirmed that the polls were "largely peaceful, transparent, and credible." Nonetheless, Myanmar's political structure is still not fully democratic. Twenty-five percent of the seats in parliament remain reserved for the military, and the government has disenfranchised the Rohingya populations – Muslims originally from eastern Bengal, most of whom have lived in Myanmar for generations but have been disqualified by the "arbitrary application of citizenship and residency requirements." In his testimony, Busby expressed deep concern about "reports of ongoing human rights abuses, religious freedom violations, and exploitative conditions." While supporting Nay Pyi Taw's multiethnic ceasefire agreement with armed ethnic minority groups, he also noted that several of the largest had not signed up to the ceasefire, including those in the Kachin and Shan states. Additionally, more than 100 political prisoners remain incarcerated with another 400 facing charges, according to civil society observer groups.

The 2008 constitution also bars Aung San Suu Kyi, the leader of the National League for Democracy (NLD) party, from the presidency. However, she has said she plans to become the *de facto* president by making all important policy decisions and transmitting them through the formal president of the country whom she will choose when that person takes office in 2016. How that procedure will work remains to be seen.

Vietnam

Hanoi and Washington continue to strengthen their side of the US-Vietnam-China triangle. In mid-November, the White House announced that over the next two years Vietnam will receive over $40 million in assistance. In the same announcement, the US lifted its embargo on the sale of lethal weapons to Vietnam. Maritime assistance to Hanoi is expected to exceed $20 million in 2016 to "encourage interoperability with other regional forces." The statement went on to say, "We are helping Vietnam bolster its maritime Intelligence, Surveillance, and Reconnaissance (ISR) and command and control within Vietnam's maritime agencies." According to the State

Department, the provision of specific weapons would be decided on a case-by-case basis with the focus on helping Vietnam patrol and defend itself in the East Vietnam Sea (South China Sea) amid China's growing maritime challenge.

Singapore

Although not formal allies, Singapore and the US have had close defense ties for many years. When US forces left the Philippines in the early 1990s, Singapore provided a location for the US Navy's regional logistics center and reconfigured Changi port to accommodate *Nimitz*-class aircraft carriers. Singapore maintains a squadron of *F-16*s in Arizona where it sends combat aircraft pilots to train. Therefore, it was not surprising that on Dec. 8 Singapore's Defense Minister Ng Eng Hen and Secretary of Defense Ashton Carter signed a Cooperation Agreement to Strengthen Defense between Singapore and the United States. The most striking component of the new agreement is the rotation of *P-8 Poseidon* surveillance aircraft to the island city-state for flights over the Malacca Strait and the South China Sea. Singapore is also providing base facilities for four US Navy littoral combat ships by 2017.

On Dec. 12, Singapore's *Straits Times* reported that with the arrangements for the *P-8* aircraft and littoral combat ships "there is less need to worry that the US strategic commitment to Asia will waver." Moreover, Singapore's recent strategic partnerships with Australia and India are "emblematic of Singapore's desire to increase the number of stakeholders in the region and build strategic trust among them." Consonant with this claim is the US description of the *P-8* deployment as not directed against China but rather designed to facilitate regional security through HADR and anti-piracy actions.

Looking ahead

The two most important decisions for Southeast Asian security over the next several months both relate to the Philippines. The first concerns whether the Philippine Supreme Court agrees with President Aquino that the EDCA is an executive agreement that does not require ratification by the Philippine Senate. If that obstacle is removed, US forces will be allowed to rotate through several Philippine military bases for joint exercises, military assistance, and the preposition of supplies. These arrangements would enhance the US military presence adjacent to contested South China Sea features. The other Philippine-focused decision will come from the Arbitral Tribunal created by the 1982 UN Convention on the Law of the Sea. Manila awaits a decision on the legal definitions of rocks, reefs, and islands within the South China Sea. Depending on the Permanent Court of Arbitration's determination, China's sovereignty claims over artificially created islands could either be upheld or invalidated. Although the PRC has stated it does not accept the Tribunal's jurisdiction in this matter, a verdict favorable to the Philippines would be a political blow to China's insistence that Beijing upholds international law.

Chronology of US - Southeast Asian Relations
September – December 2015

Aug. 26, 2015: Visiting the Philippines, Pacific Command Commander Adm. Harry Harris says the US plans to boost the number and size of bilateral exercises. Philippine Defense Secretary

Voltaire Gazmin requests that US ships escort Philippine ships during resupply missions to the country's Spratly Island outposts.

Sept. 4-7, 2015: Assistant Secretary of State for Pacific and Asian Affairs Daniel Russel visits Myanmar to meet Cabinet officials, members of the Union Election Commission, ethnic leaders, and Aung San Suu Kyi.

Sept. 9, 2015: Vietnam's National Assembly Chairman Nguyen Sinh Hung visits Washington and tells Secretary of State John Kerry that Vietnam hopes to strengthen relations with the US.

Sept. 6, 2015: Indonesian Defense Minister Ryamizard Ryacudu says that the country will upgrade military facilities on the Natuna Islands.

Sept. 17, 2015: US State Department issues a statement of "concern" over the disqualification of approximately 100 candidates for Myanmar's upcoming election, noting that almost all Muslim candidates were disqualified.

Sept. 17, 2015: US Embassy joins other Western embassies in Myanmar to urge political parties not to use religion "as a tool of division and conflict" in their election campaigns.

Sept. 22, 2015: Indonesian Foreign Minister Retno Marsudi meets Secretary of State Kerry in Washington to discuss President Joko Widodo's upcoming visit to the US.

Sept. 24, 2015: In a commentary in *TODAY Online,* a widely read Singapore newspaper, the US is urged to conduct patrols to affirm freedom of navigation near islands that China has created in the South China Sea.

Sept. 27-Oct. 11, 2015: US and Philippine navies and marines conduct the annual *Philippine Amphibious Landing Exercise (PHIBLEX)* in various locations around the Philippines.

Sept. 28, 2015: Newly appointed US Ambassador Glyn Davies arrives in Bangkok. The post has been vacant for almost a year.

Sept. 29-Oct. 2, 2015: Sixth US-Vietnam Defense Policy Dialogue is held in Washington, led by Deputy Assistant Secretary of Defense Amy Seawright and Deputy Defense Minister Nguyen Chi Vinh.

Sept. 30, 2015: Secretary of State Kerry meets ASEAN foreign ministers on the sidelines of the UN General Assembly annual meeting.

Oct. 5-9, 2015: US and six ASEAN states (Singapore, Philippines, Indonesia, Malaysia, Brunei, and Thailand) conduct *Southeast Asia Coordination and Training* (*SEACAT)* exercise.

Oct. 6, 2015: US and Malaysia agree to set up a Regional Digital Counter-Messaging Center in Kuala Lumpur to counter Islamic State propaganda.

Oct. 14-19, 2015: Trilateral India, US, and Japan *Malabar* naval exercises are held in the Indian Ocean. Over 1,000 personnel are involved, and four US Seventh Fleet ships participate, including the *Nimitz*-class carrier, *USS Theodore Roosevelt.*

Oct. 15, 2015. State Department issues a statement congratulating Myanmar for reaching a ceasefire agreement with eight ethnic insurgent groups.

Oct. 16-20, 2015: Deputy US National Security Adviser Ben Rhodes visits Southeast Asia with a stop in Vientiane on Oct. 16 to celebrate the anniversary of Laos-US diplomatic relations and a stop in Myanmar from Oct. 18-20 ahead of that country's Nov. 8 election.

Oct. 25-27, 2015: Indonesian President Joko Widodo visits the US and meets President Barack Obama and other senior officials.

Oct. 27, 2015: US guided-missile destroyer *USS Lassen* reportedly sails within 12nm of Subi Reef and Mischief Reef in the South China Sea.

Oct. 27-Nov. 10, 2015: Japanese Maritime Self-Defense Force and the US Navy conduct a joint exercise in the South China Sea – the first bilateral exercise of these two in the region.

Oct. 29, 2015: Ambassador to Thailand Davies meets Prime Minister Prayut Chan-Ocha. The ambassador welcomes Thailand to join the Trans-Pacific Partnership.

Oct. 29, 2015: Permanent Court of Arbitration awards its first decision in *The Republic of Philippines v. The People's Republic of China case,* ruling that the case was "properly constituted" under the United Nations Convention on the Law of the Sea, that China's "non-appearance" (i.e., refusal to participate) did not preclude the Court's jurisdiction, and that the Philippines was within its rights in filing the case.

Nov. 4, 2015: The ASEAN Defense Ministers Meeting-Plus cancels its usual joint statement after China insists that any statement omit reference to the South China Sea conflicts.

Nov. 5, 2015: US Secretary of Defense Ashton Carter and Malaysian Defense Minister Hishammuddin Hussein visit the aircraft carrier *USS Theodore Roosevelt* off the coast of Malaysian Borneo.

Nov. 16-20, 2015: US and Cambodian navies conduct the sixth annual *CARAT* exercise at Cambodia's Ream Navy Base, with 500 sailors participate in both land and sea-based activities.

Nov. 17, 2015: United States lifts its ban on the sale of lethal capabilities to Vietnam in order to encourage "interoperability with other regional forces."

Nov. 18, 2015: Presidents Barack Obama and Benigno Aquino meet on the sidelines of the APEC Forum in Manila to discuss the South China Sea conflicts and the pending US-Philippine Enhanced Defense Partnership. New US military aid is also announced.

Nov. 21-22, 2015: The 27th ASEAN Summit and the 10th East Asia Summit are held in Kuala Lumpur. The US and ASEAN conclude a Strategic Partnership.

Nov. 23, 2015: Assistant Secretary of State Russel meets Aung San Suu Kyi and President Thein Sein to assure them of US support for Myanmar's democratic transition.

Nov. 25, 2015: US Ambassador to the Philippines Phillip Goldberg announces that US military aid to the Philippines increased this year to $79 million. (Since 2002, the US has provided $500 million in military assistance to the Philippines.)

Nov. 27, 2015: Hundreds in Bangkok protest Ambassador Davies' remarks expressing US concern about Thailand's stringent *lese majeste* laws.

Dec. 1, 2015: A Philippine court convicts a US marine of homicide for the 2014 killing of a transgender woman. He is sentenced to six to twelve years in a Philippine prison.

Dec. 1, 2015: The Philippines concludes its argument before the UN Permanent Court of Arbitration in The Hague on Manila's South China Sea EEZ claims.

Dec. 6, 2015: US lawmakers sign a letter of support for Cambodian opposition leader Sam Rainsey, calling on Prime Minister Hun Sen to stop oppressing him. A Cambodian government spokesman dismisses the letter saying US legislators do not understand events in Cambodia.

Dec. 7, 2015: Singapore Minister for Defense Ng Eng Hen visits Washington and meets Secretary of Defense Carter. They sign a joint enhanced defense cooperation agreement (DCA) that will provide a framework for an expanded defense relationship.

Dec. 13-19, 2015: Assistant Secretary of State Russel travels to Thailand and Laos. In Thailand, Russel leads the US delegation to the fifth US-Thai Strategic Dialogue on Dec. 16, marking the first time the dialogue has been held since 2012.

Dec. 26-28, 2015: About 50 Philippine protesters visit Thitu Island (Philippines: Pagasa; China: Zhongye Dao) to show their support for Manila's claims in the South China Sea.

Comparative Connections
A Triannual E-Journal on East Asian Bilateral Relations

China-Southeast Asia Relations:

Limited Moderation amid Pressure and Complaints

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President Xi Jinping and Prime Minister Li Keqiang led Chinese government officials and supporting commentary in responding in measured and moderate ways to regional challenges and criticisms as Beijing maneuvered to defend South China Sea claims and advance its regional influence. The move to moderation after a period of strong assertiveness replicates similar shifts in 2013 and 2014. Those shifts turned out to be tactical, lasting a few months each; possibly timed to avoid negative consequences for Chinese leaders facing public acrimony during the APEC, ASEAN and East Asian Summit meetings that occur each fall. Developments in 2015 suggest a possibly more lasting period of moderation, though there is no sign of change in the Chinese positions on various disputes.

Moderation in 2015 – context and outlook

Despite Chinese warnings and opposition, the Chinese government ultimately reacted with restraint to the US destroyer *USS Lassen* freedom of navigation voyage within 12nm of the Chinese-occupied Subi reef in the disputed Spratly Islands on Oct. 27 and two subsequent over-flights of the area by US *B-52* warplanes. It criticized but took no apparent action in response to Secretary of Defense Ashton Carter's widely publicized tour of the South China Sea aboard a US aircraft carrier on Nov. 5. Indeed, at the end of his summit in Washington in September, President Xi Jinping publicly endeavored to partly meet President Barack Obama's demands for a halt to expanding and constructing facilities on disputed South China Sea islands when he pledged that China "does not intend to pursue militarization" of the disputed Spratly Islands and that it favors "an early conclusion" of deliberations on a code of conduct in the South China Sea that has been long favored by the United States. A Nov. 30 meeting with Obama at the UN climate conference in Paris saw official Chinese media play down bilateral disputes and depict Xi as solicitous of closer cooperation and constructive management of differences in a period of "mounting global concerns." (See detailed treatment in the US-China section of this edition of *Comparative Connections*.)

Special efforts to assure that President Xi would not face criticism about the South China Sea during high profile international meetings included sending Foreign Minister Wang Yi to Manila for negotiations with China's most vocal South China Sea nemesis, Philippine President Benigno Aquino. Coming one week before the annual APEC meetings hosted on Nov. 17-19 by the

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Philippines, Wang's visit was the first by a Chinese foreign minister to the Philippines since 2009. Wang reportedly reached a deal: the usual practice of focusing on economic cooperation and avoiding contentious sovereignty and security issues at the formal APEC meeting would be followed, with Aquino promising that Xi would feel "the warmth of Filipino hospitality." However, whatever took place in the formal meetings was overshadowed by President Barack Obama, Japanese Prime Minister Abe Shinzo, and lower-ranking officials using the opportunity of events and meetings in the Philippines to highlight demands for a halt in island building and new construction in the South China Sea, thereby casting a negative light on China and thwarting Chinese plans for a smooth engagement for Xi.

This round of criticism of China was followed by a widespread regional rebuke in the annual East Asian Summit Leaders Meeting in Malaysia on Nov 22. Disregarding official Chinese admonitions to keep South China Sea issues out of such multilateral discussions, summit participants with only a few exceptions (e.g., Russia, Cambodia) joined President Obama, Prime Minister Abe and other critics of China's policies in raising South China Sea issues during the meeting. As in the case of President Xi in Manila, Prime Minister Li Keqiang was placed on the defensive. In the end, the Malaysian "Chairman's Statement" treated South China Sea issues prominently. It welcomed and seemed to broaden the scope of Xi's promise in Washington in September saying that he said "China does not intend to pursue militarization in the South China Sea," though Xi actually restricted his promise to the Spratly Islands. Without direct reference to Xi's call for an early conclusion of deliberations on a code of conduct (COC) in the South China Sea, the statement "looked forward to the expeditious establishment of an effective COC."

Further placing China on the defensive, the Permanent Court of Arbitration (PCA) in The Hague on Oct. 29 ruled that it had jurisdiction and was moving to consider the merits of 15 complaints brought by the Philippines against Chinese territorial practices in and around the Spratly Islands. Subsequently, the PCA conducted hearings Nov. 24-Dec. 1 that drew the attention of official observers from Australia, Indonesia, Japan, Malaysia, Singapore, Thailand, and Vietnam and featured arguments from the Philippines summarized in a lengthy concluding indictment of Chinese policy and behavior by Foreign Minister Albert del Rosario. The PCA then began deliberations and is expected to issue a ruling in 2016. The Chinese Foreign Ministry issued a five-point statement on Oct. 30 and another shorter statement on Dec. 1 affirming China's view that the PCA has no jurisdiction over the case, its rulings are "null and void," and that China has "indisputable sovereignty over the South China Sea Islands and the adjacent waters."

There was other evidence supporting forecasts of a more lasting pause in assertive Chinese behavior over South China Sea and other contentious issues in Chinese foreign relations. In a visit to Vietnam on Nov. 5-6, President Xi undertook personal responsibility to restore a workable framework for cooperation amid sharp differences in Sino-Vietnamese relations. That framework had prevailed until shattering after the 2014 Chinese oil rig deployment in Vietnamese-claimed waters and ensuing confrontations at sea and mass violence in Vietnam targeting Chinese businesses. Subsequent efforts to improve relations generally were the responsibility of lower-level officers. Xi's visit, the first by the well-traveled Chinese president to Vietnam, indicated greater priority to mending fences with this important Chinese neighbor.

Continuing Chinese criticism of Prime Minister Abe and lower-ranking Japanese officials for censuring China over South China Sea issues and deepening Japan's cooperation with the United States and Southeast Asian countries in response to Chinese assertiveness in the South China Sea have not upset the slow but steady moderation in the Xi government's previous harsh treatment and isolation of the Japanese prime minister. Mending fences with Japan included revived interest during the ASEAN-related meetings in Kuala Lumpur in November to strengthen cooperation with Japan in reaching free trade agreements in the ASEAN Plus 3 grouping and the Regional Cooperation Economic Partnership (RCEP); both agreements are important to China in its competition with the US-led Trans Pacific Partnership (TPP).

Chinese leaders this year also have been placed on the defensive because of the conclusion of negotiations of the TPP, continued health of the US economy and a strong US dollar, coinciding with China's stock market meltdown, erratic handling of currency policy, and continued monthly double-digit declines in Chinese imports – a key element of Chinese attraction in Southeast Asia. As a result, China has had more difficulty than in 2013 and 2014 in using promised advances in Chinese trade and investment opportunities in various Silk Road and infrastructure bank initiatives to divert Southeast Asia attention from problems caused by Chinese assertiveness over the South China Sea. In the event, there has been less attention to Chinese economic largess in 2015 and more emphasis on Chinese efforts to ease tensions and manage differences. Along these lines, Li Keqiang at the meetings in Kuala Lumpur responded to rising criticism of China with a five-point proposal that didn't change China's position on sensitive issues, but registered concern to "calm waters in the region."

Also seen as part of a broader Chinese trend to mend fences with key regional governments were Chinese efforts to patch up badly frayed relations with North Korea during the visit of Politburo Standing Committee Member Liu Yunshan to Pyongyang in October and President Xi's unprecedented meeting with Taiwan's outgoing President Ma Ying-jeou in November. Meanwhile, the Chinese Foreign Ministry spokesperson sharply rebuked Prime Minister Abe for criticizing China's behavior in the South China Sea during the G20 Summit in Turkey in mid-November. China succeeded Turkey as the annual chair of the G20 and announced a summit to be held in Hangzhou in September 2016. Beijing went to extraordinary lengths to assure that Xi Jinping's hosting of the annual APEC summit in 2014 went smoothly without sharp criticism of China's policies; and it is seen as inclined to moderate differences with neighbors –at least temporarily – in order to avoid a repeat in Hangzhou of the criticism that marred the G20 Summit in Turkey. Finally and probably of more importance, China's South China Sea assertiveness has encouraged political forces in the US favoring a toughening in policy toward China in the election campaign of 2016.

Continued resolve on sovereignty and security

Despite the moderation, Chinese officials from President Xi on down continued to affirm China's South China Sea territorial claims in various venues, notably in Xi's Nov. 7 speech at the National University of Singapore. The limits of the president's pledge not to militarize the Spratly Islands also have become clearer as China has continued work on air strips and other facilities of use to military forces. In October, China announced the installation of 50 meter high lighthouses on Chinese-occupied Cuateron Reef and Johnson South Reef in the Spratly Islands.

A Chinese vice foreign minister told the media at the conclusion of the East Asian Summit on Nov. 22 that China would continue "building and maintaining necessary military facilities, this is what is required for China's national defense and the protection of those islands and reefs." In December, the *BBC* reported that the Chinese Navy repeatedly warned away a civilian aircraft with *BBC* reporters on board flying near Chinese occupied islands and reefs in November, and the commander of the US Pacific Fleet charged that Chinese military warnings have disrupted commercial traffic and eroded security in the South China Sea.

Showing clearly that the Chinese-controlled Paracel Islands are beyond the scope of President Xi's pledge to President Obama, Chinese media in late October showed *J-11* fighter aircraft on Woody Island, the largest island in the Paracels and China's main territorial base of operations for the South China Sea. In other signs of military preparations and resolve, *Xinhua* on Nov. 21 reported naval drills in the South China Sea involving "major destroyers and frigates, carrier-based helicopters and new submarines." This exercise was followed in December with what Chinese media called "a massive combat exercise" in the South China Sea, involving "guided-missile destroyers, frigates, submarines, early warning aircraft and fighter jets." Both the November and December exercises involved warships from each of China's three fleets. Meanwhile, the People's Liberation Army announced the commissioning of the first of several new supply ships designed to ferry heavy-duty military equipment including a battle tank to island locations.

Advancing relations with Vietnam

During the state visit to Vietnam in November 2015, President Xi laid out a seven-point proposal on deepening bilateral ties: maintaining high-level dialogue; expanding cadre training at the part-to-party level; and broadening bilateral investment, trade, and economic linkages through the "Belt and Road Initiative" as well as Vietnam's "Two Corridors and One Economic Circle Plan," among other initiatives. Xi also called for a stronger partnership between China and Vietnam in pushing forward the full implementation of the Asian Infrastructure Investment Bank (AIIB), upgrading the China-ASEAN free trade agreement, and making progress on trade negotiations with the RCEP.

On the security front, Xi proposed that the two sides increase training and cooperation on UN peacekeeping operations, border control, and illicit trade of drugs and human trafficking. Regarding the disputes in the South China Sea, Xi urged the two sides "control their differences, gradually accumulate consensus and expand common interests through bilateral negotiations, and strive to achieve the common goal of joint exploitation."

In a 20-minute speech before nearly 500 members of the Vietnamese National Assembly, Xi acknowledged that there have been notable differences on certain issues, but that the two sides can weather such disruptions. Key Vietnamese legislators, however, were concerned that Xi's speech focused on platitudes but lacked substance and skirted the key points regarding the South China Sea and other issues of concern to Vietnamese interest.

The state visit was billed as putting bilateral relations back on track amid uncertainty over changes within Vietnam's top leadership and foreign policy strategy that will emerge from its

party congress in January 2016. The party has traditionally been close to Beijing, but with mandatory retirement of the old guard in the party and with lingering concerns over Beijing's provocations in the South China Sea, Hanoi is diversifying its foreign policy approaches. Indeed, during Xi's visit, Vietnam welcomed the Japanese defense minister for consultations in Hanoi. The visit followed Prime Minister Abe's warm welcome of Vietnamese Communist Party General Secretary Nguyen Phu Trong visiting Tokyo in September. Vietnam and the Philippines also deepened cooperation at odds with China and signed a strategic partnership agreement during the APEC meetings in Manila. Vietnam's relations with the United States have grown closer and marked a high point with the party general secretary's visit to Washington and meeting at the White House this summer. In a new report on the emerging US-Vietnam partnership, Bill Hayton cautions that while US-Vietnam relations are on the mend and on an upward trajectory, Hanoi's preference is to retain its foreign policy independence. As such, even as Hanoi weans itself off Beijing's immediate orbit and influence, it will continue to avoid becoming over-reliant on the United States or any single major power.

China cautious on Myanmar

The victory of the National League for Democracy (NLD) in Myanmar's parliamentary elections in November 2015 presents a test for China-Myanmar relations. Foreign Minister Wang Yi indicated he was pleased to learn that the election had gone smoothly, adding that China's foreign policy toward Myanmar would not change and that it would continue to support Myanmar. But, relations have cooled recently, even before the elections. China's controversial hydroelectric dam at Myitsone and its growing involvement in Myanmar's ethnic conflicts are seen as meddling in Myanmar's internal affairs. The bombings and unrest along the China-Myanmar borders, a spillover from the ethnic conflict, saw swift condemnation from Beijing and added to the perceived uneasiness in bilateral ties. A report in the *The New York Times* in November observed that President Xi has not made an official visit to Myanmar since taking office in 2012. (By comparison, President Obama has visited Myanmar twice in the last three years). It is an indicator that relations may have reached a low point. *The New York Times* report also indicated China has been disappointed that Myanmar has not shown more enthusiasm for Beijing's "One Belt, One Road" regional infrastructure initiative that calls for the financing and development of major railways, roads, and pipelines connecting the region.

NLD leader Aung San Suu Kyi visited Beijing earlier this year in June. She met Xi but refrained from commenting on such sensitive topics as China's human rights record or calling for the release of fellow Nobel Peace laureate Liu Xiaobo. The visit provided Beijing a glimpse of Suu Kyi's leadership style and her foreign policy agenda. She had reassured Beijing that the NLD attaches great importance to the historical friendship between Myanmar and China. Now that she and her party have won the election, China is eager to see continuity and deepening in bilateral relations. While it is too early to tell how the NLD will manage relations with China, the new government presumably would seek to avoid complications with Beijing as it has a host of immediate domestic priorities to attend to, notably continuing domestic political reform and reaching a credible and enforceable ceasefire with rebel groups.

Military relations and exercises with Thailand, Malaysia, ASEAN

The improvement of Chinese military relations with the military-ruled government of Thailand advanced with the first joint air force exercise, which was held in Thailand in mid-November. In September, Malaysian and Chinese forces conducted a six-day joint military exercise in western Malaysia that featured more than 1,000 Chinese participants doing joint search and rescue, hijacked vessel rescue, and disaster relief at sea. The Chinese defense minister on Oct. 16 told an informal gathering of ASEAN defense ministers attending the sixth annual Xiangshan Forum, a Chinese-hosted international military affairs meeting, that China is willing to hold joint drills with ASEAN countries to better avoid incidents at sea. Chinese media billed the offer as "a major initiative;" the commander of Indonesian Defense Forces said on Oct. 19 that Indonesia would not participate.

Singapore, Indonesia

In addition to providing the opportunity for the landmark Xi Jinping-Ma Ying-jeou meeting on Nov. 7, the Chinese president's first state visit to Singapore on Nov. 6-7 highlighted growing investment and trade relations, including the start of Singapore's third major inter-government project in China, this time focused on Chongqing. Singapore this year took the rotating seat as coordinator between China and ASEAN, broadening the scope and importance of Sino-Singaporean regional discussions, according to Chinese media. Singapore's closer military relations with the US also advanced with an agreement announced by Secretary Carter and his Singapore counterpart in Washington on Dec. 7 that the US would deploy an advanced *P-8* surveillance aircraft to Singapore in December. On Dec 8, the Chinese Foreign Ministry spokesperson criticized the move.

Though remaining reticent on issues with China, Indonesian leaders showed concerns about China and tensions in the South China Sea and their implications for Indonesian security and sovereignty. The Indonesian defense minister in September said that the government would upgrade military facilities on the Natuna Islands in the South China Sea as well as in nearby Borneo in view of recently increasing "threats" in the area. On Nov. 11, Indonesia's coordinating minister for political, military and security said that Indonesia might follow the Philippines and take China to court over its South China Sea claims that may involve the Natuna Islands. The Indonesia Foreign Ministry said on Nov. 12 that Indonesia asked China to clarify its claims over the South China Sea but has yet to receive a response. That day, the Chinese Foreign Ministry spokesman said China did not dispute Indonesia's sovereignty over the Natuna Islands but that there were "some maritime disputes." It was not clear what disputes he was referring to. He added that, "We have consistently upheld that China and Indonesia should find a means of appropriate resolution through direct negotiations and consultation, with respect for international law and on the basis of historical fact." Whatever tensions were behind the ambiguous situation seemed to ease as the Indonesian defense minister told a meeting in Jakarta on Dec. 3 that the situation in the South China Sea "was now somewhat better than it was earlier," according to Indonesian media.

Outlook

The reasons for limited Chinese moderation over the South China Sea and other regional issues appear strong and the moderation may continue through 2016. But forecasts are necessarily tentative as China-Southeast Asian relations remain complex with many moving elements. For now, the chance for conflict is low but that does little to determine likely prospects within a broad range of possibilities. Much also depends on unknown calculations of Xi Jinping, who has shown an ability to move Chinese foreign policy in bolder ways than his immediate predecessors. Finally, China does not control actions of the United States, regional powers, and other Asian governments that have important impacts on Chinese policy and practice.

Chronology of China-Southeast Asia Relations
September – December 2015

Sept. 3, 2015: President Xi Jinping meets Vietnamese President Truong Tan Sang in Beijing on the sidelines of the celebrations marking the 70th anniversary of the end of World War II. They agree to strengthen bilateral ties and to manage their territorial disputes through dialogue.

Sept. 8, 2015: Chinese and Vietnamese security officials announce they will cooperate on a new, joint campaign to investigate drug-related cases and establish an intelligence sharing mechanism to tackle the drug trade along the two countries' borders.

Sept. 18-21, 2015: China receives regional business leaders and government officials as it hosts the 12th China-ASEAN Expo and the China-ASEAN Business and Investment Summit in Nanning. Chinese officials promote its "Belt and Road" initiative to enhance regional investment, infrastructure, trade, and economic cooperation.

Sept. 18-22, 2015: China and Malaysia carry out their first joint military exercise, *Peace and Friendship 2015*. The drills focus on joint escort, search and rescue, simulation of hijacked vessel rescue, and humanitarian assistance and disaster relief. It is the largest bilateral military exercise between China and an ASEAN member state.

Sept. 21, 2015: Defense Minister Chang Wanquan meets Soe Win, deputy commander in chief of Myanmar's Army, in Beijing. Chang says Beijing hopes for a smooth general election in Myanmar in early November and calls on both sides to ensure peace and stability on the two countries' borders and to work toward advancing their comprehensive strategic partnership.

Oct. 13, 2015: The 12th meeting of the China-Singapore Joint Council for Bilateral Cooperation convenes in Singapore. Officials agree to upgrade the bilateral free trade agreement, financial cooperation, and expand cultural and people-to-people exchanges.

Oct. 14, 2015: Fan Changlong, vice-chair of China's Central Military Commission, meets Indonesian Defense Minister Ryamizard Ryacudu and pledges to strengthen bilateral military cooperation in the areas of personnel training, joint exercises, and maritime security.

Oct. 24, 2015: Law enforcement and security officials from Laos, Myanmar, and Thailand meet their counterparts in Beijing for a Ministerial Meeting on Law Enforcement and Security Cooperation along the Mekong River.

Oct. 29, 2015: UN Permanent Court of Arbitration awards its first decision in *The Republic of Philippines v. The People's Republic of China case,* ruling that it was "properly constituted" under the United Nations Convention on the Law of the Sea, that China's "non-appearance" (i.e., refusal to participate) did not preclude the Court's jurisdiction, and that the Philippines was within its rights in filing the case.

Nov. 5-6, 2015: President Xi Jinping makes a state visit to Hanoi and raises a seven-point proposal for strengthening ties. The proposal focuses on maintaining high-level party-to-party and government-to-government exchanges and on deepening bilateral economic relations.

Nov. 6-7, 2015: President Xi visits Singapore and meets Prime Minister Lee Hsien Loong to sign agreements deepening bilateral cooperation, including one that will upgrade the China-Singapore Free Trade Agreement.

Nov. 10, 2015: Foreign Minister Wang Yi meets Philippine Foreign Secretary Albert del Rosario in Manila ahead of the Asia-Pacific Economic Cooperation (APEC) meeting.

Nov. 12, 2015: Cambodia, China, Laos, Myanmar, and Thailand launch the Lancang-Mekong Cooperation framework to promote regional cooperation on political and security issues, economic affairs and sustainable development, and people-to-people exchanges.

Nov. 12-30, 2015: Chinese and Thai air forces hold their first joint exercise, *Falcon Strike 2015*, at the Korat Royal Thai Air Force Base.

Nov. 18-19, 2015: President Xi visits Manila for the APEC Economic Leaders Meeting. A key issue on Xi's agenda is to push the Free Trade Agreement of the Asia-Pacific (FTAAP).

Nov. 20-23, 2015: Premier Li Keqiang visits Malaysia to take part in the 18th Leaders' Meeting between China and ASEAN and the 10th East Asia Summit. Li pledges to provide $10 billion to Southeast Asia for infrastructure development.

Dec. 8, 2015: Chinese Ministry of Foreign Affairs raises concerns about the US deployment of surveillance planes in Singapore to monitor developments in the South China Sea.

Dec. 14, 2015: *BBC* reports that the Chinese Navy repeatedly warned away a civilian aircraft flying over the South China Sea near Chinese occupied islands and reefs in November.

Dec. 19, 2015: Chinese Navy announces the second of two large military exercises in the South China Sea over the past month involving operations of advanced ships, submarines, and combat aircraft from China's three naval fleets.

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China-Taiwan Relations:
A Meeting and a Campaign

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General Secretary Xi Jinping and President Ma Ying-jeou held the historic first Cross-Strait Leaders Meeting in Singapore, capping seven years of collaborative work to build stable and constructive cross-strait relations. On Taiwan, the Democratic Progressive Party (DPP) has conducted a well-run campaign, likely leading on Jan. 16 to Tsai Ing-wen winning a strong majority mandate in the presidential election and the KMT and its allies losing control of the Legislative Yuan (LY) for the first time. After the election, Tsai and Xi will share responsibility for avoiding a confrontation that is in neither of their interests.

Cross-strait Leaders Meeting

The Nov. 7 "Cross-Strait Leaders Meeting" between General Secretary Xi and President Ma was historic because it was the first time that the leaders of Taiwan and the mainland had met since the establishment of the People's Republic of China. The meeting marked a new high point in the two sides' seven-year effort to create a peaceful, stable, and constructive relationship. Abroad, it was welcomed almost universally as an historic and peaceful accomplishment.

Although both sides had been talking about such a meeting for two years, the initiative for the meeting in Singapore was taken by Xi. At the Oct. 14 meeting between Taiwan Affairs Office (TAO) Minister Zhang Zhijun and Mainland Affairs Council (MAC) Minister Hsia Li-yan, Zhang proposed holding this meeting. Ma agreed and the arrangements were worked out between the TAO and MAC. As Beijing had argued a year earlier that it was inappropriate for such a meeting to occur at an international meeting, it is significant that Beijing proposed a meeting outside China. Looking back to understand why Xi took this initiative, three factors may have been in play. Each leader of the PRC needs to show that he has moved cross-strait relations beyond what his predecessors achieved. A first leaders meeting was such a step forward, and one that would almost certainly not be possible once the DPP is in office. Second, the report of Xi's remarks makes clear that Xi used the meeting to underline Beijing's posture toward the coming Taiwan election and the prospect of the DPP returning to office. Finally, the meeting portrayed Xi as a statesman contributing to peace at a time when Beijing is being criticized for assertive steps elsewhere throughout East Asia.

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President Ma's motivation is more easily understood. This meeting will be seen as the capstone for his legacy as the Taiwan leader who reshaped cross-strait relations after the confrontational years under his predecessor Chen Shui-bian. Given the potential political and protocol pitfalls that might have hampered or derailed such a meeting, the two sides deserve great credit for a meeting that both sides saw as a flawless success. The meeting was designed to be between "leaders" who would address each as "mister" precisely to avoid such pitfalls. It demonstrated, as Xi said, that we Chinese have the ability and wisdom to manage cross-strait relations ourselves.

However, the arrangements were seen from another perspective in Taiwan. Although unstated, the fact that the leaders met as theoretical equals, in an international setting and that President Ma was able to voice the words "Republic of China" directly to the Chinese leader represented another step by which the PRC was acknowledging the existence of a separate government in Taiwan. To clarify its alternate view, Beijing repeatedly stated that the meeting was taking place under the one China principle.

While all went well between the two parties in Singapore, things did not go well for President Ma at home. First, a reporter from the pro-DPP *Liberty Times* scooped the story before the meeting was announced. Then the same journalist reported that Ma was considering dropping the "respective interpretations" part of the standard KMT description of the 1992 Consensus as "One China, respective interpretations." Whether Beijing was urging Ma to do this is uncertain. When the meeting occurred, Ma did drop that phrase in his public statement but included it in the remarks he made in the closed-door portion of the meeting. What the Taipei media focused on was what was said in public, seeing it as another step toward the KMT accepting Beijing's view of one China. Consequently, Ma lost control of the public narrative, despite repeatedly trying to portray the importance of the meeting as being a major step to consolidate cross-strait peace.

Tsai Ing-wen and the DPP adopted a nuanced position, criticizing Ma rather than the meeting. The DPP described its announcement as another example of Ma's unilateral, secretive, non-transparent – and therefore suspect – dealings with Beijing. The party also expressed concern Ma might harm Taiwan's sovereignty and dignity. However, the DPP did not urge its supporters to protest against the meeting. So the small demonstrations that did occur were led by the Taiwan Solidarity Union and other pro-independence groups. After the meeting, Tsai criticized Ma for failing to defend Taiwan democracy, for not explaining the Taiwan people's desire to determine their own future, and for accepting Beijing's one China pre-condition for the meeting. Some in Beijing have viewed the DPP's muted criticism of the meeting and the decision not to encourage demonstrations as a positive sign.

Election campaign

As the elections approach, Taiwan's economy is stagnating. Through November, exports in 2015 had contracted 10.3 percent from 2014, year-on-year GDP growth was 0.52 percent in the second quarter with negative growth of 1.01 percent in the third, and in December annual GDP growth forecasts were revised downward to as low as 0.6 percent. Partly because of the poor economic indicators, the KMT, especially President Ma and former nominee Hung Hsiu-chu, have tried to focus elections on cross-strait issues, claiming that only the KMT can maintain stable relations

with China; Eric Chu has also highlighted economic issues. Cross-strait relations and Taiwan's economic strategy intersect in many places.

Following months of public and private dissatisfaction with Hung Hsiu-chu and her wildly unpopular proposals for political talks and eventual unification with the mainland, on Oct. 7 the KMT's Central Standing Committee voted to hold a special party congress to "salvage the party and its legislative election prospects." The wording implied that the party's leadership had already written off the presidential election. KMT Chairman Eric Chu apologized to Hung, but on Oct. 17 her nomination was revoked and Chu was installed as candidate. Chu said that the party would continue to uphold the 1992 Consensus, which Beijing insists is the political basis for cross-strait stability, and that President Ma's three noes – no independence, no unification, and no use of force – are proper guidelines. He noted that "pure political talks" with China are not yet supported by many in Taiwan.

In mid-November, Chu made a low-key visit to the US. In Washington he met with non-governmental organizations and spoke to reporters but did not give a public speech, as Tsai Ing-wen had on her visit in June. The US government carefully granted him meetings with the same offices Tsai had visited; senior officials proclaimed their "deep respect" for Taiwan's democracy and said that the meetings had been productive.

Chu told the *Washington Post* that some of Ma's domestic policies, especially economic measures, would be revised, "[b]ut not cross-strait relations. On cross-straits, we did the right thing, and we should insist on that." The trajectory would remain the same but Chu told reporters that if elected he would "make up for what [Ma] left out – cultivating a domestic base for a grand strategy that can secure peace." Back in Taipei on Nov. 24, he said the Cross-Strait Services Trade Agreement (STA) "was marred by a lack of communication and the government's ambiguous planning" and that its companion Merchandise Trade Agreement (MTA) is less controversial and should have been signed first. Chu said in early December that the economic fruits of cross-strait relations could be distributed more equitably in Taiwan's society.

The KMT and Beijing have continued to push Tsai Ing-wen to accept the 1992 Consensus and clarify her definition of the cross-strait "status quo" and how she will maintain it if she is elected. But she has not deviated from the balanced and nuanced remarks she made in Washington in June. These ideas and her subsequent rhetoric and actions contain some elements that appeal to DPP voters, and some designed to appeal to Beijing. For example, she has reiterated that Taiwan's democracy and the right of Taiwan's people to decide their future form an inviolable element of the status quo. On the other hand, on Dec. 22 she repeated her pledge that she will pursue cross-strait relations based on "more than 20 years of [cross-strait] negotiations and exchanges" – which some take to include the 1992 Consensus – and noted that she will "maintain" the existing ROC constitutional order. In a televised debate on Dec. 27, Tsai offered new thoughts on the 1992 Consensus, saying that at talks in Hong Kong in 1992 Taipei and Beijing had a "mutual understanding" and agreed that "both sides should try to seek common ground and set aside their differences," adding "everyone has a different view on how to interpret that part of history or how to term it." Tsai said she believes that on this basis "China will be willing to interact with the DPP sensibly." However, many noted that she had avoided using the term "1992 consensus." On Dec. 30 a TAO spokesman repeated that without the 1992

Consensus, the core of which is that the mainland and Taiwan belong to "one China" and do not engage in "country-to-country" relations, communication across the Taiwan Strait may collapse. How Beijing will approach a Tsai administration after the election, if her rhetoric and policies continue in this conciliatory vein, is key.

Tsai has provided more specific signals of goodwill, saying she plans to maintain communication with Beijing after the election, she does not rule out high-level contacts, she will not cut the number of independent Chinese tourists allowed in Taiwan, and she supports the inclusion of Chinese students in Taiwan's universities in the National Health Insurance program (they are currently not included, unlike other overseas students). In another significant step, she attended the ROC National Day parade on Oct. 10, the first time she has done so during Ma's presidency. In his speech at that occasion, Ma repeated the standard claim that the 1992 Consensus must be upheld or relations with the mainland will deteriorate.

But he also said in the speech that, on the basis of the 1992 Consensus, cross-strait relations and international relations are in a "virtuous cycle." Eric Chu picked up on this theme at a ceremony launching his campaign headquarters in early December, saying that if cross-strait relations suffer, Taiwan will become isolated from international society, "like North Korea." At a reception on Sept. 22 marking the 29th anniversary of the founding of the DPP, Tsai gave a speech to foreign diplomats and made no direct reference to China. She said that a DPP government would contribute to a "steady and consistent regional and international environment," and described a "New Southbound Policy" designed to enhance relations with Southeast and South Asia. The Lee Teng-hui and Chen Shui-bian administrations pursued similar policies that were intended to divert Taiwanese investment from China. Some have argued that Tsai's proposal is an attempt to "re-balance" and diversify Taiwan's economic relations that the DPP sees as too focused on China.

Reports emerged in October that in order to spur growth Taiwan's largest integrated circuit (IC) design firm, MediaTek, was seeking investment from Chinese companies, later revealed to be Tsinghua Unigroup. By December, Tsinghua Unigroup had reached agreements with Taiwan's second, third, and fourth largest IC packaging and testing companies for a 25 percent stake in each but had not yet reached agreement with MediaTek. On Dec. 11, Eric Chu said that at this time he would not support relaxing regulations to allow the acquisitions due to the importance of the industry to Taiwan. Tsai said the deals represented a "huge threat" to Taiwan and this vital industry, citing Tsinghua Unigroup's "government capital and influence." At the same time, restrictions on investment by Taiwan businesses in China are being loosened. In September, the Ministry of Economic Affairs (MOEA) permitted the establishment of certain types of factories in China, and Taiwan Semiconductor (TSMC) announced in December that it had submitted an application to the MOEA to build a $3 billion factory in China. In a move that may accelerate the flow of talent and capital from Taiwan to China, on Dec.16 the TAO announced that China had increased the types of Taiwanese business that can operate in China and the geographical areas in which they can operate.

Despite the KMT's change of candidate, early January presidential poll numbers remain mostly unchanged since the summer with Tsai in the mid-40s, Chu/Hung in the high teens to low-20s, and James Soong of the People First Party at or above 10 percent. Although protecting the

KMT's LY candidates was a major reason for replacing Hung Hsiu-chu, polling indicates that since 2012 voters have identified less and less with the KMT and "blue" parties, and increasingly with the DPP and "green" parties. Exacerbating this trend, the KMT upset some of its deep-blue base by replacing Hung, the party's vice presidential nominee is alleged to have profited from the sale of low-cost housing intended for military veterans, and the remaining blue vote will be split in districts in which the KMT and PFP candidates are competing with each other and other Blue candidates. The DPP has done a better job deconflicting, and has endorsed some non-DPP candidates in Taipei and elsewhere, including some from the PFP. Some DPP candidates are included in the multiparty Capital Progressive Alliance, which has attracted the support of Taipei City Mayor Ko Wen-je.

Beijing's policy response

As the extent of the KMT's campaign disarray became apparent and as the size of Tsai's lead grew, Chinese scholars have gradually abandoned wishful thinking that the KMT might somehow be able to prevent a DPP victory. Many scholars and officials now acknowledge that Tsai may win an impressive victory and that it is possible the DPP will emerge with an LY majority. Some also recognize that the public perception in Taiwan that the KMT has been moving too far and too fast in improving ties with the mainland is an important factor behind the KMT's poor electoral prospects.

Beijing has done little to influence the election in recent weeks, seemingly having learned lessons from past mistakes. TAO statements have emphasized the importance of the 1992 Consensus on one China as the political basis for relations and have kept pressure on Tsai Ing-wen to accept it. When Tsai did comment on the 1992 Consensus in the presidential debate, the TAO spokesman criticized her for not clearly accepting the consensus or its core meaning that Taiwan and the mainland both belong to one China. TAO Deputy Chen Yuanfeng has lectured Taiwan businessmen on their duty to help preserve the political basis for relations. And ARATS Chairman Chen Deming expressed his fears about democracy saying that the big electoral victories Hitler won in Germany led to disaster, remarks that produced DPP warnings that he should not interfere in the campaign.

Looking to the future, the DPP's return to power will confront Beijing with new challenges and has prompted internal debate on how to respond. Xi Jinping may have understood the DPP's prospects earlier than others. In his discussion with delegates to the National People's Congress (NPC) in March, Xi laid out what has become the framework for Beijing's advance planning for dealing with this new situation. Xi enunciated what came to be called his "four insistences," saying the two sides should unswervingly pursue peaceful development, unswervingly adhere to the common political basis in the 1992 Consensus, unswervingly bring benefits to the people across the Strait, and unswervingly join hands to realize national rejuvenation. Since then TAO Minister Zhang and other spokesmen for the party have taken their cue from his remarks in commenting on the election and the post-election future.

In his meeting with Ma in Singapore, Xi gave a fuller exposition of these four points. In doing so just two months before the election, Xi moved the point on adhering to the 1992 Consensus to first place in the list. He rephrased his earlier warning saying that without this political basis to

stabilize relations, cross-strait ties would encounter storms and perhaps even capsize. This theme has been part of Beijing's (unsuccessful) effort to make the '92 Consensus a campaign issue. The language is a warning of future problems rather than a more threatening statement that electing the DPP could lead to conflict. The language is also intentionally vague to preserve Xi's flexibility.

The second and third points on adhering to peaceful development and expanding benefits for Taiwan people convey a different message – that many elements of the current cross-strait relationship will continue regardless of the election outcome. Xi described relations as the best since 1949 and said people want peace, exchanges, and dialogue. Whatever will contribute to prosperity and closer family sentiments across the strait should be pursued. ARATS Chairman Chen Deming spent the first week of December traveling around Taiwan doing this. The focus of his outreach was four groups (*sanzhong, yiqing*) whom Beijing hopes will benefit more in the future – the middle class, those in central/southern Taiwan, SMEs, and youth. In part, these points seem designed to shape domestic attitudes within China on how to deal with a future DPP government, discouraging those critics who are already talking about the need to punish the DPP. In December, Beijing announced that revised regulations would make it easier for young Taiwan entrepreneurs to open businesses in China. Here too Xi's language is general, preserving Beijing's flexibility. The fourth point expresses Xi's Chinese nationalist narrative and his China dream expressing confidence that the two sides are closer than ever and capable of achieving national rejuvenation.

These points reflect the conflicting interests Beijing has in dealing with a Taiwan ruled by the DPP. On the one hand, Beijing's one China principle requires that it treat a DPP government that does not accept that principle differently than the KMT government that does. So some more political, sovereignty-related aspects of the relationship have to change. On the other hand, Beijing does not want to dismantle the pattern of cross-strait ties built up over the past seven years and must continue to cultivate goodwill among the Taiwanese public. This means that beneficial aspects of the relationship need to be preserved and counterproductive measures against the DPP limited. Meshing these two conflicting interests presents major challenges and argues for Beijing maximizing its flexibility. Beijing's perception of Tsai complicates the challenge. While recognizing that Tsai is pragmatic and different than Chen Shui-bian, Chinese officials and scholars characterize her as ideologically committed to Taiwan independence. Mutual trust is lacking. Ultimately, Xi Jinping will choose the path.

Minimal progress in cross-strait relations

A series of meetings and trade negotiations took place, but there were few results. Most importantly, the 11th and 12th rounds of negotiations on the MTA were held in late September in Beijing and late November in Taipei. The September negotiations focused on cutting tariffs for agricultural and industrial goods. No progress was reported, but both the MAC and TAO said they hoped for negotiations to be completed by the end of the year. In November, negotiators reached agreement on several issues including speeding customs procedures, but Taiwan's negotiators refused to agree to imports of agricultural items from China that "may affect farmers' livelihood or invoke food safety concerns" and China remained resistant to lower tariffs on some industrial goods. MOEA Minister John Deng said that Taiwan prioritized conclusion of the MTA

over the Trans-Pacific Partnership (TPP) and a 13th round of negotiations was scheduled for Dec. 25 but was postponed, though statements indicated that Taipei was seeking ways to drop tariffs on at least some Chinese agricultural products.

MAC Minister Hsia met TAO Minister Zhang in Guangzhou on Oct. 14. Two years ago such a meeting was unprecedented, but now it seems important but not extraordinary; this one was quickly overshadowed by the Ma-Xi meeting the following month. The agenda items disclosed by the MAC represent the range of unfinished business for the Ma administration: discussions of the MTA, the establishment of reciprocal SEF-ARATS representative offices, environmental protection, a revised travel pass for Taiwan citizens in China (a new item), onward travel to third countries for PRC visitors in Taiwan, and potential future discussion items. No progress was reported on any of these issues. On Dec. 30, Minister Hsia and Minister Zhao inaugurated a telephone hotline between their offices.

US arms sale

Rumors of a long-awaited US arms sale to Taiwan surfaced in October and gained steam in November, with members of the US Congress from both parties pushing the Obama administration. On Dec. 16, the Department of State notified Congress that it had authorized the sale of a package worth a reported $1.8 billion, including two excess guided missile frigates, a variety of short-range tactical missiles, amphibious assault vehicles, ship defense systems, and communications systems. The package did not include *F-16C/D*s or diesel-electric submarine plans, which have long been on Taiwan's wish list. Nevertheless, President Ma, Eric Chu, Tsai Ing-wen, and government agencies expressed appreciation. DPP Secretary General Joseph Wu said in a statement that arms sales "have never impeded the development of cross-strait relations" while a *Xinhua* editorial argued that it "emboldened separatists" in Taiwan. China did not directly criticize Taiwan, but made strong formal protests to the United States and indicated it would pursue sanctions against the US companies involved.

South China Sea

On Oct. 29, the Permanent Court of Arbitration (PCA) ruled that it has jurisdiction and will consider the case brought by the Philippines in January 2013 seeking a ruling on China's claims in the South China Sea, symbolized by the nine-dash line, and its exploitation of resources within the Philippine 200-mile exclusive economic zone (EEZ), among other issues. In response to the award of jurisdiction, the foreign ministries in both Beijing and Taipei reiterated their claims and said they would not accept the PCA's ruling, Taipei specifying that its views were not solicited by the Philippines and that it was not invited to participate. The Chinese Foreign Ministry applauded Taiwan's rejection of the decision but publicly ignored the different rationale; a spokesman repeated Beijing's claim that people on both sides of the strait have the "responsibility and obligation" to uphold the sovereignty of "the country."

In PCA hearings on November 25 and 30, the Philippines' attorneys carefully distinguished Taiwan's claims and actions from the PRC's and presented extended arguments that Taiwan-occupied Taiping Island (or Itu Aba), the largest natural feature in the Spratlys, should be considered a rock rather than an island; under UNCLOS an island is entitled to a 200-mile EEZ

while rocks are entitled to territorial seas of not more than 12 miles. In what the Foreign Ministry termed an "exercise in sovereignty," on Dec. 12 the ROC interior minister and coast guard minister visited Taiping for the opening of a new lighthouse and an upgraded wharf and runway. President Ma was expected to make the trip but did not, though his office has not ruled out a future visit. The Interior Ministry touted Taiping's credentials as an island, describing the ways it is self-sustaining and explaining that it will be an ecological preserve. The latter notion contrasts with the environmental destruction of which China has been accused as it builds reefs into man-made islands in other parts of the South China Sea.

Looking ahead

Tsai Ing-wen is likely to win a clear majority in the Jan. 16 presidential election, possibly with a margin of victory over her combined opponents approaching the 16-percentage point victory Ma achieved in 2008. Whether the DPP will win a majority in the LY election remains uncertain. Lacking a majority, the DPP should be able to gain support from other parties to implement its domestic programs.

After the election, Tsai and Xi will share responsibility for minimizing tensions in their relations. Many predict dire consequences from a DPP victory. While some trouble will occur given the lack of trust, it is in neither side's interest to see serious tensions develop. The period between the election and Tsai's inauguration on May 20 will be particularly important. Tsai will wish to focus on her domestic agenda of political, social and economic reform. She also knows that Beijing and Washington will be watching closely what she says and does. Discreet unacknowledged contacts between the two sides will likely occur. As noted above, Beijing faces difficult choices, and Xi's policy statements leave him considerable flexibility.

Chronology of China-Taiwan Relations
September – December 2015

Sept. 1, 2015: General Secretary Xi Jinping receives Lien Chan in Beijing.

Sept. 6, 2015: Kuomintang (KMT) candidate Hung Hsiu-chu asserts she will stay in the race and fight for her beliefs.

Sept. 11, 2015: People's Liberation Army (PLA) Navy begins three-day live fire exercise in Taiwan Strait.

Sept. 14, 2015: Fifth cross-strait banking supervisory meeting held in Taiwan.

Sept. 14, 2015: Taiwan Affairs Office (TAO) Minister Zhang Zhijun meets village/ward officials' delegation from Taiwan.

Sept. 15, 2015: Mainland Affairs Council (MAC) states Beijing has not addressed its concerns about the shift to new Taiwan visitor (*Taibaozheng*) card.

Sept. 21, 2015: Beijing begins nationwide issuance of new *Taibaozheng* cards.

Sept. 25, 2015: KMT Chairman Eric Chu Li-lun privately urges Hung to withdraw.

Sept. 30, 2015: Democratic Progressive Party (DPP) Tainan Mayor Lai Ching-de tells city council that he supports Taiwan independence.

Sept. 30, 2015: TAO spokesman says supporting independence will bring calamity.

Sept. 30, 2015: The 11th round of negotiations on Cross-Strait Merchandise Trade Agreement (MTA) concludes in Beijing.

Oct. 1, 2015: Agreement for China's Industrial and Commercial Bank of China to buy 20 percent share of Taiwan's Bank SinoPac lapses as Cross-Strait Services Trade Agreement (STA) remains unapproved in Taiwan.

Oct. 1, 2015: Deputy USTR Robert Holleyman leads delegation to Taipei for Trade and Investment Framework Agreements (TIFA) talks; Taiwan's resistance to US beef and pork products stalls progress.

Oct. 4, 2015: US-Taiwan Defense Conference opens in Williamsburg.

Oct. 7, 2015: KMT votes unanimously to hold special KMT congress to replace Hung.

Oct. 8, 2015: DPP Chair Tsai Ing-wen visits Japan; discreetly meets Prime Minister Abe.

Oct. 10, 2015: Tsai Ing-wen attends ROC National Day ceremony for first time.

Oct. 13, 2015: Two Taiwan intelligence agents serving life sentences released by China. Taiwan grants parole to Chinese agent in late October.

Oct. 14, 2015: TAO Minister Zhang Zhijun and MAC Chairman Hsia Li-yan meet in Guangzhou.

Oct. 17, 2015: KMT Special Congress nominates Eric Chu Li-lun as presidential candidate.

Oct. 22, 2015: Third annual cross-strait insurance supervisory cooperation meeting takes place in central Taiwan; reports cite little progress due to stalled STA.

Oct. 23, 2015: Yu Zhengsheng attends Taiwan Retrocession ceremony in Beijing.

Oct. 25, 2015: Taiwan celebrates 70th Retrocession Day.

Oct. 29, 2015: (Permanent Court of Arbitration) rules that it has jurisdiction in Philippine case concerning South China Sea.

Oct. 31, 2015: Taipei says it does not recognize or accept PCA's jurisdiction or ruling.

Nov. 2, 2015: US House of Representatives unanimously passes bill directing Obama administration to work toward observer status for Taiwan in Interpol.

Nov. 3, 2015: Taipei and Beijing announce Xi-Ma meeting in Singapore.

Nov. 3, 2015: Former Vice President Vincent Siew leads delegation to Cross-Strait Entrepreneurs Summit in Nanjing.

Nov. 4, 2015: DPP spokesman issues statement questioning Ma's meeting with Xi.

Nov. 7, 2015: Ma Ying-jeou and Xi Jinping hold first Cross-Strait Leaders Meeting in Singapore.

Nov. 12, 2015: KMT Chair Eric Chu visits Washington.

Nov. 13, 2015: Ma holds international press conference to report on meeting Xi.

Nov. 16, 2015: Vincent Siew represents Taipei at APEC Leaders Meeting in Manila.

Nov. 19, 2015: Taiwan announces that fisheries enforcement agreement with the Philippines was signed on Nov. 5.

Nov. 20, 2015: Tsai Ing-wen says she expects to open dialogue with Beijing after election.

Nov. 23, 2015: Twelfth round of MTA negotiations conclude in Taipei.

Nov. 26, 2015: Japan and Taiwan sign double tax avoidance treaty.

Nov. 30, 2015: Association for Relations Across the Taiwan Strait (ARATS) President Chen Deming begins one-week Taiwan visit.

Nov. 30, 2015: Straits Exchange Foundation (SEF) and ARATS conduct review of existing agreements.

Nov. 30, 2015: Taipei announces that imprisoned agents were exchanged in October.

Dec. 6, 2015: Taiwan Environmental Protection Administration Minister Wei Kuo-yan in Paris to attend side meetings related to UN Climate Conference.

Dec. 10, 2015: Minister of Economic Affairs John Deng presents conditional proposal on PRC investment in IC design firms.

Dec. 11, 2015: Announcement that Taiwan's Siliconware Precision Industries plans to sell 25 percent to China's state-owned Tsinghua Unigroup sparks controversy.

Dec. 12, 2015: Minister of Interior Chen Wei-zen presides at Taiping wharf ceremony.

Dec. 16, 2015: State Department notifies Congress of $1.8 billion arms sales package for Taiwan.

Dec. 22, 2015: Tsai Ing-wen comments on 1992 Consensus before business forum.

Dec. 23, 2015: Matsu-Fujian ferry service starts.

Dec. 21, 2015: Hung Hsiu-chu arrives in Beijing to promote KMT among Taiwan businesspeople.

Dec. 24, 2015: Simulated Youth vote gives Tsai 61 percent.

Dec. 27, 2015: First Taiwan presidential debate held.

Dec. 30, 2015: Cross-Strait Civilian Flight Safety and Flight Cooperation Accord takes effect.

Dec. 30, 2015: China and Taiwan announce that hotline between MAC and TAO is opened.

Jan. 2, 2016: Second Taiwan presidential debate held.

Comparative Connections
A Triannual E-Journal on East Asian Bilateral Relations

South Korea-North Korea Relations:

Pyongyang's Bang Explodes Hope

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2016 in Korea began with a bang. Though unlikely to be the hydrogen bomb it claims, North Korea's fourth nuclear test on Jan. 6 makes certain what was already likely: inter-Korean ties will not get better any time soon. The last four months of 2015 saw disappointingly little progress. Hopes briefly raised by the Aug. 25 six point accord, which – as discussed in the previous issue of *Comparative Connections* – not only defused that month's tensions but did so on terms highly favorable to Seoul, have not been fulfilled. The sole substantial outcome was a fresh round of reunions of separated families, held in October. However, the further provision to "continue to hold such reunions in the future, too" has not been met; no further reunions have been arranged or even discussed. Civilian exchanges did pick up to a degree. For instance, South Korea's five Roman Catholic bishops visited Pyongyang, as did Southern trade unionists to play football with their Northern counterparts. But this remained fairly light traffic, and wholly one-way; no North Koreans were reported as visiting the South.

Clause 1 of August's accord specified holding high-level talks "at an early date, to improve north-south ties and have multi-faceted dialogue and negotiations in the future." Such talks did not take place until December, and then only between vice-minister level officials. Far from improving relations or leading to further dialogue, these two days of talks yielded absolutely nothing: no joint statement, nor any schedule to meet again. Predictably each side blamed the other. On this basis it was hard to be optimistic that 2016 would prove any better, even before Jan. 6's DPRK detonation exploded such slim hope as might have remained.

August accord: too good to be true

At a succinct and punchy 172 words, the 6-point accord bears repeating as a checklist of what was agreed vs. what ensued. Here it is again in full:

> 1. The north and the south agreed to hold talks between their authorities in Pyongyang or Seoul at an early date to improve the north-south ties and have multi-faceted dialogue and negotiations in the future.
>
> 2. The north side expressed regret over the recent mine explosion that occurred in the south side's area of the Demilitarized Zone (DMZ) along the Military Demarcation Line (MDL), wounding soldiers of the south side.

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3. The south side will stop all loudspeaker propaganda broadcasts along the MDL from 12:00, August 25 unless an abnormal case occurs.

4. The north side will lift the semi-war state at that time.

5. The north and the south agreed to arrange reunions of separated families and relatives from the north and the south on the occasion of the Harvest Moon Day this year and continue to hold such reunions in the future, too and to have a Red Cross working contact for it early in September.

6. The north and the south agreed to vitalize NGO exchanges in various fields.

The initial pace was encouraging. As described in our last issue, clauses 3 and 4 were duly implemented, leading to a welcome reduction of tensions. Talks also began promptly about clause 5, and a fresh round of reunions of separated families was duly held – albeit a month later than the accord suggested, in late October rather than a perhaps unfeasible September.

Family reunions: familiar scenes

The reunions, the 20th in the past 15 years, followed a familiar script. They went smoothly; long experience of co-organizing these events renders glitches unlikely. As usual, the venue was the Hyundai-built Mt. Kumgang resort complex on the DPRK's southeast coast, now otherwise mothballed since Seoul suspended tourism after a female tourist was shot dead there in July 2008. Intrusive media broadcast the customary heart-rending scenes of elderly Koreans crying as they embraced close kin (parents, spouses, children) with whom they had had zero contact for at least 62 years since the 1953 Armistice – and whom, under the harsh rules of these meetings, they would never see or hear from again. Like the present writer, some South Koreans, including participants, wondered aloud whether these one-time brief encounters were really better than nothing – or maybe worse, given the psychological turmoil and heartbreak they stirred up. (Please take a moment to read the second article linked above.)

Clause 6, in which the two sides "agreed to vitalize NGO exchanges in various fields," also saw some progress. On Dec. 18, as the year drew to a close, the ROK Unification Ministry (MOU) reported that the number of South Koreans who visited the North in the first 11 months of 2015 reached 1,778, a five-year high and three times 2014's total. (This excludes the hundreds – cumulatively, tens of thousands – commuting daily or weekly across the DMZ to the Kaesong Industrial Complex (KIC), the last inter-Korean joint venture still functioning.)

Averaging fewer than five persons a day, this is not a huge figure and far less that during the decade of the Sunshine Policy (1998-2007). By type, the overwhelming majority – 1,481 people, 51 visits – were for "civilian or cultural" purposes: 220 people and 18 trips involved humanitarian aid, while only 77 persons and 11 visits were for business. The data confirm a spike after August's agreement: only 418 went North during the nine months January through September, but the numbers jumped to 880 in October alone and 450 in November. In the wake of Pyongyang's nuclear test, the expectation must be that Seoul will react by reining in such visits again. South Korea's five Roman Catholic bishops, who visited Pyongyang in December, may thus be thwarted in their plan to make such exchanges an annual event.

Even as civilian exchanges gained momentum during the fall, observers wondered what was happening with Clause 1. Despite the stipulation "at an early date," neither side looked in any hurry to arrange fresh high-level talks. The ROK focused solely on the family reunions at first, and even once those were over little urgency was apparent. The first inkling of active planning came with debate in Seoul on the proper level of officials to deploy – how high is 'high'? – and potential problems in matching their rank with their Northern counterparts, given the DPRK's very different and rather opaque system. This rang ominous bells as similar quibbles in 2013 led to a protocol row that sank what would have been the first inter-Korean high-level talks of the Park Geun-hye era, dissected in these pages at the time.

Fortunately a repetition was averted, the two sides agreeing to send vice ministers or their equivalent. That seemed rather a come-down from August, whose accord was negotiated by real plenipotentiaries (for a full account, see the previous issue of *Comparative Connections*.) Then, the North played not only Kim Yang Gon, its long-time point man on South Korea (his formal title was secretary of the United Front Department of the WPK Central Committee), but also Hwang Pyong So, Kim Jong Un's right-hand man. Both had come South briefly in 2014 for the Incheon Asiad closing ceremony. Their Southern interlocutors were Hong Yong-pyo, the newish minister of unification, and more importantly President Park's national security adviser, Kim Kwan-jin, a tough former general and defense minister. With both Park and Kim Jong Un reportedly monitoring and directing these marathon talks (they lasted 43 hours, over three nights) via real-time videolink, this was a virtual inter-Korean summit.

Blame it on the Boogi?

By contrast, the talks eventually held in the Kaesong Industrial Complex (KIC) on Dec. 11 and 12 were between epigones. With all due respect to ROK Vice Unification Minister Hwang Boogi and Jon Jong Su, a vice director of the DPRK's Committee for Peaceful Reunification of Korea (CPRK), neither man had the rank to clinch a deal. Nor, it seems, did either have the remit. The talks foundered because both sides refused to budge from their entrenched stances.

As the South tells it, the North linked any future family reunions to a resumption of tourism to Kumgang-san. Indeed, it made the latter a precondition of progress on any other issue. Seoul stuck to its longstanding position that Pyongyang must take steps to prevent any recurrence of 2008's fatal shooting incident, guarantee the safety of tourists, and rescind its seizure of ROK properties at the resort. Refusing any linkage of family reunions to tourism, the South offered separate working-level talks on the latter issue – but the North rejected this. The Southern side was also ready to continue talking for a third day, but the North said there was no point. No joint statement was issued, nor any date set to meet again.

This was a dismaying result (or non-result), but hardly a surprising one. As past issues of this journal have catalogued, initial hopes in 2012-13 that new leaders in Seoul and Pyongyang might turn over a new leaf in inter-Korean relations have not borne fruit. Neither Park Geun-hye nor Kim Jong Un has got the other's measure; she has stuck to her principles, and he to his guns. Neither leader has the imagination or political capital to try anything new or daring. For Park this was possibly her last chance. With only two more years in office, like all ROK presidents she

risks becoming a lame duck as attention shifts to the race to succeed her. Kim Jong Un, by contrast, could in principle still be in power in 2050, a depressing prospect.

Kim Yang Gon, gone

As things turned out, it might not have helped even if the talks had been higher-level. The official *Korea Central News Agency* (*KCNA*) said on Dec. 30 that Kim Yang Gon was killed in an auto crash early the previous morning. This sudden news rang alarm bells. Kim is the third senior North Korean cadre in recent years officially reported as dying in a car accident, after Kim Yong Sun (who also oversaw relations with the South) in 2003 and Ri Je Gang, deputy chief of the WPK's Organization and Guidance Department (OGD), in 2010. Ri's death especially raised eyebrows as he was a rival of Jang Song Thaek, Kim Jong Un's uncle by marriage and mentor, whom the young leader later had executed as a traitor in 2013.

Suspicion arises on two counts. North Korean personnel changes are opaque, with sudden purges common. Senior figures can vanish with no reason given, like Defense Minister Hyon Yong Chol in April (South Korean intelligence reports of Hyon's execution are plausible but unconfirmed). Alternatively, sometimes illness – not previously apparent – is cited. Second, traffic in Pyongyang remains light by global standards, however, roads are badly maintained and ill-lit, driving standards poor, and drunk-driving common. Kim Jong Un's eulogy and tears at Kim Yang Gon's bier appeared genuine, but the latter – viewed in Seoul as a known quantity and a voice for moderation – may have had other enemies. Whatever its cause, his demise dimmed the already faint hope for any improvement in inter-Korean relations in 2016.

In a further twist, Choe Ryong Hae – formerly one of Kim Jong Un's two closest aides (the other being Hwang Pyong So), but not seen since October – popped up on Kim Yang Gon's funeral committtee, listed in sixth place. Choe's absence from an earlier funeral committee in November certainly means that he has fallen from grace, but the reappearance of his name – he did not attend in person – shows that his purge is not fatal, and perhaps not politically terminal. He is thought to be undergoing political re-education, possibly in the countryside.

New Year speech: nothing doing

Since 2013, Kim Jong Un has reverted to his grandfather Kim Il Sung's practice of delivering a New Year speech, laying out political and policy priorities for the year ahead. His father Kim Jong Il, shy for some reason of public speaking – he was a witty conversationalist in private – instead used the more impersonal medium of a joint editorial in the DPRK's three main daily papers: those of the Party (*Rodong Sinmun*), Cabinet, and armed forces.

Speech or article, these annual screeds are minutely pored over by analysts hoping to glean clues about Pyongyang's likely courses of action. There are risks here, of over-interpretation and of taking things out of context. As we noted a year ago, Kim Jong Un's much-hyped remark in his 2015 speech about a possible summit looked a lot less hopeful if read in its full context. No such danger arises this time. The 2016 speech was altogether more inward-looking. When he finally got to "national reunification" – the *de rigueur* optic in both Koreas for framing their

relationship, if arguably not the most sensible or practical – it was mainly to point an accusing finger. As last year, this bears perusing in full (emphases added):

> National reunification is the most pressing and vital task facing the nation.
>
> Last year, greeting the 70th anniversary of national liberation, we appealed to all the compatriots to pool their efforts to open up a broad avenue to independent reunification, and strived for its realization. However, the anti-reunification forces that are not desirous of national reunification and improved inter-Korean relations ran amuck to realize their schemes for a war and even created a touch-and-go situation short of crossfire, causing grave apprehension at home and abroad. *The south Korean authorities publicly sought to realize their goal of "regime change" in our country and unilateral "unification of systems" against the trend of inter-Korean dialogue and detente, and fanned distrust and confrontation between the north and the south.*
>
> This year we should hold up the slogan "Let us frustrate the challenges by the anti-reunification forces within and without and usher in a new era of independent reunification!" and press on with the national reunification movement more vigorously.
>
> We should reject foreign intervention and resolve the issues of inter-Korean relations and national reunification independently in keeping with the aspirations and demands of the nation.
>
> It is none other than the outside forces that divided our nation, and it is also none other than the United States and its followers that obstruct the reunification of our country. Notwithstanding this, *the south Korean authorities are clinging to a smear campaign against the fellow countrymen in collusion with the outside forces while touring foreign countries to ask for the solution of the internal issue of our nation, the issue of its reunification. This is a betrayal of the country and nation that leaves the destiny of the nation at the mercy of the outside forces and sells out its interests.*
>
> The issues of inter-Korean relations and national reunification should, to all intents and purposes, be resolved by the efforts of our nation in conformity with its independent will and demands, true to the principle of By Our Nation Itself. No one will or can bring our nation reunification.
>
> The whole nation should struggle resolutely against the sycophantic and treacherous manoeuvres of the anti-reunification forces to cooperate with the outside forces. *The south Korean authorities should discontinue such a humiliating act as going on a tour of foreign countries touting for cooperation in resolving the internal issues of the nation.*
>
> It is fundamental to realizing the country's reunification to prevent the danger of war and safeguard peace and security in the Korean peninsula.
>
> Today the peninsula has become the hottest spot in the world and a hotbed of nuclear war owing to the U.S. aggressive strategy for the domination of Asia and its reckless moves for a war against the DPRK. *The U.S. and south Korean war maniacs are conducting large-scale military exercises aimed at a nuclear war against the DPRK one after another every year; this is precipitating a critical situation in the Korean peninsula and throwing serious obstacles in the way of improving inter-Korean relations. Last year's August emergency showed that even a trifling, incidental conflict between the north and the south may spark a war and escalate into an all-out war.*

The U.S. and south Korean authorities must discontinue their extremely dangerous aggressive war exercises and suspend acts of military provocation that aggravates tension in the Korean peninsula.

It is our consistent stand to strive with patience for peace in the peninsula and security in the region. However, if aggressors dare to provoke us, though to a slight degree, we will never tolerate it but respond resolutely with a merciless sacred war of justice, a great war for national reunification.

We should value such agreements common to the nation as the three principles for national reunification and declarations between the north and the south, and in conformity with them, open up an avenue to improved bilateral relations.

These principles and declarations constitute the great reunification programme common to the nation, and all fellow countrymen wish that they are implemented as soon as possible and a radical phase opened up in reunifying the country.

If they are sincere about improving inter-Korean relations and reunifying the country peacefully, the south Korean authorities must not seek pointless confrontation of systems, but make it clear that they intend to respect and implement with sincerity the three principles for national reunification, June 15 Joint Declaration and October 4 Declaration, which crystallize the general will of the nation and whose validity has been proved in practice. They should cherish the spirit of the agreement signed last year at the inter-Korean high-level emergency contact, and desist from any act that will lead to a breach of the agreement and mar the atmosphere of dialogue. In the future, too, we will make strenuous efforts to develop inter-Korean talks and improve bilateral relations. We will also have an open-minded discussion on the reunification issue, one of the national issues, with anyone who is truly desirous of national reconciliation and unity, peace and reunification.

All the Korean people in the north, in the south and abroad will smash all challenges and obstructive moves by the anti-reunification forces in and out of the country and build a dignified and prosperous reunified Korea on this land without fail under the banner of By Our Nation Itself.

The United States has persisted in ignoring our just demand for replacing the Armistice Agreement with a peace pact to remove the danger of war, ease tension and create a peaceful environment in the Korean peninsula. *Instead, it has clung to its anachronistic policy hostile towards the DPRK, escalating the tension and egging its vassal forces on to stage a "human rights" racket against the country*. However, no plots and schemes of the enemy could break the indomitable will of our service personnel and people to firmly defend and add brilliance to our style of people-centred socialism, the base of their happy life.

Bang goes hope

We now know, of course, that even as he read this speech Kim had already signed the order for North Korea's fourth nuclear test to take place less than a week later, on Jan. 6. Given all that had gone before in the relationship, this merely added fresh rancid icing to an already rotten cake. Despite the initial shock and dismay, the test should have been no surprise. At no time has Pyongyang given any sign of rethinking its chosen nuclear path. Kim Jong Un legitimates his rule above all as loyal successor to his grandfather Kim Il Sung, who first pointed the DPRK down that fateful road, and father Kim Jong Il who implemented this. With that pedigree and

precedent, retreat is not an option. Also, given Pyongyang's penchant for marking major events in such a way, the year that will have the first full Congress of the nominally ruling Workers' Party of Korea (WPK) in 36 years in May was always likely to be ushered in with a bang. (By the same token, come spring there is every chance also of a new "satellite launch," which will double, as always, as a test of capability to launch a long-range missile.)

Like its predecessors, North Korea's latest nuclear test was universally condemned. The UN Security Council (UNSC), in emergency session, swiftly and unanimously deplored it. Fresh or tightened UNSC sanctions will follow, albeit amidst renewed debate as to their efficacy. Sanctions may have slowed the DPRK's nuclear program, but have palpably failed to stop it.

Will Seoul's ripostes help?

For its part, South Korea denounced the North's action and consulted urgently with its US and Japanese allies, as well as with China. It also took action, if ambiguously in two senses; it was unclear if the action would be effective, or in one case what it actually was. The latter relates to the Kaesong Industrial Complex (KIC), the last inter-Korean joint venture standing. From the start of her presidency, Park Geun-hye has put a lot into keeping the KIC going, not least, patiently negotiating its reopening after the North summarily pulled out its workforce in 2013, and designing a new management structure meant to prevent a recurrence. All this, remember, just after North Korea's third and Kim Jong Un's first nuclear test in February 2013. Like her hardline predecessor Lee Myung-bak, who exempted Kaesong from the ban on trade with the North that he imposed in May 2010 in reprisal for the sinking of the corvette *Cheonan*, Park had seemed committed to ring-fencing this one last sprig of win-win North-South cooperation from the vicissitudes of politics.

That was then. Now, on Jan. 7 and again on Jan. 11, MOU announced plans to restrict South Korean entry into the zone which lies just North of the DMZ. As reported, from Jan. 12 only businessmen directly involved in the operation of the 124 factories there may enter freely. Contractors, by contrast, will only be allowed in if they enter and leave the same day. This is expected to cut the number of South Koreans overnighting in Kaesong from 800 to about 650. Why? MOU cited safety concerns. But if those were real, the ROK government ought to be pulling all its nationals out. All this petty restriction will do is inconvenience the ROK firms involved; they were quick to protest at the move.

In a further irony, the risk cited by MOU relates not to the nuclear test as such but to what it fears may be the North's reaction to its own counterblast. Declaring that the North's test had broken last August's six-point North-South agreement, Seoul invoked Clause 3 of that accord. This stipulates that the south "will stop all loudspeaker propaganda broadcasts along the MDL [Military Demarcation Line] … *unless an abnormal case occurs*" (emphasis added). On that basis the Defense Ministry (MND) declared on Jan. 7 that such broadcasts would resume at noon local time the next day – which just happened to be Kim Jong Un's 33rd birthday. This was duly done, and at this writing the usual mix of K-pop, news and propaganda is again blasting northward across the DMZ. Not all South Koreans approve. Moon Jae-in, leader of the main liberal opposition party – now renamed Minjoo, but in the process of splitting – worried lest it

may intensify military tensions. North Korea duly warned that this could provoke a war, but as of Jan. 12 had taken no action – other than activate its own loudspeakers in riposte.

The anger and frustration in Seoul are understandable. Yet it is hard to see what switching the loudspeakers back on can seriously hope to achieve. That proved an effective tactic in August, but the dispute then was purely bilateral and inter-Korean. By contrast, as the South well knows, North Korea steadfastly refuses to discuss the nuclear issue on an inter-Korean basis. If prepared to negotiate on this at all – which is dubious – Pyongyang regards the US and the Six- Party Talks as the only appropriate interlocutor and forum for this matter.

Be bigger, Britain urges

The ROK's Western allies, sensitive to its front-line position and what it has to put up with, rarely break ranks. All the more striking, then, was swift and cogent public criticism from the UK's foreign secretary. A former secretary of defense (2011-14), Philip Hammond is well briefed on security issues. He happened to be in Seoul last August when the South switched on its speakers after the DMZ mine blast (for a full account, see the previous issue of *CC*). Hammond condemned this "unprovoked attack" which "threatened stability in this region," adding that the "North Koreans must be held to account for the breach of the armistice."

With striking timing, the North's nuclear test again found Hammond in East Asia, on a swing through the region taking in China, Philippines, and Japan. In Beijing when the blast occurred, he described Britain and China as: "on the same page on this. [We both] condemn any attempt by North Korea to … test nuclear weapons, and we're very satisfied with the way China is responding to this incident." (That comment seems to put him at odds with Secretary of State John Kerry, who – as doubtless discussed elsewhere in this issue – got into a spat with China by declaring that the test proved that China's North Korea policy "has not worked."

Moving on to Japan, where he was joined by his successor as the UK's Defense Secretary Michael Fallon, it was from the decks of the *USS Ronald Reagan* in the US naval base at Yokosuka that Hammond commented to reporters on South Korea's loudspeaker decision saying "North Korea acts in a totally irresponsible and provocative way … I can entirely understand the pressure that the South Koreans feel to respond. But we have to be bigger than the North Koreans and I would urge South Korea and other like-minded countries in the region to exercise restraint. We know that responding in this way is simply rising to the bait that North Korea is presenting to us."

That is well said, though it can hardly have been appreciated in Seoul. It remains to be seen what effect this resumption of broadcasts will have, for good or ill. They surely risk ratcheting up tensions on the peninsula. Last August there were concessions that Kim Jong Un could and eventually did make; but what exactly does the ROK hope to elicit from him now? (Philip Hammond did add that "continuing with words is not enough; we have to show we are prepared to take the actions to make the sanctions regime against North Korea effective.")

Turning inward

It hardly needs adding that the wider prospects for North-South ties in the short and medium term are grim. They already were, given the failure of December's inter-Korean talks. After nearly three years of desultory mutual probing, Kim and Park Geun-hye are still nowhere near the same page on anything important. And now both Koreas are turning inward, to focus on domestic politics first and foremost. The South's relentless electoral cycle is kicking into high gear: National Assembly elections are due April 13, while the crucial vote to pick Park's successor as president (she cannot run again) comes in December 2017. Though that is nearly two years away, the long run-up tends to make any incumbent a lame duck in the final year or two of their single five-year term. That may be less so if Park's ruling conservative Saenuri Party increases its majority in April, as it may well do given Minjoo's woes. North Korean provocations usually benefit Southern conservatives at the ballot box. As with Obama on his home stretch, it is hard to see Park or Saenuri risking political capital on outreach to Kim Jong Un in the coming two years. An alternative reaction, long feared in Washington, is a regional nuclear arms race. Some in Saenuri want the ROK to have its own bomb, including the party floor leader Won Yoo-cheol. Every new DPRK nuclear test risks strengthening such voices.

In Pyongyang too, the upcoming WPK Congress means the North will be preoccupied above all with its internal affairs for at least the first half of 2016. What that key meeting will bring remains to be seen. Optimists hope that Kim has called this to proclaim some major change of policy direction, but it may just serve to formalize and further cement his rule. Despite some economic experiments and cosmetic changes like girl bands, Kim Jong Un's overall record as he enters his fifth year in power shows deep political and strategic continuity – with an added dash of volatility. The new North Korea is basically the old North Korea, with fresh paint but a greenhorn driver. That is not good news for inter-Korean relations, the region, or the world.

Chronology of North Korea-South Korea Relations
September – December 2015

Sept. 2-4, 2015: ROK President Park Geun-hye is one of only two heads of states allied to the US to visit Beijing for events, including a military parade, marking the 70th anniversary of Japan's defeat in 1945.

Sept. 5, 2015: *Korean Central News Agency* (*KCNA*) headline reads: "*Rodong Sinmun* Urges S. Korea Not to Do Foul Behavior." It cites the daily paper of the Workers' Party of Korea (WPK) as warning right-wing ROK media not to spoil the mood for dialogue.

Sept. 7, 2015: Pursuant to their Aug. 25 six-point agreement, the Koreas begin preliminary Red Cross talks at the border village of Panmunjom about arranging fresh reunions of family members separated for over 60 years since the 1950-53 Korean War.

Sept. 8, 2015: The Koreas agree on a date for family reunions: Oct. 20-26. Venue and format will be as usual: two sessions of three days each, with 100 elderly persons from each Korea meeting any kin the other side can trace at the North's Southern-built Mt. Kumgang resort.

Sept. 8, 2015: Daejeon District Court acquits a 23-year-old student charged with violating the National Security Law by praising socialism and making pro-North statements on Facebook. Judge Song Kyung-ho says: "Just writing on Facebook doesn't lead to instigating rebellion."

Sept. 9, 2015: ROK Red Cross says its computers have picked a preliminary batch of 500 candidates for upcoming family reunions. This will be halved to 250 on criteria of health and willingness. The final 100 will be based on whosever relatives the DPRK comes up with.

Sept. 9, 2015: Marzuki Darusman, the UN special rapporteur on DPRK human rights, says during a five-day visit to Seoul that pursuit of inter-Korean unification and ensuring North Korea's responsibility for its human rights violations are mutually reinforcing goals.

Sept. 9, 2015: Speaking at the Seoul Defense Dialogue (SDD), the only multilateral security meeting hosted by the ROK, Park Geun-hye urges North Korea to embrace reform and opening. (The DPRK was invited to the SDD, but scornfully declined.)

Sept. 9, 2015: Meeting Jin Liqun, president-designate of the Asian Infrastructure Investment Bank (AIIB), President Park proposes a complementary Northeast Asia Development Bank to develop North Korea's infrastructure – provided it denuclearizes.

Sept. 9, 2015: ROK opposition leader Moon Jae-in says inter-party differences over a bill on North Korean human rights, which has been under discussion in the National Assembly for 11 years, could be bridged within a day.

Sept. 10, 2015: ROK Defense Ministry (MND) suggests the DPRK may mark 70th anniversary of the founding of the WPK on Oct. 10 by testing a long-range missile. MND also says the South will "conduct aggressive military operations at the DMZ" to counter Northern provocations.

Sept. 10, 2015: South Korea's Unification Ministry (MOU) proposes a budget for 2016 of 1.49 trillion won ($1.26 billion), up 1.6 per cent from this year, "to reflect the government's will to improve ties with North Korea."

Sept. 10, 2015: An opinion poll in the Seoul daily *JoongAng Ilbo* shows growing hostility to and declining interest in North Korea among South Koreans, especially those in their 20s.

Sept. 11, 2015: ROK Unification Minister Hong Yong-pyo says that "many types of civilian inter-Korean exchanges" are possible without breaching Seoul's sanctions on Pyongyang – which he says will continue unless the North sincerely apologizes for sinking the *Cheonan*.

Sept. 11, 2015: Gen. Choi Yoon-hee, chairman of the ROK Joint Chiefs of Staff (JCS), says any fresh DPRK nuclear or long-range missile test would create an "abnormal situation" in terms of the Aug. 25 accord, causing Seoul to resume loudspeaker broadcasts at the DMZ.

Sept. 11, 2015: A Seoul court sentences Kim Ki-jong, an avowedly pro-DPRK activist who knifed US Ambassador Mark Lippert at a seminar in March as a protest against US-ROK military drills, to 12 years in jail for attempted murder and other charges.

Sept. 14, 2015: Taking a train to Cheorwon on the Gyeongwon line, Unification Minister Hong calls this "a path of unification and hope extending to the world." South Korea is rebuilding 9.3km of track from Cheorwon up to the DMZ.

Sept. 14, 2015: The director of the DPRK's National Aerospace Development Administration tells *KCNA* that "the world will clearly see a series of satellites ... soaring into the sky at the times and locations determined by the WPK Central Committee."

Sept. 15, 2015: *KCNA* reports the head of the Atomic Energy Institute as saying that all facilities at Yongbyon nuclear complex have "started normal operations."

Sept. 16-17, 2015: Southern officials and technicians spend two days at Mt. Kumgang, checking the resort's largely disused facilities ahead of upcoming family reunions. MOU says on Sept. 18 it will send in a technical team to carry out necessary repairs.

Sept. 20, 2015: Park Sang-hak, head of Fighters for a Free North Korea, says his group sent leaflets by balloon across the DMZ to protest Pyongyang's recent missile and nuclear threats.

Sept. 21, 2015: MOU reveals that North Korea refused its invitation to participate in an Aug. 5 ceremony marking the start of work to restore the Gyeongwon railway line.

Sept. 21, 2015: Chung Mong-gyu, president of the ROK's Korea Football Association (KFA), returns from the 46th East Asian Football Federation (EAFF) Executive Committee meeting in Pyongyang. Chung briefly met his DPRK counterpart Ri Yong Nam to suggest exhibition matches and joint training sessions. But Ri said this needed further discussion.

Sept. 22, 2015: An ROK civic group says the DPRK is rebuffing its efforts to arrange a joint celebration of National Foundation Day on Oct 3. A Southern delegation went North for this last year, and it was marked jointly in 2002, 2003 and 2005.

Sept. 23, 2015: North Korean website Uriminzokkiri warns that anti-DPRK leafleteers may jeopardize the prospects for family reunions: "How can the separated families between the two Koreas … afford to meet together under the sky of flying leaflets against North Korea?"

Sept. 23-29, 2015: Both Korean foreign ministers and President Park Geun-hye visit New York to attend the 70th Session of the UN General Assembly (UNGA). As last year, neither side avails of this opportunity to arrange bilateral meetings of any kind.

Sept. 24, 2015: *Yonhap* says Pyongyang is lukewarm on implementing the Aug. 25 agreement, for two reasons: preoccupation with preparing for its upcoming Party 70th anniversary celebrations on Oct. 10, and divergent agendas. Rebuffing sports and cultural exchanges, the North wants the South to lift economic sanctions first.

Sept. 24, 2015: The Secretariat of the (North's) Committee for the Peaceful Reunification of Korea (CPRK) attacks what it calls South Korea's plan to set up a special warfare command to strike the North's nuclear facilities as a "foolish self-destructive act."

Sept. 25, 2015: The North's National Reconciliation Council (NRC) urges South Korea not to pass a bill on human rights in the North, calling this "an evil law inciting confrontation."

Sept. 25, 2015: North Korea demands the repatriation of Kim Ryon-hui, a defector who now claims she was forcibly taken to South Korea by a broker who helps refugees.

Sept. 26, 2015: Talking to thinktanks in New York, President Park vows to boost cooperation with the US, China and other regional powers to achieve Korean unification, which she calls the "fundamental solution" to the North's nuclear and human rights concerns. She airs similar themes with UN Secretary-General Ban Ki-moon, himself a former ROK foreign minister.

Sept. 28, 2015: Addressing the UNGA, Park Geun-hye calls on North Korea not to launch a long-range rocket. She tells the North to help its people out of difficulties through reform and openness instead of carrying out additional provocations, while urging Pyongyang also to give up nuclear arms and heed international concern on its human rights record.

Sept. 28, 2015: *Rodong Sinmun* says that no one may "slander or infringe on" the DPRK's exercise of independent rights, such as launching satellites or bolstering its nuclear deterrence.

Sept. 29, 2015: The North's CPRK fiercely attacks Park's comments at the UNGA, warning that they put the planned family reunions at risk.

Oct. 5, 2015: The DPRK deports Joo Won-moo, a 21 year old NYU student resident in the US but an ROK national, via Panmunjom. It arrested him in April for trying to illegally enter the North from China. Seoul calls for the release of three other South Koreans detained in the North.

Oct. 4, 2015: MOU says that the Kaesong Industrial Complex (KIC), the last remaining inter-Korean joint venture, produced goods worth a cumulative $3 billion since it opened in 2004.

Oct. 5-7, 2015: Following up on a July visit, South Korean forestry experts visit Mt. Kumgang to help Northern colleagues treat pest-infested pine trees. The South is providing insecticide and sprayers worth 130 million won ($109,000).

Oct. 7, 2015: MOU rebuts an opposition lawmaker's claims that drought in North Korea is threatening the Kaesong IC's operations

Oct. 8, 2015: Uriminzokkiri website denies that the DPRK was behind hacking attacks on two servers of the subway operator Seoul Metro in 2014 saying that, "Whenever cyber attacks occur, South Korea blindly criticizes us without presenting any proof."

Oct. 8, 2015: The Koreas exchange final lists of participants in upcoming family reunions.

Oct. 8, 2015: MOU says that some 100 artifacts unearthed in a joint archaeological dig at the Koryo dynasty Manwoldae palace in Kaesong will go on display soon, there and in Seoul. In fact no pieces cross the border, but holograms of them are displayed.

Oct. 14, 2015: ROK officials reveal that on Oct. 7 the DPRK without notice released water from its Hwanggang dam on the Imjin River.

Oct. 15, 2015: ROK Vice Unification Minister Hwang Boo-gi says North-South civilian exchanges are expanding rapidly, and may soon reach levels not seen for seven years. He attributes this to a positive shift in policy in Pyongyang.

Oct. 15, 2015: Local ROK court rules that authorities may stop leaflet launches across the DMZ if it would endanger citizens in border areas. MOU says this confirms official policy, but stresses that the government is not empowered to restrict freedom of speech by an outright ban.

Oct. 20-22, 2015: Family reunions are held at Mount Kumgang, as agreed. 389 members of 96 Southern families drive across the DMZ in 16 buses to meet 141 Northern relatives. They get six private meetings, totaling just 12 hours of private contact, during the three-day event.

Oct 24-26, 2015: Second round of family reunions takes place. Some 250 South Koreans from 90 families meet their Northern close kin. DPRK Red Cross Chairman Ri Chung Bok tells ROK counterpart Kim Sung-joo he is ready to discuss regular reunions and consider letter exchanges.

Oct. 27-31, 2015: 162 ROK trade unionists – the largest Southern group to go North for five years – fly to Pyongyang for a friendly soccer competition with their DPRK counterparts.

Oct. 29, 2015: Citing a range of examples, *Yonhap*'s "Topic of the Week" headline predicts: "Inter-Korean relations likely turn for better after reunions of separated families."

Nov. 6, 2015: *Rodong Sinmun* calls for opening an "epochal" new phase in inter-Korean ties: "Whether North-South relations improve or not depends on what attitude the North and the South have and how they approach the problem"

Nov. 12, 2015: *Yonhap* cites unnamed ROK government sources as saying that in late August the (North) Korean People's Army (KPA) replaced the front-line commander involved in that month's landmine blasts at the DMZ. Commander of the Second Corps Kim Sang Ryong was reassigned to command the 9th corps, well away from the border.

Nov. 17, 2015: MOU announces the third test operation over the past year of a project to import Russian coal by rail and ship using the DPRK's Rajin port. 120,000 tons will be shipped to three ROK ports by Nov. 30. A 20-strong Southern team, including the three ROK firms involved and government officials, will stay in Rajin until Nov. 20 to check how its facilities function. This pet project of President Park is exempt from the May 24 sanctions.

Nov. 17, 2015: North Korea repatriates via Panmunjom a South Korean aged 48, named only as Lee, who entered the DPRK from China in September for reasons unknown.

Nov. 20, 2015: North Korea's CPRK sends a message to the South's MOU via Panmunjom proposing a working-level meeting there on Nov. 26 about arranging high-level talks. The South accepts with alacrity.

Nov. 24, 2015: The two Koreas exchange delegate lists for the Nov. 26 working meeting on high-level talks at Panmunjom. The South's three-strong team will be led by Kim Ki-woong, head of MOU's special office for inter-Korean dialogue; the North's by Hwang Chol, a senior CPRK official who has taken part in previous North-South talks.

Nov. 24, 2015: MOU reports a partial setback for its Rajin logistics project. The Russian coal shipments are on track, but heavy snow on DPRK roads is delaying another trial consignment comprising ten container-loads of bottled water from China.

Nov. 26-27, 2015: Working discussions at Panmunjom agree to hold vice-ministerial talks on Dec. 11 at the Kaesong complex. ROK media reaction includes disappointment that the level is not higher, and fears of a repeat of 2013's protocol row in case the North sends someone whom the South deems too junior.

Dec. 1, 2015: MOU says 23 ROK lexicographers will meet with DPRK colleagues in Dalian, China on Dec. 7-13 to continue work on the dictionary project.

Dec. 1-4, 2015: A 17-strong delegation of South Korean Roman Catholics, led by Archbishop Kim Hui-hung and including five bishops, visits North Korea at the invitation of the latter's Catholic Association. They celebrate Mass at Pyongyang's Changchung Cathedral, the DPRK's sole functioning Catholic church.

Dec. 2, 2015: MOU says it will start collecting on soft loans extended in 2010 to firms hit by that year's sanctions on trade with and investment in North Korea. A total of 32.5 billion won ($28.1 million) will be sought from 150 out of 168 borrowers.

Dec. 2, 2015: A lawyer in Seoul acting for Ko Yong Suk, Kim Jong Un's maternal aunt and former guardian in Switzerland who fled to the US in 1998 with her husband, files suit against three prominent defectors for allegedly defaming her. She is not expected to appear in court.

Dec. 7, 2015: The ROK Catholic Bishops' Conference (CBCK) says it hopes to send priests regularly to the DPRK to jointly celebrate major holy days. On possibly training Northern priests, Archbishop Kim Hui-jung says: "That's not something we can discuss at present."

Dec. 7, 2015: Ten containers of bottled water produced by Nongshim, the ROK's top noodle maker, at a plant in Erdaobaihe, China close to Mount Paekdu reach Busan, having been first trucked to the DPRK's Rajin port and then shipped to Busan.

Dec. 9, 2015: In a telephone interview Lee Kang, husband of Ko Yong Suk, tells *Yonhap* they fled to the US in fear they might be victimized when Kim Jong Il died: "I had felt the cruelty of power." Lee says he now runs a laundry business. Ko also wanted to seek medical help for her sister Ko Yong Hui, Kim Jong Un's mother, who died of breast cancer in Paris in 2004.

Dec. 11, 2015: Inter-Korean talks are held at Kaesong. Vice Unification Minister Kim Boo-gi leads the ROK delegation; his DPRK counterpart is CPRK vice director Jon Jong Su.

Dec. 12, 2015: After a second full day, the North-South talks break down with no joint statement or even a date to meet again. The North demanded a resumption of tourism to Mt. Kumgang, linking this to further family reunions. The South refused on both counts.

Dec. 15, 2015: Data from the ROK's Statistics Korea show that the inter-Korean chasm in economic performance, already huge, widened further in 2014. With twice as many people as the North, South Korea produces 13 times more energy and 59 times more steel. The South's total trade of $1.1 trillion was 144 times bigger than the North's $7.6 billion.

Dec. 16, 2015: MOU's briefing on what it calls the First Vice Minister Level Talks confirms that they broke down due to the two sides' irreconcilable differences on priorities and agenda.

Dec. 18, 2015: MOU reports more South Koreans as visiting the North this year, especially since the Aug. 25 accord.

Dec. 30, 2015: KCNA reports that Kim Yang Gon, the DPRK's point man on the ROK, died in a car crash early the previous day. Kim's state funeral on Jan. 1 does not quash speculation in Seoul that someone – not necessarily a tearful Kim Jong Un – wanted him out of the way.

Jan. 1, 2016: Kim Jong Un's New Year speech lays less emphasis on inter-Korean issues than last year's, and is more "finger-wagging" in tone. Mostly it focuses on domestic policy.

Jan. 6, 2016: Denouncing the North's nuclear test, South Korea vows close cooperation with allies and the global community to punish this.

Jan. 7, 2016: MOU says it will restrict ROK entry into the KIC to business persons directly invested there. It is unclear how far this is actually implemented, at first.

Jan. 7, 2016: Calling the North's nuclear test a "grave violation" of the Aug. 25 inter-Korean agreement, Cho Tae-yong, deputy chief of national security in the ROK presidential office, says the South will resume propaganda broadcasts across the Demilitarized Zone (DMZ).

Jan. 7, 2016: Won Yoo-chul, floor leader of the ROK's ruling conservative Saenuri Party, says South Korea should consider creating its own nuclear potential for self-defense.

Jan. 8, 2016: South Korea marks Kim Jong Un's 33rd birthday by switching on its propaganda loudspeakers along the DMZ. The ROK's liberal main opposition Minjoo party warns that this

may raise tensions and stoke uncertainty. North Korea denounces the move as a provocation and activates its own south-facing speakers, which are less powerful.

Jan. 8, 2016: The North's *Korean Central Broadcasting Station* (*KCBS*) TV airs images of Kim Jong Un giving field guidance during an ejection test of a submarine-launched ballistic missile (SLBM) supposedly conducted on Dec. 21 in the East Sea.

Jan. 10, 2016: *Yonhap* reports ROK Defense Minister Han Min-koo as telling Army Missile Command commanders during a field inspection the previous day that "If the enemy provokes, retaliate speedily and accurately without hesitation."

Jan. 10, 2016: *KCNA* reports Kim Jong Un as visiting the Ministry of People's Armed Forces (MPAF). Offering New Year congratulations on the "H-bomb" test, Kim also "informed them of the complicated situation which the Korean revolution is now facing."

Jan. 10, 2016: A US B-52 *Stratofortress* strategic bomber flies low over Osan Air Force Base south of Seoul, accompanied by ROK *F-15* and US *F-16* fighters, in a show of force also described as a training mission. The *B-52* later returns to Andersen Air Force Base in Guam.

Jan. 11, 2016: MOU says that from Jan. 12 it will restrict South Koreans' staying in the KIC to those directly running businesses there. Contractors must go in and out the same day.

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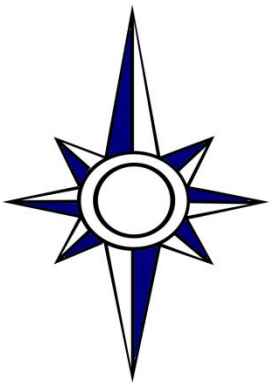

China-Korea Relations:

A Complex China-ROK Partnership

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The September summit between Presidents Xi Jinping and Park Guen-hye in Beijing catalyzed the resumption of trilateral talks with Japan in October and the launch of the China-ROK Free Trade Agreement in December. Beijing's Korean engagement also included a four-day visit to North Korea in October by Politburo Standing Committee member Liu Yunshan for 70th anniversary celebrations of the founding of the Workers' Party of Korea (WPK) as Kim Jong Un's highest-ranking foreign guest. The visit was credited with preventing a rocket launch by Pyongyang that had reportedly been planned to mark the anniversary. Meanwhile, Pyongyang's reached out to Beijing with a "friendship tour" to China led by Choe Hwi of the WPK Propaganda Division. However, Kim Jong Un's declaration of North Korea's new military advancements as a "powerful nuclear weapons state" and the abrupt cancellation of performances by the North's visiting Moranbong band in Beijing two days later revealed apparently unresolved tensions over Pyongyang's nuclear ambitions. Despite new initiatives to expand economic cooperation, Pyongyang's apparent defiance of Chinese diplomatic efforts on denuclearization suggests further difficulties in Sino-DPRK relations.

An upgraded China-ROK strategic partnership?

The launching of the China-ROK Free Trade Agreement (FTA) on Dec. 20 marked a new stage in bilateral diplomacy under Presidents Xi Jinping and Park Geun-hye, who met in September for the sixth time since taking office. Breaking a three-year deadlock, China and South Korea resumed trilateral talks with Japan on Nov. 1 in Seoul, where Premier Li Keqiang met separately with President Park, Prime Minister Hwang Kyo-ahn, and National Assembly Speaker Chung Ui-hwa. A day ahead of talks with Japanese Prime Minister Abe Shinzo, Park and Li oversaw the signing of 17 bilateral agreements in various functional areas of cooperation.

Since November, China-ROK political and security exchanges have shown steady improvements in strategic coordination and trust-building between the two countries, a priority of Xi and Park since their first summit in 2013. Ruling Saenuri Party Representative Suh Chung-won led a ROK bipartisan parliamentary delegation to China to meet PRC leaders including Liu Yunshan on Nov. 10, a month after Liu met Kim Jong Un at Pyongyang's 70th anniversary celebrations of the WPK's founding. PRC and ROK navies advanced China-South Korean global cooperation by holding their first joint anti-piracy drills in the Gulf of Aden on Nov. 17, following an

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agreement reached during PLA Navy Rear Adm. Yu Manjiang's tour of a ROK Navy destroyer in the region in September. Seoul hosted a joint conference on public diplomacy on Nov. 19 and a bilateral forum of state-run research institutions on Dec. 3. These engagements were part of an initiative begun in 2013 to promote people-to-people exchanges.

Following a 2014 summit agreement between Presidents Xi and Park, China and South Korea launched a new round of talks on the demarcation of exclusive economic zones (EEZs) in late December. Despite regular consultations on the demarcation of sea boundaries over the past two decades, tensions have remained since China's November 2013 declaration of an air defense identification zone over the East China Sea, including frictions over the submerged rock Ieodo and confrontations over illegal Chinese fishing in waters claimed by South Korea. Within two weeks following the eighth round of working-level consultations on fisheries cooperation, the ROK Navy's firing of warning shots at a Chinese patrol boat in the Yellow Sea on Dec. 8 drew criticism from the PRC Foreign Ministry and official media outlets. Despite early skepticism, the resumption of talks on Dec. 22 talks led by Vice Foreign Ministers Liu Zhenmin and Cho Tae-yul is significant since they were convened at a higher level than the director general-level talks held from 1996-2008. In addition, the heads of PRC and ROK Coast Guards Hong Ik-tae and Meng Hongwei reached an agreement on Dec. 17 to open a maritime hotline and to hold annual consultations to promote mutual understanding.

President Park's China policy has drawn positive public reactions in both China and South Korea. Korean media attributed a spike in Park's domestic approval rating in early September to public support for her China visit. Chinese media organizations selected Park among the top 10 people of 2015, citing her "balancing" role between major powers and attendance at Beijing's military parade commemorating the 70th anniversary of the end of World War II. However, at a parliamentary audit of the ROK Foreign Ministry in September, opposition lawmakers questioned whether Park had been able to use her China visit to win Beijing's support for the ROK's core priorities, namely North Korean denuclearization and Korean reunification. These criticisms reflect the domestic debate on the substantive value of Seoul's outreach to China.

China-ROK coordination on North Korea

While Kim Jong Un's Dec. 10 claims regarding North Korea's new nuclear capabilities as a "powerful nuclear weapons state" were received with skepticism in Washington, the cancellation of a three-day "friendship performance" by North Korea's Moranbong propaganda band in Beijing, and simultaneous breakdown of inter-Korean talks on Dec. 12, underscored the nuclear issue as an obstacle in both Beijing and Seoul's diplomacy toward Pyongyang. China-ROK coordination on DPRK denuclearization within the Six-Party Talks framework included meetings between chief envoys Wu Dawei and Hwang Joon-kook on Sept. 1 and Nov. 24, and between deputy envoys Xiao Qian and Kim Gunn on Sept. 7. In an apparent dismissal of efforts to resume dialogue, however, DPRK representatives reportedly did not attend a forum on the Six-Party Talks hosted by China Institute of International Studies in September, which First Vice Foreign Minister Kim Kye Gwan and chief nuclear envoy Ri Yong Ho had attended in the past.

Presidents Xi and Park's respective statements with President Obama on Sept. 25 and Oct. 16 further affirmed an emerging Chinese and South Korean consensus with the US on Korean

Peninsula denuclearization, sending a message of solidarity on the nuclear issue to Pyongyang. At their press conference in Washington, Xi and Obama renewed their commitment to "complete and verifiable denuclearization," called for "full implementation" of relevant UN resolutions, and stated that "we will not accept North Korea as a nuclear weapon state." In her talks with Obama, Park identified US-ROK coordination with China, Russia, and Japan as her first priority in the effort to "deter any strategic provocation by the North." While the ROK Foreign Ministry on Oct. 19 called for Chinese cooperation on Seoul's and Washington's two-pronged approach of pressure and incentives, White House officials ahead of the US-China summit indicated China's growing support for the necessity of both denuclearization and pressure on Pyongyang.

President Park's consecutive summits with Xi and Obama also highlighted looming questions over Seoul's strategic orientation between China and the US. After meeting Xi in Washington, Obama emphasized "no contradiction" in South Korea's pursuit of "good relations" with both the US and China, supporting ROK Ambassador Ahn Ho-young's remarks to Korean lawmakers in September on the importance of the US-ROK alliance as the foundation of Seoul's engagement with China. Former ROK Foreign Minister Han Sung-joo at a September forum at the Carnegie Endowment for International Peace further indicated that Park's attendance at Beijing's military parade would help reassure China over the potential deployment of the Terminal High Altitude Area Defense (THAAD) system on the Korean Peninsula, a point of recent strain in China's relations with South Korea and the US. The US-China Economic and Security Review Commission's annual report to Congress in November, however, suggested that Chinese opposition to THAAD is likely to be based on concerns that such deployments would reduce the value of China's missile inventory supporting its regional ambitions, revealing suspicion over Beijing's strategic intentions.

Warming China-DPRK diplomatic ties?

Liu Yunshan's October visit to North Korea and Choe Hwi's "friendship tour" to China in December were the first public signs of mutual China-DPRK diplomatic reengagement efforts following an extended period of cool relations. Liu attended North Korea's biggest ever military parade on Oct. 10 as Kim Jong Un's highest-ranking foreign guest, demonstrating renewed "solidarity" with Pyongyang in the most significant display of support for the North since Kim took power in 2011. In talks with ceremonial head of state Kim Yong Nam, Liu expressed China's willingness to maintain high-level political exchanges and promote economic cooperation. DPRK Health Minister and Chairman of the DPRK-China Friendship Association Kang Ha Kuk reciprocated during PRC Civil Affairs Minister Li Liguo's Oct. 26 visit to Pyongyang, where Li paid respects to Chinese and North Korean soldiers killed during the Korean War. While Kim Jong Un in his public speech on Oct. 10 declared North Korea's military as a "global military power," the Chinese state media instead emphasized Pyongyang's prioritization of a stable external environment for economic development as well as efforts to improve inter-Korean ties.

PRC Ambassador to South Korea Qui Guihong at a Seoul National University forum on Oct. 29 noted Beijing's quest for "normal" ties with Pyongyang, attributing the North's military restraint to both international pressure and improving political ties with China. South Korean perceptions of China's "normal" (vs. "special") approach to relations with Pyongyang were further

reinforced by Beijing's replacement of CPC International Department head Wang Jiarui, who cultivated close political ties with Pyongyang over the past 12 years. The new head, Song Tao, who accompanied Liu Yunshan to Pyongyang in October, has limited experience in Korean affairs. Kim Jong Un's nuclear claims on Dec. 10 and the subsequent breakdown of Choe Hwi's planned six-day visit to China – what China's Foreign Ministry identified as part of people-to-people exchanges "conducive to our mutual understanding and friendship" – revealed the growing political costs of Pyongyang's military provocations.

Since Choe Hwi's visit, China-DPRK friendship exchanges have continued in the form of sports diplomacy. For instance, DPRK Vice Sports Minister Son Kwang-ho's visited China in December to promote sports exchanges in 2016. Although some Chinese analysts attributed Pyongyang's apparent restraint from an October rocket launch to improving political ties with China, South Korean observers raised early doubts over the likelihood of China and North Korea reaching consensus on the nuclear issue. The DPRK state media did not mention Liu Yunshan's expression of China's willingness to work together for the resumption of Six-Party Talks as reported by Chinese counterparts. According to the ROK Unification Ministry, Pyongyang's 70th anniversary commemorations of the WPK's founding were primarily targeted at a domestic audience, designed to strengthen internal solidarity by promoting Kim Jong Un's own "people-first" policy. DPRK Health Minister Kang Ha Guk in a Sept. 30 meeting with PRC Ambassador Li Jinjun in Pyongyang claimed that North Korea is "undergoing a dramatic change" under Kim Jong Un's rule.

Meanwhile, recent political contacts between Beijing and Pyongyang reignited controversy in South Korea. South Korean reactions to Ambassador Li Jinjun's remarks praising the role of China's intervention in the Korean War in his tribute to Chinese soldiers on the eve of China's National Day revealed public concerns over Chinese interpretations of history.

Chinese assessments of North Korea friendship

While both Beijing and Pyongyang have declined to elaborate on the current status of political ties, Chinese commentaries in the state-run *Global Times* reflect an active reassessment of the relationship. In October, Da Zhigang of the Heilongjiang Academic of Social Sciences claimed that Liu Yunshan's visit would not only "consolidate" the traditional friendship but also expand China's strategic choices in safeguarding its geopolitical interests against challenges posed by "major countries or aligned nations outside the region." Other assessments suggest differences over the nuclear issue between the two countries have not been avoided. There is also some skepticism over the impact of China's political reengagement such as Liu's high-profile visit, which, according to Yu Shaohua of the China Institute of International Studies, is unlikely to restrain Pyongyang from missile and nuclear advancement. Pyongyang's 70th anniversary celebrations of the WPK's founding even drew negative reactions on Chinese social media where some mocked the North's military parade and others expressed anger over recent attacks on Chinese citizens by North Korean soldiers on the China-DPRK border. The PRC Foreign Ministry on Sept. 24 revealed that China's public security agency was investigating another shooting incident in Changbai that occurred on Sept. 18.

Recent activity on the human rights issue also suggests a shift in China's approach to North Korea, as evidenced by reactions to the UN General Assembly's Dec. 17 resolution referring North Korea to the International Criminal Court. While China has long supported North Korea at the UN, a Dec. 19 *Global Times* editorial warned that Beijing's vote against the resolution was made "under certain domestic pressures" and based on China's basic policy of non-interference, claiming that the vote "does not mean we endorse the human rights situation in North Korea." In a more direct message to the Kim regime, it also argued that "North Korean authorities should also strive to provide a positive environment, so that the Chinese public can better appreciate the country."

China-DPRK trade and economic cooperation

South Korean data shows that the recent decline in China-DPRK diplomatic contacts has been accompanied by a downward trend in bilateral trade and investment over the past two years. According to the Korea International Trade Association (KITA), North Korea's trade with China reached $2.5 billion in the first half of this year, reflecting a 10.6 percent decline in exports and 15.8 percent decline in imports compared to the same period last year. In 2014, Chinese investment in North Korea totaled $59.1 million, half the amount in 2012, while North Korean investment in China reached $0.29 million, less than 11 percent of levels in 2013. At an annual international trade fair in Pyongyang in September, PRC Ambassador to North Korea Li Junjun called for deepening China's trade and economic cooperation with North Korea, urging more Chinese firms to invest in the North Korean market.

Indicative of joint efforts to expand economic ties, China and North Korea began their annual trade fair in Dandong on Oct. 15 with the launching of the Guomenwan trade zone, worth a total investment of $158 million according to the Chinese state media. Pyongyang reportedly sent a 400-member delegation to this year's trade fair, where Dandong officials claimed that the trade zone will accommodate up to 50 North Korean businesses by April 2016. Local officials in Liaoning have long sought to develop the border city as the center of Northeast Asian logistics and China-DPRK trade, which accounts for 40 percent of Dandong's total foreign trade. North Korea on Nov. 18 released its own plans to develop the Rason special economic zone as a regional logistics hub on the China-DPRK-Russia border.

Current projects in the China-DPRK border region also include tourism initiatives, such as Jilin province's five-year project to build a tourism zone with North Korea and Russia in Fangchuan, which was approved by the CPC in October. Such projects support Kim Jong Un's current tourism campaign. There are also reported plans to develop a Sinuiju economic zone, which is perceived by South Korean observers as part of Kim's efforts to earn hard currency while bypassing international sanctions. One South Korean source estimates that North Korea earned between $30.6 and $43.6 million from mostly Chinese tourists in 2014, about half as much as North Korea's $86 million income from the Kaesong Industrial Complex that year.

Although outside observers expect the much-anticipated WPK Congress in 2016 to outline new economic reforms, North Korea's investment environment remains an issue between Chinese and North Korean partners. Chinese experts remain doubtful over North Korean efforts to attract foreign investors, pointing to poor infrastructure and geopolitical risks as key obstacles that have

deterred investors from Rason economic zone and Sinuiju special administrative zone since they were established in 1991 and 2002. Despite such setbacks, however, even South Korean counterparts are showing growing interest in Rason as a logistics center supporting a trilateral project for the shipment of Russian coal to South Korea via the North Korean port.

China-ROK FTA and its strategic implications

The launching of the China-ROK FTA on Dec. 20 came at a time of slowing Chinese growth and South Korean exports to China, which declined for the fifth consecutive month in November. South Korean government projections show that the FTA will raise South Korea's real GDP by 0.96 percent, create 53,000 new jobs in the next 10 years, and expand annual bilateral trade to more than $300 billion, a 39.5 percent increase from 2012 levels. The FTA's anticipated effect on access to the Chinese consumer market is the biggest gain for South Korean companies, vis-à-vis US, Japanese, and European competitors, all of whom have yet to sign FTAs with China. Its early implementation was backed by high-level support, including talks between Premier Li Keqiang and President Park, and Trade Ministers Gao Hucheng and Yoon Sang-jick in South Korea in October. Asia Infrastructure Investment Bank (AIIB) President-designate Jin Linqun's meetings with Finance Minister Choi Kyung-hwan and other officials and businessmen in Seoul on Sept. 8-9 also aimed to establish the framework for South Korea's participation in China's regional initiative.

The China-ROK FTA, however, also draws attention to the strategic implications of China and South Korea's growing trade interdependence. First, the trade deal raises questions over Seoul's position in what is perceived as a US-China rivalry for regional influence. The National Assembly's ratification of the China-ROK FTA on Nov. 30, five months after its signing, prompted comparisons with the KORUS FTA, which was ratified in 2011, four years after its initial signing despite teargas protests from an opposition lawmaker. The Trans-Pacific Partnership (TPP) agreement reached in October posed further questions. In talks with President Obama in October, President Park reaffirmed that the existing KORUS FTA makes the US and South Korea "natural partners" for TPP, but the new partnerships with China have also raised Chinese calls for a bigger South Korean role in China's regional economic network, suggesting a competition for economic influence in Seoul between Beijing and Washington.

Shortly after the Korean National Assembly ratified an accord for South Korea's participation in the AIIB, deputy AIIB chief Chun Hun in early December indicated hopes for a more active role from South Korea as the bank's fifth biggest shareholder. Both Chinese and South Korean officials, however, have emphasized the complementarity of new and existing regional economic initiatives. The PRC Commerce Ministry reasserted China's "open attitude" toward the TPP, while ROK Vice Finance Minister Joo Hyung-hwan at a Korea Chamber of Commerce and Industry meeting in November similarly raised the possibility of cooperation between the AIIB and existing lenders on regional infrastructure projects.

The deepened China-ROK trade relationship has also emerged as a point of South Korean leverage for seeking Chinese support for Seoul's broader regional economic initiatives that ultimately link to North Korea's reform and denuclearization. A priority initiative on Seoul's agenda is the Northeast Asian Development Bank, which aims to complement the AIIB and

President Xi's One Belt, One Road initiative by promoting integration between northeast China, the Russian Far East, and Korea after North Korea's denuclearization. President Park pushed for China's cooperation on the proposed Northeast Asian Development Bank in her talks with Premier Li Keqiang and AIIB President-designate Jin Liqun, as did Finance Minister Choi Kyung-hwan in his meeting with PRC counterpart Lou Jiwei on the sidelines of the G20 in Turkey. Park's promotion of regional initiatives such as the Northeast Asian Development Bank and Eurasia Initiative is also linked to calls to Pyongyang to abandon its dual policy of nuclear and economic development. Recent indications of economic cooperation on the China-DPRK border despite a lack of progress on the nuclear issue raised South Korean debate on the extent of Chinese cooperation on Seoul's North Korea policy and broader regional integration initiatives.

Conclusion: shift in geopolitics?

President Park's September visit to Beijing generated public perceptions of a major "shift in geopolitics" in the region, stimulating speculation that South Korea's increasing alignment with China in pursuit of Korean unification signals abandonment of the US and Japan. But this speculation has proven to be misplaced for several reasons.

First, such a view suggests that South Korea's intensified diplomacy with China is unprincipled, ignoring the fact that this enhanced engagement rests on the anchor and platform provided by a solid US-ROK alliance. President Obama said as much during the Oct. 16 summit when he defended improved China-ROK relations as consistent with US interests, while also encouraging South Korea to stand up publicly against Chinese unilateral efforts to challenge the global order.

Second, this view minimizes Chinese efforts to restore leverage and influence with Pyongyang following Liu Yunshan's attendance at the Oct. 10 ceremonies marking the 70th anniversary of the Korean Workers' Party. While China clearly opposes North Korea's nuclear advancement, it remains committed to North Korean stability and to retaining leverage with Pyongyang. In this regard, an unintended consequence of Park's participation in China's military parade may have been to bring Pyongyang and Beijing to the realization that both sides needed to work harder to restore Sino-DPRK relations.

Third, improvement in China-ROK relations lays the foundation for coordinated action between Seoul and Beijing to pressure North Korea toward denuclearization, which is also in US interests. Minimizing the gaps between Beijing and Seoul generates greater pressure and limits North Korean alternatives to denuclearization.

Fourth, it is premature to judge whether the Park-Xi discussions on Korean unification are generating tangible strategic gains in line with South Korea's aspirations. In the absence of tangible deliverables, Park's intensification of relations with Beijing may be subject to domestic criticism from both left and right in Seoul.

The Korean Peninsula faces a challenging regional security environment for 2016 including political tensions between Beijing and Pyongyang as well as US-China. Major risk factors include the heightening of tensions stemming from differences over the South China Sea, cross-strait relations in the aftermath of Taiwan's presidential election, and the possibility that the US

rebalance and China's response might generate obstacles or preconditions for the common pursuit of a non-nuclear Korean Peninsula and a peaceful, gradual process of Korean unification. Then there is North Korea, which continues as a matter of state policy to pursue nuclear development unchecked, alongside its economic development efforts. While these developments may challenge effective coordination on North Korea, Seoul may seek a more active approach to regional diplomacy by leading policy coordination efforts with Washington and Beijing to forge a united approach toward North Korea. As the US and China face an increasingly complicated relationship with North Korea as only one of many issues on the bilateral agenda, South Korea's role will increasingly be to lead efforts to focus sustained attention and coordination on North Korea in both Washington and Beijing.

Chronology of China-Korea Relations
September – December 2015

Sept. 1, 2015: PRC and ROK nuclear envoys Hwang Joon-kook and Wu Dawei meet in Beijing.

Sept. 2, 2015: China and South Korea sign a Memorandum of Understanding (MoU) in Beijing on non-tariff barriers.

Sept. 2-4, 2015: President Park Geun-hye visits China and meets President Xi Jinping and Premier Li Keqiang, attends 70th anniversary commemorations of the end of WWII, and addresses the China-ROK business cooperation forum in Shanghai.

Sept. 2-3, 2015: Choe Ryong-hae, member of the Political Bureau and secretary of the Worker's Party of Korea (WPK) Central Committee, visits Beijing to attend WWII commemorations.

Sept. 4, 2015: Blue House announces a telemedicine project between Seoul's St. Mary's Hospital and Ruijin Hospital in Shanghai.

Sept. 5, 2015: PRC and ROK finance ministers meet on the sidelines of the G20 in Turkey.

Sept. 7, 2015: PRC and ROK deputy envoys to the Six-Party Talks Xiao Qian and Kim Gunn meet in Seoul.

Sept. 8-13, 2015: PRC, ROK, and DPRK companies attend the 10th China-Northeast Asia Expo in Changchun.

Sept. 8-9, 2015: Asian Infrastructure Investment Bank (AIIB) President-designate Jin Liqun visits Seoul to meet ROK officials and businessmen.

Sept. 8, 2015: Kim Jong Un, Kim Yong Nam, and Pak Pong Ju receive a message from Xi Jinping, Li Keqiang, and Zhang Dejiang on the occasion of the DPRK's 67th anniversary.

Sept. 9-11, 2015: PRC officials attend the regional Seoul Defense Dialogue hosted by the ROK Defense Ministry.

Sept. 10-12, 2015: ROK and DPRK tourism representatives attend an international travel fair in Dandong hosted by Liaoning province.

Sept. 13, 2015: PRC, ROK, and Japanese deputy agriculture ministers meet in Tokyo.

Sept. 15, 2015: China-ROK-Japan Trilateral Policy Dialogue on African Affairs held in Beijing.

Sept. 18, 2015: Shooting incident occurs in Changbai near the China-DPRK border.

Sept. 18-19, 2015: ROK deputy nuclear envoy attends a forum in Beijing hosted by the Chinese Institute of International Studies.

Sept. 24, 2015: Eighth round of China-ROK-Japan trade talks are held in Beijing.

Sept. 24, 2015: PRC Ambassador to North Korea Li Jinjun attends 11th Pyongyang Autumn International Trade Fair.

Sept. 26, 2015: Rear Adm. Yu Manjiang, commander of China's naval unit in the Gulf of Aden, visits ROK destroyer *Chungmugong Yi Sun-sin* and agrees to hold a joint anti-piracy drill.

Sept. 30, 2015: PRC Ambassador to North Korea Li Jinjun meets DPRK Health Minister and Chairman of the North Korea-China Friendship Association Kang Ha-guk on the occasion of China's National Day.

Oct. 8, 2015: PRC, ROK, and Japanese finance ministers hold talks on the sidelines of multilateral meetings in Peru.

Oct. 9-12, 2015: Liu Yunshan, member of the CPC Political Bureau Standing Committee, visits North Korea on the occasion of the 70th anniversary of the WPK's founding.

Oct. 15, 2015: Liaoning province opens Guomenwan trade zone in Dandong with North Korea.

Oct. 15, 2015: China, South Korea, and Japan hold cyber security talks in Seoul.

Oct. 15, 2015: South Korea's Ministry of Oceans and Fisheries announces plans to expand ROK fishery exports to China in light of the China-ROK FTA.

Oct. 15-18, 2015: China-DPRK trade fair is held in Dandong.

Oct. 26, 2015: PRC Civil Affairs Minister Li Liguo meets DPRK Health Minister and Chairman of the North Korea-China Friendship Association Kang Ha-guk in Pyongyang, and pays respects to Chinese and DPRK soldiers killed in the Korean War.

Oct. 30, 2015: Chinese state media reports CPC's approval of a planned transborder tourism zone on Jilin's border with North Korea and Russia.

Oct. 31-Nov. 2, 2015: Premier Li Keqiang visits Seoul to attend the sixth China-ROK-Japan summit and separately meets President Park, Prime Minister Hwang Kyo-ahn, and National Assembly Speaker Chung Ui-hwa.

Oct. 31, 2015: PRC and ROK Trade Ministers Gao Hucheng and Yoon Sang-jick meet in Seoul.

Nov. 10-13, 2015: Rep. Suh Chung-won leads a bipartisan ROK parliamentary delegation to China and meets Liu Yunshan and Vice Foreign Minister Zhang Yesui.

Nov. 17, 2015: PRC and ROK navies hold joint anti-piracy drills in the Gulf of Aden.

Nov. 18, 2015: South Korea launches a bipartisan consultative body on the China-ROK FTA.

Nov. 19, 2015: Seoul hosts the third China-ROK forum on public diplomacy.

Nov. 20, 2015: South Korea's National Assembly ratifies the China-ROK FTA.

Nov. 23, 2015: PRC Foreign Ministry extends condolences on the Nov. 22 death of former ROK President Kim Young-sam.

Nov. 23, 2015: South Korea's National Institute of Environmental Research reports that China, South Korea, and Japan have agreed to strengthen efforts against yellow dust from China.

Nov. 24, 2015: PRC and ROK nuclear envoys Wu Dawei and Hwang Joon-kook meet in Beijing.

Nov. 25, 2015: PRC Vice Foreign Minister Liu Zhenmin leads a delegation to the ROK Embassy in Beijing to pay respects to former ROK President Kim Young-sam.

Nov. 29, 2015: PRC, ROK, and Japanese health ministers meet in Kyoto.

Dec. 3, 2015: *People's Daily* and *Yonhap News Agency* sign a news exchange agreement.

Dec. 7, 2015: Newly-appointed CPC International Department head Song Tao meets DPRK Ambassador to China Ji Jae-ryong in Beijing.

Dec. 8, 2015: ROK Navy fires warning shots at a Chinese patrol boat in the Yellow Sea.

Dec. 9, 2015: PRC Foreign Ministry expresses concern over the ROK Navy firing of warning shots at a Chinese patrol boat.

Dec. 10, 2015: North Korea's Moranbong Band and an Army orchestra arrive in Beijing for a "friendship tour" led by Choe Hwi, first vice-department director of the WPK propaganda division, who meets head of the CPC International Department Song Tao.

Dec 10, 2015: China at a UN Security Council meeting in New York opposes including DPRK human rights issues on the UN agenda.

Dec. 10, 2015: PRC Foreign Ministry calls for the easing of tensions on the Korean Peninsula in response to Pyongyang's claims on nuclear development.

Dec. 12, 2015: North Korea's band Moranbong returns to Pyongyang after canceling performance in Beijing.

Dec. 15, 2015: ROK Finance Ministry announces it has issued RMB-denominated foreign exchange stabilization bonds in China.

Dec. 17, 2015: UN General Assembly adopts a resolution on referring North Korea to the International Criminal Court for human rights violations.

Dec. 17, 2015: PRC and ROK Coast Guard heads Meng Hongwei and Hong Ik-tae meet in Beijing.

Dec. 17, 2015: PRC Foreign Ministry praises Kim Jong Il on the fourth anniversary of his death. North Koreans in Beijing pay respects at the DPRK Embassy.

Dec. 19-20, 2015: PRC, ROK, and Japanese culture ministers hold talks in Qingdao.

Dec. 20, 2015: The China-ROK FTA comes into force.

Dec. 20, 2015: DPRK Vice Sports Minister Son Kwang-ho visits Beijing and signs an agreement with Deputy Secretary of the PRC General Administration of Sports Yang Shuan on sports exchanges in 2016.

Dec. 21, 2015: China Beijing Environment Exchange and Korea Exchange sign a MoU on carbon trading.

Dec. 22, 2015: PRC and ROK vice foreign ministers begin the first round of talks on EEZs.

Dec. 23, 2015: ROK Supreme Court calls on the government to disclose reports on China-ROK FTA negotiations.

Dec. 28, 2015: Chinese media organizations select President Park Geun-hye among the top ten people of 2015.

Dec. 28, 2015: PRC Foreign Ministry calls on Japan to "deal with related issues in a responsible way" after a ROK-Japan history agreement on comfort women.

Comparative Connections
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Japan-China Relations:

Moving in the Right Direction

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Senior political and diplomatic contacts expanded in late 2015. Prime Minister Abe met Premier Li in October and President Xi briefly in November. Meanwhile, maritime issues dominated the policy agenda: China's natural gas exploration in the East China Sea, incursions into Japan's territorial waters near the Senkaku/Diaoyu Islands, and China's land reclamation projects in the South China Sea. History issues also punctuated the period – the September victory parade in Beijing, at UNESCO, and the anniversary of the Nanjing Massacre in December. Nevertheless, there was a general sense that relations were moving in the right direction.

High-level meetings

There were a number of important meetings held covering a range of issues, highlighted by several brief encounters by high-level political leaders and a substantive meeting between Prime Minister Abe Shinzo and Premier Li Keqiang on the sidelines of a trilateral South Korea-Japan-China summit in Seoul. In general, the encounters served to improve the relationship.

At the end of September, Liberal Democratic Party (LDP) General Council Chairman Nikai Toshihiro attended a China-Japan business symposium in Beijing at China's International Economic Exchange Center. Discussion focused on strengthening economic cooperation. Afterward, it was announced that 50 of China's top business leaders would visit Japan in mid-October. China's Foreign Ministry spokesperson welcomed the visit, noting Nikai's effort to "promote China-Japan exchanges and improve relations."

On Oct. 13, National Security Council Advisor Yachi Shotaro met Chinese counterpart Yang Jiechi in Tokyo. Yachi noted the overall improvement in bilateral relations, while expressing concerns over Chinese actions in the South and East China Seas, in particular China's unilateral development of gas fields in the East China Sea. He called for the operationalization of a maritime notification mechanism at the earliest possible date to avoid unforeseen incidents at sea. Notwithstanding existing problems, Yachi said that Japan wanted "to exchange views frankly in order to develop friendly ties." He went on to express concern over China's application to UNESCO to enter documents related to the Nanjing massacre into the Memory of

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the World Program. Yang commented that relations had, "to a certain degree," improved and took a forward-looking view toward further improving relations. Both agreed on the importance of continuing high-level dialogue and looked to cooperate in arranging an Abe-Li conversation on the sidelines of upcoming trilateral summit in Seoul.

On Oct. 14, State Councilor Yang met Prime Minister Abe at the prime minister's residence. Abe found China's use of UNESCO to memorialize the Nanjing massacre "regrettable." Rather than excessively focusing on the unfortunate past, Abe advocated a future-oriented construct to shape bilateral relations. Yang replied that to advance into the future, it was important "to squarely recognize the past." Abe also expressed "deep concerns" over China's repeated incursions into Japan's territorial waters in the Senkakus and the unilateral development of gas fields in the East China Sea. Despite differences, both agreed to advance the "mutually beneficial strategic relationship" and the early operationalization of a maritime communication mechanism. Japanese media reported that the 45-minute meeting was conducted in "a very friendly atmosphere." Meanwhile, the LDP's Foreign Policy Committee drafted a resolution, finding "completely unacceptable" the politicization of UNESCO and calling on the government to cease financial support for the institution.

LDP Secretary General Tanigaki Sadakazu and Komeito Secretary General Inoue Yoshihisa met Yu Zhengsheng, chairman of the Chinese People's Political Consultative Committee, in Beijing on Dec. 4. Speaking about China's South China Sea island building, Yu made the point that China was carrying out the projects on its own territory and asked Japan not to overreact. In reply, Tanigaki emphasized freedom of navigation through the area. When Yu noted that China-Japan relations had deteriorated since Tokyo's nationalization of the Senkaku Islands, Tanigaki emphasized Japan's sovereignty under international law. At the same time, Yu remarked that relations "had taken a turn for the better this year … but there needs to be more time for a fundamental improvement."

On Oct. 15, Komeito leader Yamaguchi Natsuo, at the invitation of the Chinese Communist Party (CCP), attended a meeting of the Asia Political Parties' Special Conference on the Silk Road in China, where he was greeted by President Xi Jinping. The two shook hands and spoke for approximately one minute. Yamaguchi handed Xi a personal letter from Abe, conveying Abe's wish for a meeting with Premier Li during the trilateral summit in Seoul. The following day, Deputy Chief Cabinet Secretary Kato Katsunobu told reporters that Abe made it clear that he "by all means wanted" a meeting with Li. Later, it was reported that Yamaguchi had invited Xi to visit Japan to view next year's cherry blossoms. Chief Cabinet Secretary Suga Yoshihide told reporters that the government had made no decisions on that proposal.

Prime Minister Abe and Premier Li met on Nov. 1 on the sidelines of the South Korea-Japan-China summit in Seoul. The first formal meeting between the two lasted approximately one hour. They agreed to reopen high-level exchanges starting with annual reciprocal visits of foreign ministers, initiate a high-level economic dialogue, and work together for the early operationalization of a maritime communication mechanism. Li questioned why high-level China, Japan, ROK meetings had not taken place for three years and volunteered that Japan knew the answer. Abe replied that, going back to his first government, he has had an

"unshakeable" commitment to the concept of a mutually beneficial strategic relationship as the instrument for improving relations.

Prime Minister Abe later told a *BS-Fuji* television audience that he had raised several concerns with Li, including China's artificial island building in the South China Sea and that candid views had been exchanged on issues related to history, East China Sea resource development, the air-maritime communication mechanism, and respect for the rule of law. Abe said that he had made it clear that Japan had learned from its past and had advanced as a peaceful country, respecting human rights. Looking ahead, he considered agreement on high-level economic dialogue and reciprocal visits of foreign ministers to be a great step forward.

On Nov. 30, during his visit to France for the UN climate change conference, Prime Minister Abe held a four-minute, stand-up conversation with President Xi. Referring to his meeting with Premier Li in Seoul, Abe noted that he was able to have a good exchange of views with Li. In reply, Xi said that "it is important to continue to deepen the present good atmosphere."

On Dec. 7-8, Japanese and Chinese diplomats and defense officials met in Amoy, Fukien Province. Issues discussed related to Chinese island building in the South China Sea and the proposed maritime communication mechanism.

East China Sea

China's oil and gas exploration continued in the East China Sea. Photographs taken by Japan's Maritime Self-Defense Forces in mid-September and released by the Foreign Ministry showed a total of 16 exploration platforms on the Chinese side of the median line. At two of the four sites under development plumes were detected indicating gas production was underway, and for the first time, mobile drilling rigs were detected near the mid-line boundary. On Sept. 16, Chief Cabinet Secretary Suga told a press conference that "It is truly regrettable that China has been unilaterally proceeding with gas development while the demarcation line between Japan and China has yet to be settled." Japan's Foreign Ministry called in the Chinese Embassy to protest the activity. On Sept. 23, China's Foreign Ministry spokesperson made it clear that "China's oil and gas exploration in the East China Sea are all carried out in undisputed waters under Chinese jurisdiction. There is no such thing as unilateral exploration. It is hoped that the Japanese side can correctly understand the principled consensus on the issue of the East China Sea and stop raising unreasonable demands."

Chinese research ships operated in Japan's EEZ in the East China Sea from Sept. 19-25. Japanese Coast Guard requested an end to operations claiming they are at odds with the mutually agreed to prior notification. In mid-December, the Japanese Coast Guard reported that Chinese research ships had violated terms of the prior notification agreement 22 times in 2015, a steep rise over nine times in 2014, seven times in 2013, three times in 2012, and eight times in 2011.

On Nov. 12, Japan's Coast Guard observed a PLA Navy intelligence ship operating for the first time in international waters south of the Senkakus, repeatedly moving in west to east direction and returning. Chief Cabinet Secretary Suga found the operation of the vessel "abnormal" and made clear the government's commitment "to defend our country's land, sea, and air space."

Intrusions into Japanese claimed territory near the Senkaku/Diaoyu Islands also remained an area of bilateral tension. On Sept. 10, Chief Cabinet Secretary Suga found Chinese incursions in the areas to be "extremely regrettable." He pointed out that historically, and in international law, the Senkaku Islands are Japan's sovereign territory; "there is no territorial issue that needs to be resolved." On Sept. 11, Foreign Minister Kishida Fumio told a press conference that Japan "absolutely cannot allow" China's frequent incursions into Japanese water. Kantei sources reported that, while Chinese Coast Guard ships were deploying into the area, Japan Maritime Self-Defense Force (MSDF) ships were not deployed in order to avoid escalation.

Japan continued to track intrusions by Chinese vessels in the area near the Senkaku Islands in the East China Sea. Chinese fishing boats reportedly have increased operations in the area. In the period September 2014-August 2015, Japan recorded a total of 708 Chinese government ships operating in Japan's contiguous zone for a total of 233 days. Below is a summary of the reported activity in late 2015.

Aug. 25-Sept. 30: Chinese Coast Guard ships *Haijian 2113, 2166, 2305, 2307, 2308, 2506* operated in Japan's contiguous zone of the Senkakus; on Sept. 7, *Haijian 2307, 2308 and 2506* entered Japan's territorial waters.

Oct. 2-14: *Haijian 2101, 2112*, and *2401* operated in Japan's contiguous zone.

Oct. 12-17: *Haijian 2501* and *2506* operated in Japan's contiguous zone.

Oct. 23-28: *Haijian 2149, 2501* and *2506* operated in Japan's contiguous zone.

Nov. 4-9: *Haijian 2102 2307* and *2308* operated in Japan's contiguous zone.

Nov. 12-23: *Haijian 2101, 2149,* and *2401* operated in Japans contiguous zone; on Nov. 23, the ships entered Japan's territorial waters.

Nov. 30: *Haijian 2101, 2149* and *2401* operated in Japan's contiguous zone.

Dec. 4-5: *Haijian 2113, 2501* and *2506* operated in Japan's contiguous zone.

Dec. 10-13: *Haijian 2501* and *2506* operated in Japan's contiguous zone.

Dec. 20-23: *Haijian 31239* operated in Japan's contiguous zone equipped with what appeared to be an automatic cannon, marking the first time an armed Chinese ship had entered Japanese waters; The ship was accompanied by *Haijian 2102, 2307* and *2308*.

Dec. 20: *Haijian 2307* and *2308* entered Japan's territorial waters, marking the 35th incursion into Japan's territorial waters in 2015.

South China Sea

Developments in the South China Sea continued to influence relations between Japan and China. While most of the activity occurred in the context of third-party interaction, it was clear that Japan is increasingly prepared to express its concerns about Chinese actions and provide support to those countries that are directly affected by Chinese territorial claims in the region, while China has maintained its position that the South China Sea "belongs to China."

Following his meeting with Vietnamese Communist Party General Secretary Nguyen Phu Trong on Sept. 15, Prime Minister Abe told a press conference that, "It is very significant that we share grave concerns over continuous unilateral actions and increased tensions in the South China Sea, which includes large-scale land reclamation and building of outposts." The day before, Chinese Vice Adm. Yuan Yubai told a London conference that "The South China Sea, as the name indicated, is a sea area. It belongs to China."

During the trilateral summit in Seoul, Prime Minister Abe referred to the international community's "strong concerns" with developments in the South China Sea. Responding to Abe's statement, China's Foreign Ministry spokesperson told the press that "Some people keep expressing concern about the South China Sea issue. As a Chinese saying goes, there won't be any trouble in the world, unless people look for trouble themselves … it is hoped that relevant countries would be objective, impartial, and reasonable about the relevant issue and join China to play a constructive and reasonable role safeguarding peace and stability in the South China Sea."

On Oct. 28, the UN Permanent Court of Arbitration in The Hague ruled that it had jurisdiction to consider a submission filed by the Philippines regarding disputed features of the South China Sea. On Oct 29, China's Foreign Ministry's spokesperson said that "The award is null and void and has no binding effect on China … China has indisputable sovereignty over the South China Sea and the adjacent waters. As a sovereign state and a State party to UNCLOS China is entitled to choose the means and procedures of dispute settlement of its own will."

Concern over developments in the South China was also a reflected in comments by Japanese Cabinet members. In a statement issued during Defense Minister Nakatani Gen's visit to Vietnam, the two governments expressed concerns with China's unilateral efforts to change the status quo in the South China Sea through land reclamation projects and the militarization of the reclaimed areas and their support for freedom of navigation. On Nov. 6, Chief Cabinet Secretary Suga announced that "the activities of the Self-Defense Forces in the South China Sea are issues to be considered in the future while paying close attention to impact on Japan's security." Earlier, Shibayama Masahiko, a special advisor to the prime minister, told a *BS Nippon TV* program that "this issue is being discussed at the Kantei," adding "we need to think carefully about the level of risk to Japan's vital interests in that area." On Nov. 8, Foreign Minister Kishida Fumio told an *NHK* audience that issues related to the South China Sea were "legitimate matters of concern to Japan and the international community." A day earlier, President Xi, in a speech delivered in Singapore, made clear that from ancient time the islands of the South China Sea were part of China and the Chinese government could not shrink from protecting Chinese sovereignty. On Nov. 11 during the adjournment session of the Upper House Budget Committee

Abe told the committee that, with regard to Self-Defense Force deployments to the South China Sea he wanted to keep "various options open and fully deliberate on the matter."

Prime Minister Abe in series of meetings, beginning with the G20 Summit in Turkey, the APEC Economic Leaders Meeting in the Philippines, and the ASEAN Plus 3 meeting and the East Asia Summit in Malaysia, continued to raise the issue of freedom of navigation in the maritime and air domains, the rule of law, support for the conclusion of a code of conduct, and opposition to China's militarization of artificial islands in the South China Sea. These issues were included in the Chairman's Statement issued at the conclusion of the ASEAN Summit for the first time.

Anticipating Abe's diplomatic activism, China's Foreign Ministry spokesperson told a Nov. 13 press conference that "The construction activities by China on some islands and reefs of the Nansha islands fall completely within China's sovereignty, targeting and affecting no one. There is nothing disputable about that. Japan is not a party involved in the South China Sea issue. Historically, the Nansha islands were once snatched away by Japan, but recovered by the Chinese government after the war … Japan has no right to make inappropriate remarks on the sovereignty of the Nansha islands." Foreign Minister Wang Yi repeated the talking points during a Nov. 23 interview with Hong Kong's *Phoenix* television.

On Nov. 22, during East Asia Summit, Prime Minister Abe and Premier Li held a five-minute standing conversation. After the meeting, Abe reiterated his concerns with China's increasing maritime activities and Japan's commitment to deal firmly and calmly with unilateral attempts to change the status quo in the South China Sea. Japan would also work to strengthen ASEAN's surveillance and reconnaissance capabilities and support US freedom of navigation operations; Japan, however would not participate in the operations. Japan and ASEAN defense ministers had met earlier in Sapporo on Sept. 7.

Business and economics

On Nov. 4, Premier Li Keqiang met a delegation of Japan's leading business executives in the Great Hall of the People. The 45-minute meeting was the first in six years between China's premier and Japan's business leaders. The delegation of 200 executives was led by Keidanren President Sakakibara Sadayuki and Muneoka Shoji, chairman of the Japan-China Economic Association. Afterward, Li announced the two sides had agreed to "move toward improved relations, taking lessons from history." Sakakibara reportedly told Li that "the recent political and diplomatic environment is making Japanese companies hesitant to expand in China."

Japanese investment in China during 2014 totaled $4.33 billion, down close to 40 percent over 2013. From January-August 2015, investment was down 28.8 percent from the same period in 2014. A report by Tokyo Shoko Research found that between April and September 43 Japanese companies went bankrupt, a 40 percent increase over the same period in 2014. The most frequently cited reason for business failure was increased rents, labor costs, and a slowing economy in China.

In mid-November, 60 of Japan's top executives met with 50 of their Chinese counterparts in Tokyo for the Japan-China CEO Summit. The executives discussed ways to cooperate in

expanding economic ties, with Chinese executives emphasizing the significant opportunities for Japanese investment in a Chinese economy that is transitioning to long-term stable growth and becoming increasingly urbanized. Economic engagement continued as vice ministers attended the Japan-China Economic Partnership Conference in Beijing on Dec. 11.

Security

Security issues remained prominent in the relationship with mutual accusations of increasing tensions, even as there was apparent progress on establishing a bilateral maritime communication mechanism. On Aug. 31, Japan's Ministry of Defense announced a budget request of ¥5.0911 trillion for FY2106, an increase of 2.2 percent over 2015, marking the fourth consecutive year of an increase in the defense budget. Acquisition of maneuver combat vehicles that could be used in amphibious operations, establishment of a mechanized amphibious training corps in anticipation of the creation of an amphibious mechanized division in FY 2017, and the enhancement surveillance and reconnaissance capabilities pointed to a focus on the defense of Japan's southwest islands. Meanwhile, the Diet adopted legislation to implement the new Japan-US defense guidelines in late September.

In Beijing, the Foreign Ministry spokesperson commented that "The passage of the security legislation … is an unprecedented move taken by postwar Japan in the military and security fields.… Japan's recent military buildup and drastic changes to its military and security policies are out of step with the trend of the times … making the international community question whether Japan is going to drop its exclusive defense policy and deviate from the path of peaceful development it has been following after World war II."

The Oct. 4 *Yomiuri Shimbun* reported that China had responded negatively to Japan's draft plan, to implement the bilateral maritime communication mechanism. Submitted in June, the Japanese proposal reportedly excluded territorial waters and air space in an effort to deny China a pretext for intruding into Japan's territorial waters and air space provided it had notified Japan.

On Oct. 19, Japan's Ministry of Defense reported that from July to September the Air Self-Defense Force had scrambled 117 times in response to Chinese aircraft, up from 103 scrambles over the same period in 2014. From April to September, the first half of Japan's fiscal year, scrambles against Chinese aircraft totaled 231. In response Beijing called on Japan "to cease all interfering actions targeting China…"

During the ADMM Plus in Kuala Lumpur, on Nov. 4, Defense Minister Nakatani met Chinese counterpart Chang Wanquan. Nakatani used the occasion to call attention to "unilateral actions heightening tension" in the South China Sea, which he characterized as a "concern shared by the international community." In their bilateral meeting, Chang reportedly told Nakatani that the South China Sea is "not an issue between China and Japan." At the same time, the two ministers agreed to an early implementation of a maritime communication mechanism. However, the *Asahi Shimbun* reported that, despite high-level defense contacts, major progress in the talks had not been made and that an effective start-up date was still lacking. After their meeting, Nakatani said that "Defense cooperation and exchanges … are necessary for stability in the Asian region."

Security: spy incidents

On Sept. 30, Chief Cabinet Secretary Suga announced that Chinese authorities in Zhejiang and Liaoning provinces, in May, had taken into custody two Japanese citizens accused of spying. Suga denied the accusations and announced that Japan's diplomatic missions were taking appropriate steps to protect the Japanese citizens. Japanese media also reported that a third Japanese national had been detained in Beijing since June. Later, reports surfaced that a fourth Japanese national, a woman employed by a Japanese language school in Tokyo, had been detained since June in Shanghai. Suga called on Beijing to release the Japanese citizens "as soon as possible." He returned to the issue on Dec. 25, telling a press conference that Japan "does not engage in such conduct," but refrained from commenting on the details of the situation.

Security: at the UN

On Oct. 22, during a meeting of the General Assembly's First Committee on Disarmament, Chinese Ambassador Fu Cong expressed concern that Japan's growing stockpile of fissile material would allow Japan to manufacture 1,000 nuclear warheads, posing "grave risks both in terms of nuclear security and nuclear proliferation." The ambassador charged that Japan's nuclear inventory "far exceeds its legitimate needs" and asserted that "some political forces in Japan have continuously clamored for the development of nuclear weapons, claiming that Japan should have nuclear weapons if it wants to be a power that could sway international politics."

Afterward, Fu told reporters that Japan could produce nuclear weapons in an "extremely short" time, saying "Japan has everything and the only thing that is missing is the so called political will." In reply, Japan's ambassador for disarmament, Sano Toshio, said the international community recognized Japan's efforts to maintain transparency of its nuclear program.

History

History issues continued to play an important role in shaping bilateral relations. China took every opportunity to highlight the past misdeeds of Japan, while Japan argued that China was excessive in its accusations and that it refused to acknowledge the positive contribution Japan has made to world peace since 1945.

On Sept. 3, China hosted a commemorative parade, marking the 70th anniversary of the Chinese People's Victory in the War Against Japanese Aggression. Former Prime Minister Murayama Tomiichi attended the parade. In Tokyo, Chief Cabinet Secretary Suga commented that "We think China should not excessively focus on its unfortunate past history but show its intention to tackle common issues facing the international community with a view to the future."

Visits to Yasakuni Shrine also drew attention. On Oct. 19, Chief Cabinet Secretary Suga told reporters that Prime Minister Abe, in his personal capacity, had made an offering to the Yasukuni Shrine during the Autumn Festival. As for the visits of Cabinet ministers, Suga said that they had visited in their private capacity and that as a matter of freedom of religion should not be interfered with by the government. On Oct. 20, a supra-party delegation of 70 members of the Diet paid homage at the shrine. China's *Xinhua News Agency* commented that "over a long

period of time the continuing visits by some Japanese political leaders have strained Japan's relations China, Korea and the countries of Asia." The English edition, referring to Abe's offering, found it having the appearance of "a provocative act."

On Oct. 27, the curator of Nanjing's People's Resistance to the Japanese War of Aggression Museum visited the Miyazaki Prefectural government and requested the return of three cornerstones, pillaged from Nanjing, now in the Peace Tower in the Miyazaki Peace Park. The Prefectural government turned down the request.

On Dec. 22, the LDP's panel dedicated to the study of history met for the first time in Tokyo. Commenting on the meeting, China's Foreign Ministry spokesperson observed "we hope that the Japanese side would demonstrate sincerity on the issue of history, respect the common sense and verdict upheld by the international community, face squarely the history of aggression … and take concrete actions to win the trust of its Asian neighbors and the international community."

UNESCO and history

After a two-year review process, UNESCO agreed on Oct. 12 to add 47 new inscriptions in the Memory of the World Register. Among them was a request by China to include documents from the Nanjing Massacre. Among the documents submitted by China were court documents from the International Military tribunal for the Far East as well as photos and film footage.

Reaction in Japan was negative. A Foreign Ministry statement said that "It is extremely regrettable that a global organization that should be neutral and fair entered the documents in the Memory of the World Register, despite the repeated pleas made by the Japanese government… As a responsible member of UNESCO, the Japanese government will seek a reform of this important project, so that it will not be used politically." The statement became a talking point in subsequent high-level Japan-China meetings, and LDP Diet members called on the government to consider termination of financial support to UNESCO.

On Oct. 11, LDP General Council Chairman Nikai Toshihiro told an audience in Tokushima City: "if Japan is said to be bad, Japan should tell UNESCO that it will stop making financial contributions to the organization" Two days later, Chief Cabinet Secretary Suga claimed that the decision-making process lacked "transparency' and violated UNESCO's political neutrality… The Japanese government has not even been allowed to see the documents." Suga made clear "we will consider all possible options, including suspension of payment." China's Foreign Ministry responded that it was time for Japan to quit complaining about China's submission and cease slandering threatening the work of UNESCO.

Outlook

In the face on increasingly challenging maritime issues, both governments appear to be committed to keeping events moving in a positive direction. The next four months will test the skill of political leadership in Tokyo and Beijing and the strength of their commitment.

Chronology of Japan – China Relations
September – December 2015

Aug. 31, 2015: Former Prime Minister Murayama attends Chinese Embassy in Japan reception to mark 70th anniversary of China's victory in the war against Japan.

Sept. 2, 2015: Japan Self-Defense Force participates in joint exercise with US military off the coast of California.

Sept. 3, 2015: China marks 70th anniversary of the end of the war against Japan with victory parade in Beijing.

Sept. 5, 2015: Finance Minister Aso Taro at meeting of G20 finance ministers says Chinese response to Shanghai stock market fluctuations shows that China "is not a normal country."

Sept. 7, 2015: Japanese and ASEAN vice-minsters of defense meet in Sapporo; they agree on importance of freedom of maritime and air navigation.

Sept. 8, 2015: PM Abe reelected Liberal Democratic Party (LDP) president in uncontested leadership contest.

Sept. 14, 2015: Chinese Adm. Yuan Yubai tells London conference that South China Sea belongs to China.

Sept. 15, 2015: PM Abe after meeting with Vietnamese Communist Party General Secretary Trong expresses concerns with China's land reclamation project in the South China Sea.

Sept. 15, 2015: Chief Cabinet Secretary Suga expresses concern over China's unilateral development of natural gas fields in the East China Sea.

Sept. 19, 2015: Japanese Diet passes legislation that reinterprets self-defense and gives the government the authority to send Self-Defense Forces overseas to defend allies, even if Japan itself is not under attack. China criticizes the legislation as destabilizing to regional security.

Sept. 29, 2015: Chinese Ambassador Cheng Yonghua hosts reception marking 66th anniversary of the founding of the PRC; extols China-Japan friendship and cooperation as in the interests of both peoples; does not refer to Diaoyu/Senkaku issues in his remarks.

Sept. 30, 2015: Chief Cabinet Secretary Suga announces Chinese detention of Japanese nationals on charges of spying.

Oct. 8, 2015: Democratic Party of Japan (DPJ) Secretary General Edano Yukio meets Taiwan's Tsai ing-wen, Democratic Progressive Party candidate for president of Taiwan.

Oct. 11, 2015: LDP General Council Chairman Nikai raises possibility of Japan stopping financial contributions to UNESCO in the event UNESCO acts to add documents relating to the Nanjing Massacre to the Memory of the World Register

Oct. 12, 2015: UNESCO adds new documents to the Memory of the World Register, including, at China's request, documents related to the Nanjing Massacre.

Oct. 13, 2015: Chinese State Councilor Yang Jiechi and Head of the Japanese National Security Council Yachi Shotaro co-chair the second China-Japan high-level political dialogue in Tokyo.

Oct. 14, 2015: State Councilor Yang meets with PM Abe at the Kantei.

Oct. 15, 2015: Komeito leader Yamaguchi Natsuo, at invitation of CCP, attends conference in Beijing and meets President Xi Jingping.

Oct. 16-17, 2015: Former DPJ Foreign Minister Maehara Seiji in remarks in Beijing calls on China to assume responsibilities of a great power.

Oct. 19, 2015: Japan's Ministry of Defense releases data on scrambles against Chinese aircraft for first six months of Japan's April-September fiscal year.

Oct. 19, 2015: Chief Cabiniet Secretary Suga announces that PM Abe has made an offering in his private capacity to the Yasukuni shrine during the autumn festival.

Oct. 20, 2015: Supra-party delegation of 70 Diet members visits the Yasukuni Shrine.

Oct. 20, 2015: President Xi in dinner remarks in London recalls Japan's wartime atrocities.

Oct. 22, 2015: China's ambassador to the UN General Assembly's First Committee on Disarmament raises concerns with regard to Japan's growing stockpile of fissile material.

Oct. 27, 2015: Curator of Nanjing War museum asks Miyazaki Prefecture for return of three cornerstones taken from Nanjing by the Imperial Army.

Oct. 28, 2015: Permanent Court of Arbitration accepts Philippines' submission on the South China Sea; Beijing rejects any decision as null and void.

Oct. 31-Nov. 1, 2015: Premier Li, PM Abe and South Korean President Park Geun-hye hold a trilateral summit in Seoul, the first such meeting since 2012.

Nov. 1, 2015: PM Abe and Premier Li meet in Seoul.

Nov. 4, 2015: Minister of Defense Nakatani and Chinese counterpart Wang meet in Kuala Lumpur on the sidelines of the ADDM Plus to discuss South China Sea issues and early implementation of maritime communication mechanism.

Nov. 4, 2015: Premier Li meets delegation of Japanese business executives.

Nov. 5, 2015: Foreign Minister Kishida at ASEM meeting in Luxemburg calls attention to unilateral efforts to change the status quo in the South China Sea.

Nov. 6, 2015: PM Abe welcomes first 99 Chinese students participating in the Japan-China youth exchange program established in May.

Nov. 7, 2015: President Xi in speech delivered in Singapore asserts that historically islands in the South China Sea were part of China.

Nov. 8, 2015: Foreign Minister Kishida tells *NHK* audience that issues related to the South China Sea are matters of legitimate concern to Japan.

Nov. 11, 2015: PM Abe tells Upper House Budget Committee that he wants to keep options open and fully deliberate regarding issues related to the South China Sea.

Nov. 13, 2015: China's Foreign Ministry spokesperson says that land-reclamation projects in the South China Sea are taking place within the area of China's sovereignty.

Nov. 13, 2015: Top Japanese and Chinese business executives meet in Tokyo.

Nov. 15-16, 2015: PM Abe attends G20 Summit in Turkey; raises issues related to South China Sea with German, Australian, British leaders and with European Commission president.

Nov. 22, 2015: PM Abe and Premier Li meet for brief conversation during East Asian Summit in Kuala Lumpur.

Nov. 24, 2015: Japan's Ministry of Defense postpones plans to deploy 500 GSDF troops to Ishigaki Island in Okinawa until next five-year defense build-up plan (FY2019-2023).

Nov. 29, 2015: Japan-China Energy Forum held in Tokyo; government and private sector participants agree to promote 26 projects.

Nov. 30, 2015: PM Abe and President Xi meet for brief conversation while in France.

Dec. 4, 2015: LDP Secretary General Tanigaki Sadakazu and Komeito Secretary General Inoue Yoshihisa meet Yu Zhengsheng, chairman of the Chinese People's Political Consultative Committee in Beijing.

Dec. 7, 2015: Nanjing's War History Museum opens new exhibition in advance of Dec. 13 anniversary of Nanjing Massacre.

Dec. 7-8, 2015: Japanese and Chinese officials meet in Amoy to discuss South China Sea issues and implementation of maritime communication mechanism.

Dec. 9, 2015: Foreign Minister Kishida in Tokyo address raises issues related to China's activities in the South China Sea.

Dec. 11, 2015: Japanese and Chinese vice minsters meet in Beijing to advance the spring 2016 Japan-China ministerial-level economic dialogue.

Dec. 13, 2015: Nanjing marks anniversary of Nanjing Massacre; neither President Xi or Premier Li attend ceremonies.

Dec. 14-18, 2015: Japan-China-ROK director general talks on the trilateral free trade agreement are held in Japan.

Dec. 22, 2015: LDP's panel dedicated to the study of history holds first meeting.

Dec. 22, 2015: *Kyodo News Service* reports that China in 2016 will replace Japan as the second largest contributor to the UN's peacekeeping budget.

Dec. 23-26, 2015: PLAN intelligence-gathering ship operates in international waters of Japan's Boso Peninsula.

Dec. 28, 2015: Abe Akie, wife of PM Abe, visits Yasukuni Shrine.

Comparative Connections
A Triannual E-Journal on East Asian Bilateral Relations

Japan-Korea Relations:

A Litigious Time of the Year

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The overarching theme for the end of the year was litigation. The trial of Kato Tatsuya (former Seoul bureau chief for *Sankei Shimbun*) led to his acquittal for criminal libel. The trial of Park Yu-ha, a professor at Sejong University charged with defamation for her 2013 book *Comfort Women of the Empire* began in December, the General Association of Korean Residents in Japan (*Chongryon*) and its affiliates faced three separate lawsuits in Japan and South Korea, and a Korean was arrested and later indicted for his role in placing a bomb at Yasukuni Shrine. There were also competing interpretations of the international status of North Korean refugees in the case of contingencies. The much-awaited November Park-Abe summit was quickly tested by incidents that could easily strain relations. To the credit of Seoul and Tokyo, neither government let a single issue damage the relationship. In fact, the two ended up reaching an accord on "comfort women/sex slaves" at yearend. Despite immediate praise from the US, there was considerable frustration from both publics over the agreement.

Sticky lawsuits

Recall that the first mention of *Sankei Shimbun's* former Seoul bureau chief, Kato Tatsuya, was back in the summer of 2014, when he was facing a defamation suit for an article that mentioned rumors of President Park Geun-hye engaging in a clandestine meeting during the seven-hour period in which she was unaccounted for on the day of the tragic sinking of the *Sewol* ferry in April 2014. In October, Korean prosecutors argued for an 18-month jail term for Kato. Then, the court delayed sentencing from Nov. 26 to Dec. 17, when the Seoul Central District Court acquitted Kato of libel, which is a criminal offense in South Korea. The decision came after the South Korean Foreign Ministry sent a note to the Justice Ministry asking that the verdict take into consideration its consequences for Korea's broader relations with Japan. So while we wait to see if the prosecution appeals the verdict, we are left with questions of freedom of the press, ethical journalism, and inter-agency politics and the interplay of domestic and foreign policy.

There was another bilateral incident that demanded legal remedies when an explosion occurred in the public restroom at the Yasukuni Shrine in Tokyo on Nov. 23, implicating a 27-year-old South Korean man as being behind the blast. There were no fatalities, yet the incident had all the appeal for heavy media coverage: *mystery*, as the motive was unknown and the suspect retracted his confession the day after; *conspiracy*, as it was unclear why the suspect flew back to Japan

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after returning to Korea, prompting some to theorize that the Korean government had a hand in encouraging his return to suppress bilateral tensions (but then the suspect's Gimpo-Haneda ticket would most likely have been a one-way ticket rather than roundtrip), and; *controversy*, as the Japanese police found a box containing feces in the parking lot of the South Korean Consulate in Yokohama on Dec. 12 with a hand-written note declaring the "package" was retaliation for the Yasukuni blast. Moreover, there was controversy surrounding the media coverage of the incident in Japan with the Korean government lodging a protest through official channels about the release of the suspect's identity (name, photograph, etc.). Meanwhile, *The Japan Times* reported that Chief Cabinet Secretary Suga Yoshihide had stated during a news conference that he was unaware of Seoul's protests and that "there is no way that police would provide (the media) with a photo of the face (of a suspect)." On Dec. 10, the day after the suspect was arrested by police in Tokyo, *Yonhap News* had a story that included interviews with the suspect's uncle, an official at the air force unit where the suspect had previously served, and the convenience store clerk in the area where the suspect had lived.

A less "sensational" issue that deserves mention is airport security. The police in Japan have not found any evidence that the suspect purchased the items used to create the bomb during his stay in Japan (and they have presumably found the remains of batteries with Korean lettering at the blast site), while sources have reported finding some granular substance resembling gunpowder and a timer in the suspect's possessions upon being arrested on his return to Japan. If it turns out that the items used for the blast were purchased in Korea and then transported successfully to Japan, at least some blame will fall on the security screenings at Gimpo airport. (Gimpo airport officials have denied the suspect was carrying an explosive substance.)

The incident has implications for bilateral relations, especially considering that *Yonhap News* had reported in late October a record number of Korean tourists to Japan have taken advantage of a weakened yen. According to the Korea Tourism Organization, a total of 2.86 million Koreans visited Japan from January to September 2015, a surge of 43.1 percent from the same period in 2014. If the outlook is for a continued trend in Korean tourists to Japan, the blast at Yasukuni Shrine presents multiple tasks for Tokyo-Seoul relations beyond coordinating on the investigation of the suspect or managing any second-order anti-Korean backlash in Japan as a result of the blast.

There were other unresolved legal issues complicating Japan-South Korea relations. One debate started after the bilateral meeting in Seoul on Oct. 20 between Japanese Defense Minister Nakatani Gen and South Korean counterpart Han Min-koo. The interpretation of what was said varied by media source: *Reuters* said Nakatani reinforced Japan's commitment to an exclusively defense-oriented security policy despite the new security laws that would expand the role of the Japanese Self-Defense Forces (JSDF) abroad; *The Korea Times* reported that Nakatani maintained that while Japan will not be involved in any military operation in South Korea without Seoul's consent, he remained "noncommittal" about the need to seek consent before entering North Korean territory. *The Nikkei* framed Nakatani's comments as implying that the JSDF "could act unilaterally in North Korea in an emergency," while an editorial in *Yonhap News* went so far as to claim that Japan did not acknowledge the necessity of Korea's consent to enter North Korea in the case of a contingency:

> [Nakatani's remarks] can be interpreted in two ways and both are troublesome. One is that it is already considering North Korea as part of its theater of operations, a point that shows its history-proven, psychological inclination to use the peninsula as a stepping stone for its expansion toward the continent into China. By extension, it shows that Tokyo is not only uninterested in seeing the unification of the two Koreas but also rules out such an eventuality, obviously, because it fears a united Korea will become more powerful and tip the balance of power in the favor of China over Japan.

The editorial was a hasty, oversimplified, and extremely one-dimensional perspective, but it does raise the critical issue of international law surrounding North Korea, particularly in the event of a contingency. In theory, South Korea claims the northern part of the peninsula to be part of its territory, and there are provisions that solidify this idea (i.e., North Korean defectors are treated as South Korean citizens by law, and are not counted toward South Korean statistics on "refugees"). In practice, the domestic legal mechanism in South Korea is pulled in different directions – pro-North Korean propaganda is illegal under the 1948 National Security Law/Act, as is anything that could be construed as being "pro-North Korea" (derisively called *jong-buk*). As a result, South Korea is extremely cautious about weeding out influences from the North, and yet it must claim the North to be part of one unified territory. The dilemma is only one piece of the larger puzzle of Korean reunification. But it will help South Korea's position vis-à-vis Japan if it is able to first reconcile its own internal debates (and insecurities) about the desirability of and actual preparedness for reunification.

Domesticide?

Prime Minister Abe Shinzo and President Park met on Nov. 2 in Seoul on the sidelines of a South Korea-Japan-China trilateral summit involving Chinese Premier Li Keqiang. It was a much-anticipated event, not so much for the likelihood of any substantive agreement (in fact, there was no post-summit joint statement or press conference and the media was quick to note that the two leaders did not even have lunch together), but because so much effort went into just holding the meeting. So, it was no surprise that the meeting was anticlimactic. In hindsight, the timing was not optimal as South Koreans were engrossed in the Park administration's decision announced a few weeks earlier to replace history textbooks for middle and high school students with government-issued textbooks beginning in 2017. This became a fiercely debated issue for South Koreans, and one that eclipsed any foreign policy agenda involving Japan (and hence, death of the foreign by the domestic, or *domesticide*).

The Japanese media kept a close eye on the ensuing nationwide antigovernment rallies and demonstrations in Korea – after all, there are obvious connections to Japan. As an article in *The Nikkei* phrased it, "If Park finds her own government accused of softness toward the Japanese [against this background of "historical revisionism"], she may feel forced to take a harder line against Tokyo to defend herself." But there was another 'textbook' issue (with more direct bilateral implications) that was buried in the domestic unrest. In the "letters to the editor" section of the December issue of *Perspectives on History*, 50 scholars (48 of whom are affiliated with an institution in Japan) released a statement that demanded corrections to the McGraw-Hill textbook on contents regarding the description of the "comfort women/sex slaves." Excerpts from the letter state that "Writers of fiction have license to create alternative realities using their imaginations, but history textbooks written by serious scholars should contain nothing but

demonstrable truths," and continued on to claim that "we have to say that the credibility of the McGraw-Hill textbook as a whole should be seriously questioned as 8 errors of fact in only 26 lines, mentioned earlier, on the comfort women were found in the textbook.… This is a problem that affects the prestige of American historians as a whole." While acknowledging that the government was aware of the latest letter, South Korea's Foreign Ministry spokesperson cautioned that denial on the part of Japan will invite backlash from the international community.

The developments were unfortunate, as the two countries had agreed at the Abe-Park summit to accelerate negotiations to resolve the "comfort women/sex slaves" issue. Amidst working-level talks on the topic in November and December, there was speculation about a movement toward a joint China-South Korea effort to have "comfort women/sex slaves" documents registered with UNESCO's Memory of the World Register, after China's sole application for endorsement was turned down at the 12th International Advisory Committee's (IAC) meeting in Abu Dhabi on Oct. 4-6, 2015. The IAC is the 14-member body that is tasked with advising UNESCO on the planning and implementation of the project (its meeting documents can be accessed here). Nevertheless, the Park administration kept a relatively low-key stance by deferring (or deflecting) the decision to the Women's Humans Rights Commission of Korea (WHRCK), a Seoul-based group that is supported by the Ministry of Gender Equality and Family. The WHRCK has a specific team dedicated to assisting the victims of sexual enslavement by the Japanese military.

There are also legal matters to consider as the Japanese government views the 1965 treaty with Korea to have resolved all wartime compensation, thereby applying a "humanitarian" veneer to the "comfort women/sex slaves" issue. The Korean government does not see Japan as having been exonerated from all legal responsibility by the 1965 treaty. In fact, academia and law collided on this very issue with the indictment of Park Yu-ha, a professor at Sejong University, who went on trial on Dec. 14. Park was indicted on charges of defamation, for her 2013 book, *Comfort Women of the Empire*, which stirred controversy for its portrayal of the Korean women as "prostitutes" who served the Japanese empire rather than conscripted victims, and the active involvement of Koreans in recruiting the women to the service. An article in *the New York Times* contained some interesting comments made by Park during an interview: "Whether the women volunteered or not, whether they did prostitution or not, our society needed them to remain pure, innocent girls ... if not, people think they cannot hold Japan responsible." While Park's book is divisive, it is hard to deny her claim that the former victims have become mostly "symbols," relegated to some *means* (to greater leverage in political negotiations with Japan) rather than an *end* (receiving greater financial and psychological assistance and care).

The absence in the "agency" of such victims became clear with the landmark accord between Seoul and Tokyo on Dec. 28, wherein Japan made an apology and promised an $8.3 million payment that would go into a fund to provide assistance for the victims. It is too early to analyze the ramifications of the deal (we will do that in the next edition), especially as there are conflicting reports about each party's understanding of the details of the settlement. For instance, is the removal of the statue located in front of the Japanese Embassy in Seoul a precondition for Japan's implementation of the settlement? The immediate reception in both countries was mixed, foreshadowing a bumpy few weeks, especially for the Korean government, which is already facing domestic criticism that it sold out the victims to political expediency.

In the end, it may be fortuitous that the latest letter by the 50 scholars on the McGraw-Hill textbook did not pick up as much steam in the media and was partly eclipsed by Korea's own textbook concerns. Nevertheless, to witness parallel movements – the aforementioned letter signed by 50 scholars, alongside a statement supported by 154 (Korean and foreign) scholars protesting moves to nationalize history textbooks in South Korea – should give us pause about what it means for the politicization of academia. Especially if it has side-effects, such as perpetuating a sense of US-centricity and the notion that somehow Korea's road to the world runs through the US. For instance, the letter signed by the 50 scholars includes a paragraph about how "The efforts of American historians will determine whether or not future generations of Americans will have the correct historical view, which will be extremely important for the United States as well as for the rest of the world." Of course, this may just be rhetoric and simply a way to demonstrate generalizability for a cause that is deemed worthy. But targeting a private actor (McGraw-Hill) that is obviously not the "mouthpiece" of a government only solidifies a hierarchical vision of scholarship that places the US at its core.

The statement issued by the 154 scholars highlights a more salient point: it argues that "The [South Korean] government's plan to mandate its own Korean history textbooks not only tarnishes Korea's international standing as a democratic country, it also weakens Korea's moral standing in the regional dispute over Japanese government historical revisionism." It ends by claiming that "Many outside Korea are monitoring the ongoing textbook controversy, and it is our sincerest hope that the Korean government will act in a way befitting Korea's global stature in the twenty-first century." So the focus remains on Korea and the self-defeating nature of its actions for its foreign policy. The critique was magnified as the latter half of 2015 was a particularly poignant period for civil liberties, with the "migrant crisis" being condensed into one tragic photo of a dead refugee baby (most likely from Syria) that washed ashore on a Turkish beach. Not long after publication of the photo, an editorial in the Sept. 15 *USA Today* reported on the abysmal figures regarding asylum seekers and their lack of success in South Korea and Japan: in 2014, South Korea granted refugee status to 94 people (out of 2,900 applicants) while the record for Japan was even worse at 11 out of 5,000 asylum seekers); the US reportedly accepted more than 70,000 refugees in 2014.

More rulings and the surge of "ghost ships"

In a strange twist where the legal system meets North Korea, *Reuters* reported on Dec. 2 that North Korea's leader Kim Jong Un's aunt and her husband – who defected to the US in 1998 – filed a defamation suit in Seoul against three defectors for 60 million won ($51,612).

Specific to the Pyongyang-Tokyo relationship, the North figured into the overarching theme of outstanding legalities in three particularly interesting ways. First, *The Asahi Shimbun* reported in early November on the ruling by the Japanese Supreme Court to uphold a lower court's ruling to approve the purchase of the Tokyo headquarters of the General Association of Korean Residents in Japan (*Chongryon*). The court rejected the complaint filed by *Chongryon* in May to approve the sale of the property to Shikoku-based Marunaka Holdings, thereby prompting the group to vacate the premises. Second, *Chongryon* made headlines again in South Korea after the Daejeon District Court on Dec. 2 sentenced a 42-year-old man to three years imprisonment based on the

National Security Law/Act. The man had purportedly been lured into the *Chongryon* during his studies in Japan and was charged with collaborating with the pro-North Korean organization. Third, *Jiji Press* announced that the Kyoto District Court had sentenced the second son of Ho Jong-man, head of *Chongryon*, to 20 months in prison for illegally importing matsutake mushrooms from North Korea to Japan. The court also sentenced the president of the *Chongryon*-affiliated Tokyo trading company to two years imprisonment and a fine of ¥2 million (roughly $16,533). This last bit of news was picked up by the *Korean Central News Agency* (*KCNA*) on Dec. 12, stating that "The recent judgment [by the Kyoto District Court] will bring serious consequences to the DPRK-Japan relations and the judge who made the unprecedented mistake in history of the Japanese judiciary being subservient to power will never be free from remorse for his crimes."

Nevertheless, the Pyongyang-Tokyo relationship was subsumed by the abduction issue. It was mostly a continuation of the status quo despite Japan's efforts to make progress. There was some internal reshuffling of personnel in October, with Kanai Masaaki becoming the director of the Northeast Asia Division in Japan's Ministry of Foreign Affairs (MOFA), replacing Ono Keiichi, who became director of the Management and Coordination Division. Moreover, Ishikane Kimihiro became the director general of the Asian and Oceanian Affairs Bureau, replacing Ihara Junichi, who became the head of Japan's permanent mission to international organizations in Geneva. Worth noting was the apparent open line of communication between the two states. *Kyodo News* reported on Dec. 12 that the two countries held at least two informal working-level meetings in China in November on the abduction issue, and that the North had revealed the findings of a new burial site on the outskirts of Pyongyang.

The clandestine nature of the meetings may have been prompted to some extent by persistent pressures from both the domestic and foreign audience. There was a mass public gathering held in Niigata in November called the "Never Forget the Abductees Assembly," led by parents of Yokota Megumi – the Japanese woman who was abducted by North Korean agents in 1977 and who has come to symbolize the intractable nature of the abduction issue. There was also news of a North Korean internal document most likely dating back to the 1990s, with contents about abducting foreign targets. Apparently, the 356-page "manual" was used as part of the intelligence curriculum at the Kim Jong Il Political-Military University and represents the first physical evidence of such a program by the North.

Meanwhile, North Korea was facing its own pressure at the UN with the General Assembly (UNGA) resolution in November to refer the country to the International Criminal Court (ICC) for its human rights abuses, and a Security Council (UNSC) meeting on its human rights violations in December. The accusations really gained attention when the media started to capitalize on the story of "ghost ships" containing headless skeletons or rotting corpses originating from North Korea and drifting into Japan's waters. As pointed out by *CNN*, it is not so much the actual discovery of such ships, which has been happening for years, but the sheer number of boats found in the short amount of time. The Japanese Coast Guard found 12 boats within just five weeks (and a total of 283 boats in five years from 2011). Speculation was that the victims were most likely those in the fishing industry, especially given the push by Kim Jong Un for increased output.

So while keeping the bilateral channel open, Japan for the greater part of the September-December period sought influence vis-à-vis Pyongyang through indirect diplomacy. For instance, Prime Minister Abe made a stopover in Mongolia (for five hours) as part of his Central Asia tour in October, a relatively last-minute scheduling decision that some speculate as being important for sustaining Mongolia's continued cooperation on resolving the abduction issue with North Korea (and on Mongolia's part, a good chance to leverage its ties to North Korea to reinforce economic ties with Japan). A similar thing could be said regarding India. In November, Hiramatsu Kenji, the former head of MOFA's Foreign Policy Bureau, was appointed as Japan's ambassador to India and rushed into office in time for Abe's three-day visit for talks with India's Narendra Modi starting Dec. 11. Among other achievements, the joint statement from the talks shared concerns about North Korea's nuclear program and urged the North to "address at the earliest the abductions issue."

Early 2016: the months ahead

Barring unforeseen circumstances, Korea-Japan relations in the first third of 2016 will probably be dominated by discussion and debate about the landmark "comfort women/sex slaves" agreement reached late in 2015. As we noted, it is not at all clear what the agreement actually entails. It will be particularly interesting to see whether both governments can constrain civil society. The agreement states that it will put the issue to rest "finally and irreversibly." Whether either side can refrain from bringing up the issue again will be particularly interesting, especially in two democratic societies where civil groups have far more leeway to raise the issue. Prime Minister Abe has long courted rightist groups that may see the agreement as going too far, while President Park faces groups in Korea that may view the agreement as not going far enough. Only time will tell how much this agreement has lowered tensions between the two countries.

Chronology of Japan-Korea Relations
September – December 2015

Sept. 13, 2015: Second trilateral Agricultural Ministers Meeting is held in Tokyo bringing together South Korean Agricultural Minister Lee Dong-phil, Chinese Vice Agriculture Minister Chen Xiaohua, and Japanese Agriculture and Fisheries Minister Hayashi Yoshimasa.

Sept. 24-25, 2015: Eighth round of negotiations (Chief Delegates Meetings) on a Free Trade Agreement (FTA) among Japan, China, and South Korea is held in Beijing.

Sept. 27, 2015: Prime Minister Abe Shinzo and President Park Geun-hye meet briefly at the United Nations (UN) on the sidelines of the 70th session of the UN General Assembly.

Sept. 28, 2015: World Trade Organization's (WTO) Dispute Settlement Body (DSB) establishes a panel after Japan reiterates its concerns that South Korea has adopted and maintains Sanitary and Phytosanitary (SPS) measures (import bans) that are inconsistent with provisions of the SPS Agreement. For a summary of the dispute to date, see here.

Sept. 30, 2015: Japan's Foreign Minister Kishida Fumio meets South Korean counterpart Yun Byung-Se in New York.

Sept. 29-30, 2015: Yamatani Eriko, Japanese minister in charge of the abduction issue, emphasizes the abduction of Japanese nationals by North Korea at the 10th ASEAN Ministerial Meeting on Transnational Crime (AMMTC), which takes place in Kuala Lumpur, Malaysia.

Oct. 7-9, 2015: Komeito Chief Representative Yamaguchi Natsuo visits Seoul and meets President Park to deliver a personal letter from Prime Minister Abe expressing his interest in a bilateral summit on the sidelines of the trilateral meeting involving China.

Oct. 8, 2015: China, Japan, and South Korea hold 15th Trilateral Finance Ministers in Lima, Peru, on the sidelines of the G20, International Monetary Fund (IMF) and World Bank meetings.

Oct. 12, 2015: Japanese House of Representatives Speaker Oshima Tadamori and South Korean National Assembly Speaker Chung Ui Hwa hold talks in Seoul.

Oct. 18, 2015: Justice Minister Iwaki Mitsuhide and Internal Affairs and Communications Minister Takaichi Sanae pay respects at the Yasukuni Shrine, a day after Prime Minister Abe sends his offering, inviting protest from South Korea.

Oct. 20-22, 2015: Defense Minister Nakatani Gen visits South Korea and meets Defense Minister Han Min-Koo.

Oct. 25, 2015: Some 154 professors and lecturers of Korean history release a joint statement opposing the ROK's reinstatement of government-authored textbooks for secondary education.

October 30, 2015: Tenth Trilateral (China-Japan-ROK) Economic and Trade Ministers Meeting is held in Seoul; all sides agree to cooperate in establishing a free trade agreement (FTA) and promoting the Regional Comprehensive Economic Partnership (RCEP).

Nov. 2, 2015: Prime Minister Abe and President Park meet for the first time since May 2012 in Seoul, on the sidelines of a South Korea-Japan-China summit.

Nov. 4, 2015: Japan's Supreme Court upholds a lower court ruling to approve the purchase of the Tokyo headquarters of the General Association of Korean Residents in Japan (*Chongryon*).

Nov. 11, 2015: Ishikane Kimihiro, director general of the Asian and Oceanian Affairs Bureau at Japan's Ministry of Foreign Affairs, meets South Korean counterpart Lee Sang-duk in Seoul.

Nov. 11, 2015: *Tokyo Shimbun* announces that it has acquired a 356-page secret manual that instructs North Korean agents about carrying out abductions abroad and evading capture.

Nov. 15, 2015: Mass gathering in Niigata, the "Never Forget the Abductees Assembly," is led by parents of Yokota Megumi.

Nov. 19, 2015: UN General Assembly passes a resolution calling for North Korea to be referred to the International Criminal Court (ICC) for its human rights violations.

Nov. 26, 2015: Nukaga Fukushiro, a senior lawmaker in the Liberal Democratic Party (LDP), attends as Japan's special representative the state funeral for former South Korean President Kim Young-sam, who died on Nov. 22.

Nov. 28, 2015: *Yonhap News* reports a failed DPRK submarine-launched ballistic missile test.

Dec. 2, 2015: *CNN* reports that at least 12 boats with 22 decaying bodies aboard have been found shipwrecked on Japan's coasts over the past two months; speculated to be from North Korea.

Dec. 5, 2015: A "sex slaves" history museum opens in Daegu, the fourth such museum in South Korea.

Dec. 8, 2015: South Korean man is arrested by Japanese police in connection to a bombing in a public restroom at Yasukuni Shrine.

Dec. 7, 2015: Busan Cultural Foundation announces plans to submit a joint application to register records related to the *Joseon Tongsinsa* (diplomatic goodwill missions to Japan that took place during the Joseon era) on UNESCO's Memory of the World Register by March 2016.

Dec. 10, 2015: Despite protests from China and Russia, a UN Security Council (UNSC) meeting is held on North Korea's human rights violations.

Dec. 10, 2015: Kyoto District Court sentences Masamichi Kyo to 20 months in prison and suspension for four years, on grounds of violating Japan's foreign exchange law for illegally importing matsutake mushrooms from North Korea.

Dec. 12, 2015: *Kyodo News* reports that Japan and North Korea secretly met in China several times to discuss the abduction issue.

Dec. 12, 2015: Japanese police finds a box containing feces in the parking lot of the South Korean Consulate in Yokohama, accompanied by a hand-written note declaring the package to be retaliation against the Yasukuni blast that occurred in late November.

Dec. 14, 2015: Park Yu-ha, professor at Sejong University and the author of *Comfort Women of the Empire*, goes on trial in South Korea for defamation.

Dec. 15, 2015: The 11th session of talks on "comfort women/sex slaves" is held in Tokyo.

Dec. 17, 2015: Kato Tatsuya, former Seoul bureau chief for *Sankei Shimbun* is acquitted on criminal libel and the prosecution announces that it will not appeal the court's decision.

Dec. 28, 2015: Japanese prosecutors indict Korean suspect in Nov. 23 Yasukuni Shrine blast.

Dec. 28, 2015: Foreign Minister Kishida meets South Korea counterpart Yun Byung-Se in Seoul for talks on "comfort women/sex slaves." The meeting culminates in a deal to resolve the issue.

Comparative Connections
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China-Russia Relations:

Into the Syrian Storm: Between Alliance and Alignment

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In the final months of 2015, China-Russia interaction started with President Putin's state visit to China and ended with the 20th annual prime ministerial meeting in Beijing. While Putin's visit was full of historical and geopolitical symbolism (China's victory parade for the 70th anniversary of its war of resistance against Japan's invasion), the prime ministers meeting was geared for substance, aiming to energize bilateral economic relations against the backdrop of Western sanctions against Russia and China's economic slowdown. In between, Chinese and Russian leaders met at multilateral forums to synchronize their policies and actions, and a $2-billion sale of 24 Russian *Sukhoi-35* fighter-bombers to China after eight years of negotiations was finalized. Meanwhile, the world witnessed Russia's decisive intervention in the Syrian civil war, the European refugee crisis, the Paris massacre, and the rise of anti-establishment forces across the West. The apparent warming of Sino-Russian relations led to another round of questions: were they moving toward an anti-West alliance?

Putin in Beijing

Russian President Vladimir Putin's visit to China on Sept. 2-3 was scheduled for two reasons: to participate in China's first-ever Victory Day parade to celebrate the 70th anniversary of the end of WWII, which served to reciprocate for President Xi Jinping's participation in Russia's V-D parade in May, and to make a state visit. 12,000 Chinese servicemen accompanied by the latest equipment in the PLA's arsenal took part in the parade, while 81 Russian guards of honor from the Preobrazhenskiy Regiment brought up the rear of the foreign delegations. Despite the rather "thin" Russian contingent for the largest military parade in the PRC's history, the appearance of Russian servicemen in the parade, which was the first time this occurred in the history of their relations, was significant in and of itself. For some in China, the Russians made an important "final touch (压轴戏)" for the spectacular display of China's military might. Putin's appearance in Beijing was full of political, historical, and perhaps geopolitical symbolism. Among the heads of the 20 foreign countries and governments joining the ceremonial events in Beijing, he was the only leader who represented a country that had been an ally of China in World War II.

After the military parade, the two heads of state held a formal meeting. They reiterated their resolve to safeguard the historical legacies regarding WWII, pointing out that the two countries were the main battlefields in Asia and in Europe during WWII and that both made the greatest

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sacrifices and the greatest contributions to the final victory of World War II. While Putin emphasized that the two countries should do everything possible to prevent large-scale military conflicts and keep all armed conflicts to a minimum, President Xi Jinping talked about promoting regional and world peace and injecting positive energy into mankind's peace and progress. The nuances that distinguished their remarks were perhaps less important than their respective presence at each other's ceremonies, while their former Western allies were largely absent. The reciprocal visits for each other's V-Days were not only for preserving the historical linkage, but also for mutual understanding, if not support, when the strategic spaces of Moscow and Beijing were being contested by the West, particularly the US.

Economic issues, however, topped the agenda in their meeting. In his opening statement, President Xi said that the two sides should expand cooperation in finance, investment, energy, and among localities. Xi noted the need to formulate appropriate "long-term plans and programs" to integrate China's Silk Road Economic Belt and Russia's Eurasia Economic Union (EAEU). He indicated that China was looking to work with Russia for Eurasian economic integration and development, rather than certain short-term "pivots" as frequently articulated by Russia as a result of its difficulties with the West. Putin echoed Xi's call for economic cooperation, but with more specific areas of interactions, such as energy, petrochemicals, finance, space, science and technology, and the manufacturing sector, among others.

The EAEU is a regional economic grouping that currently includes Russia, Kazakhstan, Belarus, Kyrgyzstan, and Armenia. Its main objectives are to form a single market, create opportunities for the free flow of goods, services, investment, and labor forces within the borders of the member countries by 2025, while introducing a coordinated economic policy. The EAEU and its predecessor (the Custom Union) have long been promoted by Moscow. It was not until September 2013 when the concepts of the Silk Road Economic Belt initiative – together with the 21st Century Maritime Silk Road initiative, commonly known as the "Belt and Road" (B&R) initiative – were proposed by President Xi Jinping during his first official tour of Central Asia as China's head of state. The B&R strategy was the culmination of that 10-day trip. Since then, China's "Belt & Road" concept has been broadened to bring together countries in Asia, Europe, and even Africa via overland and maritime networks, with the purpose of boosting infrastructure building, financial cooperation, and cultural exchanges in those regions.

Moscow's initial reaction to Beijing's strategy was rather skeptical if not outright hostile (see Yu Bin, "Putin's Glory and Xi's Dream: Russian-China Relations, September-December 2013). Moscow's skepticism toward the B&R became muted in 2014 when Western sanctions against Russia were tightened. It was obvious that Moscow was in a much weaker position to resist China's westward move, let alone to keep its Central Asian partners in line. The best alternative was to work with Beijing and benefit from China's investment spree. Prior to Russia's V-D parade on May 9, 2015, Presidents Putin and Xi signed a document to integrate China's B&R with the latter's aspiration under the EAEU framework. In the joint declaration for the "New Stage of the Sino-Russian Comprehensive Strategic Partnership of Cooperation" issued at the end of Putin's state visit to China on May 20, 2014, the Russian side recognized "the importance of China's B&R initiative and speaks highly of China's willingness to take into consideration Russia's interest during the planning and implementation of the B&R" (高度评价中方愿在制定和实施过程中考虑俄方利益).

For Putin and Xi, the more immediate challenge was how to maintain momentum in bilateral economic interactions. In the first six months of 2015, the value of bilateral trade fell 31.4 percent compared to the previous year. The main reason for such a sharp drop was the depressed energy prices. Russia's heavy dependence on energy exports to China was the structural cause for such a decline. Russia's imports also declined significantly due to the ruble's devaluation.

To reverse the downward trend in bilateral economic relations, Putin brought with him a sizeable delegation of functionaries and businessmen that included Presidential Staff leader Sergey Ivanov, three vice premiers – Olga Golodets, Igor Shuvalov, and Dmitriy Rogozin – several ministers, and the leaders of Rosneft, Gazprom, NOVATEK, Russian Railroads, the Russian Direct Investment Fund, Vneshekonombank, and the State Corporation for Atomic Energy. Following the formal meeting, Xi and Putin together witnessed the signing of 27 cooperative agreements in diplomacy, infrastructure, localities, education, science and technology, customs, economy, energy, finance, trade, electricity, communication, cyberspace, automobiles, and other areas. The signed documents were reportedly worth $30 billion.

A long-expected, major gas deal between Gazprom and China National Petroleum Corporation (CNPC), however, was not signed – neither side gave a reason. Chinese media grouped the pending gas deal with other signed documents with a statement that Gazprom "will sign a MoU with CNPC," which was a strange description for a deal that had yet to be made. China and Russia signed a $400 billion natural gas supply deal via an eastern route in May 2014. In November 2014, the two countries agreed to start negotiating a similar deal through a western route. Since then, plummeting world oil prices became a major stumbling block to finalize the western route deal. By the year end, some calculations show that at current prices, Power of Siberia, which is Gazprom's largest-ever project in terms of investment levels, would only start to make a profit in something like 30 years. For China, its slower economic growth and the stock market rout meant its energy demand would not be as strong as in the past decade. It is unlikely China will pay an excessively high amount for the Russian gas, given the weakness of both domestic and international markets. It appeared that both China and Russia were moving more cautiously and realistically, balancing the potential and limits of their economic relations.

The lure and lull of Russia's Far East

President Putin left Beijing after the summit, but did not go directly back to Moscow. His next stop was Vladivostok where he presided over the first East Economic Forum (EEF), which he had proposed to speed up development of eastern Russia and expand multilateral cooperation in the Asia-Pacific region. Putin's presence in the EEF signaled a new importance of the Far East region for the Russian economy, largely because of the stagnation in the European part of Russia following the annexation of Crimea in 2014. In early 2015, Russia decided to form a special economic zone in Russia's Far East that gives generous tax incentives to corporations choosing to operate there.

"Today we see the future of the Far East as one of Russia's key centers of social and economic development, a center that should be effectively integrated into the quickly developing Asia-Pacific region," Putin said in his speech at the EEF opening ceremony. He also proposed

extending the free port policy to more cities in Russia's Far East region, while the city of Vladivostok and 15 other maritime administrative districts were given that status in July 2015. Specifically, said Putin, the Russian government is prepared to lower the tariffs for transport, energy costs, electricity, and other goods and services, in order to attract investment.

Of the 300 foreign company representatives in Vladivostok, 130, or 40 percent, came from China, while 98 were South Korean and 54 Japanese. The Chinese business group was led by Vice Premier Wang Yang, who has been in charge of external economic relations for China. In their meeting on the sidelines of the EEF, Putin thanked the Chinese for dispatching a high-level delegation and a large number of company representatives to take part in the EEF. He said,

> We are facing many tasks and problems today. The problems can, and must, be solved jointly. Together with our friend and colleague Chinese President Xi Jinping we discussed the whole range of issues of cooperation between China and Russia. In this context, cooperation between China and Russia in the Far East appears to be quite interesting, promising and important. Therefore we hope very much that our Chinese friends will show interest in those projects and opportunities which we are offering here, in the Far East.

Wang replied that China was willing to make a joint effort with Russia to "expand investment and cooperation in resource development, processing and manufacturing, modern agriculture, port logistics, infrastructure, and in other areas, so as to realize mutual benefits and win-win results and open up new spaces in practical cooperation between China and Russia." Wang also said China was willing to actively take part in the investment, construction, and operation of Russia's Vladivostok free port and special development zone. Following the meeting, Wang and Putin visited the ocean expo project in Russia's Primorsky Krai.

The large Chinese presence in the first EEF may not just reflect geographic proximity, but also a growing trend in China's overseas direct investment (ODI). In 2014, China's ODI surpassed foreign direct investment (FDI) into the country, marking a fundamental change in China's economic development. Meanwhile, foreign investors in Russia are now facing a quite unexpected incentive, that is, a sharp drop in US dollar terms of real annual wages in Russia. According to a study by Bank of America Merrill Lynch, real annual wages during the first half of 2015 were lower in Russia ($565.4) than China ($764.3) and Mexico ($636.6). That was a 33 percent drop from the 2014 real annual wage in Russia of $839.70.

Even under these favorable conditions, Russia's efforts to get China's investment did not seem successful. A few days after the EEF, the Russian president's envoy to the Russian Far Eastern Federal District Yury Trutnev seemed to blame the Chinese government for not encouraging Chinese investors to go to Russia. In his speech at the Summer Davos Forum, chaired by Chinese Premier Li Keqiang in Dalian on Sept. 9-10, Trutnev remarked that "We create the templates, but if the Chinese leadership says to Chinese businesses 'let's invest in the Far East,' then the process will get underway, and if it doesn't say this, then it won't." He even pointed to Chinese investment in Angola as a successful case of Chinese government-driven ODI: its capital Luanda "has been transformed with the help of Chinese investors." "Does Angola really have a more stable and favorable investment climate than Russia?" asked Trutnev.

The 20th Prime Ministers Meeting in Beijing

It has been 20 years since the prime ministers of the two countries kicked off their regular consultation in April 1996. Over the years, it has become the most comprehensive inter-governmental mechanism in China's external cooperation. In Beijing, Premiers Li Keqiang and Dmitry Medvedev discussed measures to offset the impact of the current economic slowdown and commodity price devaluation around the world. Thirty-three agreements were signed in the areas of energy, investment, finance, hi-tech, customs inspection, education, tourism, etc.

During the meeting, Li proposed to set industrial capacity and equipment manufacturing as new areas to power the two economies. He also urged the implementation of key bilateral projects and more cooperation in areas including energy, finance, aviation, agriculture, and military technology. In his press conference with Li, Medvedev did not directly comment on China's proposal for new areas of cooperation. Instead, he revealed that Russia and China only agreed that future agreements should be formed while taking into account mutual interests. For Medvedev, the new area of cooperation was in agriculture. After meeting Li, he told the press that, "China is the most populous country on the planet and Russia is the world's largest country with 10 percent of the world reserves of arable land. If we combine this potential, we will achieve a completely new situation. We have agreed to do this and signed a number of agreements to build our relations in this area." In a joint communique, equipment manufacturing was mentioned in a passing sentence. After their formal meeting, Li and Medvedev presided over the closing ceremony of the Years of Youth Exchanges and an opening ceremony of the Years of Russian and Chinese Media for 2016-17.

The 14th SCO Prime Ministerial Meeting: elephant's foot in the china shop?

Central Asian states were facing serious challenges in the last four months of 2015 for at least two reasons: the deterioration of Afghan security and the rise of the Islamic State (IS) in Syria and beyond. In late September, the city of Kondoz, which has a population of 300,000, fell to the Taliban. It is the first provincial capital to fall to the Taliban since the US invasion and was perhaps the biggest success for the Taliban in 14 years. For Central Asian countries, it is alarming to see that these radical Afghani Islamists, who now control the city, are just 70km from the southern border of Tajikistan, and are not much further from Uzbekistan and Turkmenistan. Already in mid-October, combat activities were reportedly taking place along over 60 percent of the common border between Afghanistan and Tajikistan.

For Central Asian states, the phenomenal rise of the IS poses a big threat as approximately 3,000 citizens from those countries are involved in IS activity in the greater Middle East. With the IS reportedly working to turn Afghanistan and the Central Asian states into a promising recruiting ground, the return home of seasoned fighters would be a nightmare, as well as for Russia as the chief security guarantor for many Central Asian countries.

On Nov. 3, top officials of the Collective Security Treaty Organization (CSTO), the Commonwealth of Independent States (CIS) and the Shanghai Cooperation Organization (SCO) met in Moscow to discuss responses to new threats and challenges. CSTO Secretary General Nikolai Bordyuzha, CIS Executive Secretary Sergei Lebedev, and SCO Secretary General

Dmitry Mezentsev attended the meeting, which focused on ways to bolster security and stability, respond to new challenges and threats, migration policy, and information support.

On Dec. 5-7, the SCO's military representatives held a meeting on security issues in Sanya, Hainan Province. They reportedly agreed to strengthen military cooperation in various sectors to deal with the complicated and unstable international security situation. Meanwhile, the Afghan government was requesting SCO membership and assistance, as well as Russian weapons.

Against this backdrop, prime ministers of the SCO held the 14th annual Prime Minister Meeting on Dec. 14-15 in Zhengzhou, China. As chair, Premier Li Keqiang proposed that the SCO establish six platforms for cooperation in the areas of security, production capacity, connectivity, financial cooperation, regional trade cooperation, and cooperation on social affairs and improving people's lives. Li's prioritizing of security issues for the SCO was in line with the original spirit of the organization when the Shanghai-Five morphed into the SCO on July 10, 2001, dedicated to enhancing security for China and the other five post-Soviet states. Its mission of combating terrorism, extremism, and separatism was declared two months before the 9/11 attacks against the US. By the end of 2015, both the deterioration of Afghan security and the rising IS threat presented new challenges for the regional security group, now occupying three-fifths of the Eurasian continent and a quarter of the world's population. For this purpose, Li proposed to speed up the drafting and signing of a SCO treaty for combating extremism (反极端主义公约).

The bulk of Li's proposals dealt with economic issues, including equipment manufacturing as a new area of economic cooperation for SCO members. Obviously, China wants to apply its comparative advantage in manufacturing infrastructure, and transportation/connectivity (Li's third platform) across the SCO area. Russia's agreement to cooperate with China for the integration of its EAEU and China's B&R provides an opportunity for China to turn the SCO into a gigantic economic entity. Li used the China-Kazakhstan inter-governmental manufacturing projects (52 by the end of 2015) to highlight the mutually beneficial nature of the bilateral cooperation in manufacture, co-production, local production, and job creation. For connectivity, Li urged the earliest restart possible of the China-Kyrgyzstan-Uzbekistan railroad project, which has been delayed by Moscow.

Li's fourth platform for the SCO was the financing mechanism for the regional group. For more than a decade, China's effort to set up a SCO development bank has been frustrated by most SCO member states, including Russia. As a result, China has resorted to bilateral deals with individual SCO states for large-scale infrastructure projects. In the past few years, Beijing has successfully "bypassed" the SCO by creating several key financial institutions such as the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund and the BRICS New Development Bank. Meanwhile, the SCO still operates its low-capacity SCO Interbank Association, with the bulk of Beijing's investment and loans to Central Asian countries, totaling $27.1 billion by the end of 2015, being handled through bilateral arrangements.

Li's fifth proposal was trade liberalization. Li reminded his SCO colleagues that China has set up 14 bilateral and multilateral free trade arrangements affecting trade relations with 22 countries. He argued that with a total GDP of $13 trillion, intra-SCO trade volume is relatively low, making

trade liberalization and facilitation an important step. For this purpose, a SCO e-trade association is needed for cross-border e-trading business.

Finally, Li proposed more people-to-people exchanges. For this goal, China will provide 20,000 scholarships in the 2016-2021 years for citizens of the SCO member states.

China's proposals were comprehensive, if not overwhelming. In comparison, Prime Minister Medvedev only broadly talked about the need for an "SCO financial mechanism" for "easy-term loans." He also used the currency swapping mechanism between Russia and China to highlight the need to bypass the use of US dollars, which is increasingly important for trade with China.

Uzbekistan was the least enthusiastic about China's proposals. Uzbek First Vice Premier Rustam Azimov said bluntly that his country was unprepared to consider the proposal on the formation of a free trade zone, and intends to "strictly adhere to, and observe, the principles of continuity and consistent development of multifaceted cooperation to meet the interests of all member-states of the organization." With that opposition, the Joint Communique does not mention free trade. Instead, the document only states that the SCO would "support multilateral, open, non-discriminative and inclusive trade mechanisms on the basis of equality, mutual respect and mutual benefit."

Uzbekistan's opposition to China's economic initiatives is not new. As incoming members of the SCO, however, disputes between India and Pakistan became obvious regarding not only China's economic agenda, but also the group's overall cohesion. In his speech, India's Minister of State for External Affairs, V.K. Singh pointed to "zero tolerance towards terrorism" as the recipe to counter terrorism. Without naming Pakistan, he said: "Political convenience can no longer provide an alibi for backing terrorist groups ideologically, financially or through material support. Today, the world has realized that there are no good terrorists."

Pakistan Prime Minister Nawaz Sharif strongly supported China's B&R project and declared that his country remained committed to making the China-Pakistan Economic Corridor Project – a joint undertaking under the B&R framework – a resounding success. Singh, however, opposed the China-Pakistan economic corridor as it involved certain "sovereignty issues" because it passes through the "Pakistan-occupied Kashmir." Without stating India's backing for China's B&R, Singh proposed establishment of "new networks of physical and digital connectivity that extend from Russia's northern regions to the shores of the Indian Ocean." He stressed that India's conceptual "International North South Transportation Corridor" was an important step in that direction. Singh also suggested that SCO member countries could take advantage of India's rapidly growing market, while the SCO could become a major source of India's energy security. The SCO countries could also draw on India's strengths in financial management, especially microfinance, pharmaceuticals, services, food security and agriculture as well as training and capacity building.

"Long divided, the world will unite; long united, it will fall apart," so goes the most famous quote from *The Romance of the Three Kingdoms* (三国演义), one of the most popular novels in China written in the 14th century. It remains to be seen how the "elephant" (India) and the "dragon" (China) will interact within the SCO framework. And do not forget the "bear in the

north." Though considerably weakened in the past quarter of a century, Russia's enduring interest in Central Asia will not fade.

Breakthrough in military sales

In mid-November, Russia and China hammered out the last details of a $2 billion sale of 24 *Sukhoi-35* fighters jets, the second major Russian arms sale to China in 2015. In April, the two countries reached an agreement for a $3 billion sale of *S-400* air-defense systems, the most advanced air-defense system in the Russian arsenal. A spokesman for the Chinese Defense Ministry defined the contract as "a successful initial phase" (阶段性成果), which opens the possibility of future negotiations for further after-sale modifications, maintenance, and even technology transfers. The Russians will deliver the first four *Su-35*s to the PLA in 2016 and the remainder are expected by the end of 2018, according to the aircraft's Russian producer, the Komsomolsk-on-Amur Aircraft Production Association.

The announcement of the *Su-35* sale occurred during the 20th meeting of the Russian-Chinese Mixed Intergovernmental Commission on Military-Technological Cooperation, held in Moscow on Nov. 15-20. The meeting was chaired by Russian Defense Minister Sergei Shoigu and China Central Military Commission Vice-Chairman Xu Qiliang. The two sides discussed international and regional security and bilateral military-technological cooperation. Xu was received by President Putin on Nov. 17, who told his Chinese guest that "as the global situation is becoming increasingly uncertain, the Sino-Russian cooperation in military-technology area is a major stabilizer for the world." He went on to say that, "We are determined to continue both military cooperation and our interaction in the military-technological field." Xu's group arrived in Moscow on Nov. 15 and its members included Miao Wei, the minister of industry and information technology, Yi Xiaoguang, the deputy chief of the General Staff of the PLA, and Liu Sheng, the deputy chief of the General Armament Department of the PLA.

Talks for sale of the *Su-35*s had been underway since 2008. For the PLA, this advanced fighter would serve several purposes. It will fill a gap between the current fleet of China's third-generation of fighter-bombers (Su-series, *J-10, J-11, J-15*, etc.) and its fifth-generation stealth fighter (*J-20*), which is widely believed to be in serial production after 2017. The *Su-35* is very close to a fifth-generation combat aircraft (e.g., US *F-22* and *F-35*) in terms of flight maneuverability with an operational range (about 4,500km with two external fuel tanks), which is much greater than any of the *Su*-series fighters and their Chinese equivalents. This means the *Su-35*s would give China an edge in the South China Sea. Currently, "the PLA has a limited number of aerial refueling aircraft, and these tankers are not as good as those from the United States. That leads to a constrained operational range and flight duration for our existing fighter jets," said Wang Ya'nan, deputy editor-in-chief of *Aerospace Knowledge* in Beijing. Fu Qianshao, an aviation equipment expert with the PLA Air Force, said the *Su-35* is sufficiently powerful to surpass the US *F-35 Lightning II*, due to its supreme maneuverability. "Despite the *Su-35* having no stealth capability, it can stil rival fifth-generation fighter jets in other aspects. Its service will complement our existing fourth-generation fleet of *J-10*s and *J-11*s," he said.

Beyond the immediate need in the SCS, the PLA is more interested in the *Su-35*'s onboard Irbis-E radar, which is said to be the most powerful onboard radar, capable of detecting stealth targets

such as US *F-35*s from 90km. For Chinese aircraft manufacturers, the *Su-35*'s 117S engine is a major attraction. Despite major investment in jet engine R&D, engine manufacturing for military aircraft is still the weakest link in China's aerospace industry. With the coming serial production of China's indigenously developed stealth fighter *J-20*, Russia's engine know-how could be valuable for China's own engine development. It is unclear if the $2 billion deal includes technology transfers. The high cost ($83 million per *Su-35*) and the open-ended definition of the signed contract ("a successful initial phase") seem to leave that door open. Interestingly, during Xu Qiliang's visit to Russia, he and his delegation, which included CEO of the China Aerospace Industry Lin Zuoming (林左鸣), visited the 117S manufacturer in Ufa, a sign of some breakthroughs in technology transfer of Russia's 117S engine to China.

To Syria: Russian might and China's modest mediation

Russia started bombing IS targets in Syria on Sept. 30. With significant ground support and intelligence from the Syrian military, Iraqi forces, Iranian Revolutionary Guards, and allied militias, Russian air strikes primarily targeted militant groups opposed to the Syrian government. Western observers also claimed that Russian bombs fell on "moderate" rebel groups, as well as those supported by Saudi Arabia and Turkey. After the downing of Russia's Metrojet Flight 9268 on Oct. 30 over the Sinai Peninsula, Russia started using its *Tu-160* and *Tu-95* strategic bombers for the first time. A week later, a Russian *Sukhoi-24* strike aircraft was shot down by a Turkish Air Force *F-16* for the alleged violation of Turkish airspace for up to 17 seconds. One of the two Russian pilots was shot to death while parachuting by the pro-Turkey rebel groups. Russia responded by intensifying air strikes in Syria and by deploying *S-400* air-defense systems in Syria. President Putin reportedly ordered the Russian military in Syria to destroy any threatening targets: "I order you to act as tough as possible. Any target that poses a threat to Russian [military] grouping or ground infrastructure has to be destroyed immediately."

Despite growing criticism from the West, Putin's strategy seems to have achieved some of its limited goals, including preservation of a functioning Syrian state that presumably also protects Russia's interests in Syria; reasserting Russian power in the Middle East, particularly enhancing its relationship with leading Shiite powers in the Middle East, which was the first time since Egyptian President Anwar Sadat booted Soviet forces from Egypt in 1973; moving the discourse away from Ukraine and forcing the West to engage again with Russia; gaining some traction for political settlement of the Syrian crisis (Vienna negotiations); and for certain tactical coordination (such as pilot safety while operating in the Syrian air space) between the Russian and US forces in the anti-IS operations. For all of these outcomes, *Forbes* declared Vladimir Putin to be the world's most powerful person for the third year running (Merkel and Obama assumed the 2nd and 3rd ranking).

In sharp contrast to the light on Russia, China has remained on the sidelines of the Syrian drama, which is now spinning out of control in the form of refugees (to Europe) and the re-infiltration of seasoned fighters back home for sabotage (Paris bombing, etc.) and recruiting.

In early October, Russian Senator Igor Morozov was quoted as saying that China was set to enter the Syrian conflict. "It is known that China has joined our military operation in Syria; the Chinese cruiser has already entered the Mediterranean, [and an] aircraft carrier follows it," he

said. Lebanese political sources close to the Syrian regime and Hezbollah also told London-based *al-Araby al-Jadeed* that Chinese fighters would "take part in Russian raids on Syria in a matter of days." Meanwhile, the Europeans, who were overwhelmed by the flood of refugees, urged China to provide relief efforts for the crisis. "Any contribution from China's side would be more than welcome," German Ambassador to China Michael Clauss said in an interview with the *South China Morning Post* on Oct. 28.

In reaction to calls to do more to help resolve the Middle Eastern crisis, China's Foreign Ministry spokesperson simply "noticed" ("注意到") that "Russia began striking Islamic State targets in Syria on September 30 with the consent of the Syrian government." Russia was encouraged to work with other parties (US, Europe, etc.) in its military operations against the IS. A week later, Foreign Minister Wang Yi stressed that China supports joint international efforts against terrorism, a political solution for the Syrian crisis, and alleviation of the humanitarian crisis. Beijing's *Global Times* cited Wang in his meeting with visiting Syrian Presidential Political and Media Advisor Bouthaina Shaaban in Beijing as saying that, "China supports counter-terrorism actions that are in line with international laws and endorsed by involved countries . He was also quoted as saying, "We hope all parties could strengthen communication and cooperation, as well as join forces in counter-terrorism actions." Similarly, Wang made a general statement about Syrian sovereignty that "China opposes easy interference in other countries' domestic affairs. China supports Syria's sovereignty, independence and territorial integrity, as well as its approach to find its own path of development that is consistent with its national circumstances," Wang told Shaaban. To clarify Wang's "sovereignty" point, *Global Times* added that "Russia began striking Islamic State targets in Syria on September 30 with the *consent of the Syrian government* [emphasis added].

Following his meeting with German Chancellor Angela Merkel on Oct. 29, Premier Li Keqiang told reporters that the urgency of resolving the protracted dispute was rising. "The most important thing is to seize the opportunity to implement a political resolution and set up an equal, inclusive and open political dialogue," said Li. A political solution to the Syrian crisis, therefore, has been the most consistent message coming from Beijing. For this purpose, China again invited representatives of both the Syrian government (late December) and opposition (Jan. 5-8, 2016) for talks in Beijing. In late December, Western media reported that China had "allegedly committed more than $30 billion to postwar reconstruction in Syria.

China's Syrian policy, therefore, has not been as closely aligned with that of Russia as some Russian and Syrian sources suggested. At the very least, Beijing seems to pursue separate tracks between its strong support for combating terrorism and a rather vague stance toward conflicts between the Assad government and the moderate rebel groups. Tian Wenlin, a research fellow on Middle Eastern studies at the China Institutes of Contemporary International Relations, said that it was unlikely that China would team up with Russia in airstrikes in Syria. "Diplomatic support from China should suffice at this time, and this was not only because the situation in Syria was quite complicated, but also it was geographically far away from China." Compared with other powers, "China has little private interest in the area," noted Tian.

Wang Jian, a researcher with the Chinese Academy of Social Sciences, said that compared with the US and Russia, China was not as decisive a power in the Syrian conflict. "China does not

have as strong an influence in the Middle East as the other UN Security Council permanent members," the researcher said. Liu Zhongmin, a Middle East affairs expert from Shanghai International Studies University, said military intervention was impractical given China's lack of military presence in the region. "China would like to play a constructive role, but this must be in accordance with its capacity," said Liu.

The consensus for caution and impartiality in China's Syrian policy was not reserved for China's political and intellectual elites. A yearend survey conducted by *Global Times* of 20,811 respondents from 20 countries (including China, the US, Russia, Japan, the UK, Australia, France, Brazil and South Africa) showed a huge gap between Chinese and foreign perceptions of China as a global power. While nearly 70 percent of foreign respondents agreed that China is already a global power, only 27.9 percent of Chinese respondents affirmed this idea. "Chinese people have a better perspective of the country's problems since they live there," said Zhu Jiejin, a professor at Fudan University in Shanghai, adding that a more precise identification of China was that of a "developing great power," a power with wider participation in global affairs but also a country facing poverty and imbalanced and unsustainable development (at home).

"Goldilocks" for Sino-Russia relations?

By the end of the year, President Putin's assertiveness in the Middle East and Western criticism put China in a genuine dilemma between searching for a viable approach to deescalating the crisis and maintaining a delicate balance between the West and Russia. To drive home China's long-standing position on noninterference in internal affairs and its strong record of defending sovereignty of states, the Dec. 18 *People's Daily* carried a long assessment of Sino-Russian relations (also reprinted in *Foreign Affairs*) by Fu Ying, chairperson of the Foreign Affairs Committee of China's National People's Congress. She provided a clear parallel between China's policies toward the Ukraine and Syrian crises at a time of Russia's cooling relations with the West and warming ties with China:

> The crises in Syria and Ukraine illuminate the ways in which China and Russia have effectively managed their partnership. Many in the United States see China's attitude toward the conflict in Ukraine as unclear or suspect that China has sided with Russia. In fact, after the Russian annexation of Crimea in 2014, the spokesperson for the Chinese Ministry of Foreign Affairs stated unequivocally that Ukraine's independence, sovereignty, and territorial integrity should be respected. China emphasized that all the parties involved in the Ukrainian conflict should resolve their differences through dialogue, establish coordinating mechanisms, refrain from activities that could worsen the situation, and assist Ukraine in maintaining its economic and financial stability. China did not take any side: fairness and objectivity serve as guiding principles for Beijing when addressing international affairs.

China's "fairness" regarding the Ukraine crisis, however, was conditioned by a caveat in that China was also:

> …mindful of what led to the crisis, including the series of Western-supported "color revolutions" in post-Soviet states and the pressure on Russia that resulted from NATO's eastward expansion. It is also worth noting that there have long been complicated historical, ethnic, religious, and territorial issues between Russia and the former Soviet republics. The Ukraine crisis is a result of all these factors. As Xi put it, the crisis is "not coming from nowhere."

Despite the huge difference between Moscow and Washington over the Syrian crisis, Fu still believed the possibility that they might find common ground:

> On Syria, the view in Beijing is that Russia launched its military intervention at the request of the Syrian government in order to combat terrorist and extremist forces. Although Washington has called for Syrian President Bashar al-Assad to step down, it shares Russia's goal of taking on the Islamic State (also known as ISIS). So on the one hand, the United States has criticized the Russian intervention, but on the other hand, it has expressed willingness to work with Russia on counterterrorism. The Russian move, then, was not exactly what the United States wanted to see but was not an entirely bad thing for U.S. interests, either. From China's perspective, Russia and the United States share an interest in confronting the brutal terrorists of ISIS. The hope in China is that talks among Russia, the United States, Iran, and a number of other regional powers will make progress in resolving the conflict.

As former vice minister of the Foreign Ministry, Fu's background and training were largely associated with China's policies toward English-speaking countries (she was the Chinese ambassador to the UK in 2007-09 and ambassador to Australia in 2004-07). She also led the Chinese delegation in the early stage of the talks with North Korea. Her writing, therefore, is primarily targeted a Western audience. The goal was to define both the nature and parameters of the Beijing-Moscow relationship as one of partnership but not alliance.

Fu started by disputing two main schools of thoughts in the West regarding Sino-Russian/Soviet relations: the "marriage of convenience" and "alliance," or "threat," schools. She did this in a way that is remarkably similar to this author's view eight years earlier (Yu Bin, "In Search for a Normal Relationship: China and Russian Into the 21st Century," *China and Eurasia Forum* Quarterly 5, no. 4, November 2007, Stockholm, Sweden, 47-81). While the former view sees the link between Beijing and Moscow as vulnerable, contingent, and marked by uncertainties – a "marriage of convenience" – the latter view sees that strategic and even ideological factors form the basis of Chinese-Russian ties and predicts the two countries – both of which see the US as a possible obstacle to their objectives – would eventually form an anti-US, anti-Western alliance.

"Neither view accurately captures the true nature of the relationship," said Fu. She further argued that the Chinese-Russian relationship was complex, sturdy, and deeply rooted, and that their different approaches to the Syria issue would not rupture their relationship; nor would they form an anti-US or anti-Western bloc of any kind. What Fu implied in her long description of the evolution of the Sino-Russian bilateral relationship is that the multi-faceted and highly institutionalized interactions between Moscow and Beijing had assumed a life of their own, regardless of their respective domestic politics and global upheavals. And this is the case only after their long, difficult, and sometimes painful relationship since the 17th century.

Fu may have ignored a crucial historical lesson: the roller-coaster relationship China and Russia sustained in the second half of the 20th century between the brief heart-melting "honeymoon" of the 1950s and heart-breaking "divorce" of the 1960s-1980s. The two Eurasian giants have now been somewhere in between their "best" and "worst" relationship. Call it a marriage of convenience, or a "normal relationship," in which the two sides are now more realistic about each other without excessive dreams and expectations. Differences do occur but most of them

get resolved or managed without being politicized, ideologized, or escalated to a "divorce." They may not "love" each other, but they have learned how to live with one another for practicality. It is not the best or the worst human and inter-state relationship, but is perhaps "just right." One footnote for this Goldilocks metaphor: the search for the middle ground, or 中庸, was the essence of Confucianism, to which a steadily rising China is turning to as it returns to its cultural and civilizational roots.

Fu Ying's reasoning was perhaps the most comprehensive interpretation of China's seemingly vague and hesitant take on the Syria issue. Beyond the complexities and nuances in China's articulation of its Syria policy, Fu also pointed out the differences in diplomatic priority and style between Russia and China.

> For all this progress, differences still exist between the two neighbors, and they don't always share the same focus when it comes to foreign policy. Russia is traditionally oriented toward Europe, whereas China is more concerned with Asia. The two countries' diplomatic styles differ as well. Russia is more experienced on the global theater, and it tends to favor strong, active, and often surprising diplomatic maneuvers. Chinese diplomacy, in contrast, is more reactive and cautious.

Fu ended her piece with an analogy of a scalene triangle for relations among China, Russia, and the United States, in which "the greatest distance between the three points lies between Moscow and Washington," and "within this triangle, Chinese-Russian relations are the most positive and stable." However, she assured that "the sound development of Chinese-Russian relations is not intended to harm the United States, nor should Washington seek to influence it. Likewise, China's cooperation with the United States will not be affected by Russia, nor by tensions between Moscow and Washington. China should neither form an alliance based on bloc politics nor allow itself to be recruited as an ally by other countries."

Fu's assurance to the West was timely. One, however, should not ignore a geopolitical fact of life regarding triangular politicking among nation-states. That is, any tripartite relationship is a dynamic process rather than a fixed object. Its shape and substance are inherently unstable and fluid, depending on how each side calculates its respective interests and pursues its interests. At the height of the Ukraine crisis, I shared Fu's belief that Moscow and Beijing would not move toward an alliance, but with one caveat:

> In the final analysis, a real and tight alliance between Moscow and Beijing, similar to NATO and other US-led alliances, is neither likely nor necessary in the short and medium-terms, unless the core interests of both are perceived to be jeopardized at the same time. For better or worse, the current policies of the Obama administration – punishing Russia and hedging China with a largely militarized Asia pivot—are driving Russia and China to each other's arms.

It remains to be seen if and how the last year of the Obama administration and his successor will contribute to the reshaping of that strategic triangle between Moscow, Beijing, and Washington.

Chronology of China-Russia Relations
September – December 2015

Sept. 2, 2015: Russian Defense Minister Sergey Shoygu meets Vice-Chairman of the Chinese Central Military Commission Fan Changlong in Beijing. Shoygu is quoted as saying that Russian-Chinese military cooperation had a stabilizing effect on the international situation.

Sept. 2-3, 2015: Russian President Vladimir Putin conducts a state visit to China, where he also joins China's celebration to mark the end of World War II on Sept. 3.

Sept. 3-6, 2015: Tenth meeting of heads of supreme courts of Shanghai Cooperation Organization (SCO) member states is held in Bishkek, Kyrgyzstan.

Sept. 4, 2015: President Putin meets Chinese Vice-Premier Wang Yang on the sidelines of the East Economic Forum (EEF) in Vladivostok.

Sept. 10, 2015: Chinese Premier Li Keqiang meets Russian Deputy Prime Minister Yury Trutnev on the sidelines of the Summer Davos forum in Dalian, China.

Sept. 14, 2015: Premier Li talks by phone to Russian Prime Minister Dmitry Medvedev to discuss the upcoming regular prime ministerial meeting and the SCO prime ministers meeting.

Sept. 14, 2015: China's Deputy Representative for Korean Peninsula Affairs Xiao Qian travels to Moscow for a "working visit," and is received by Deputy Foreign Minister Igor Morgulov.

Sept. 16, 2015: The SCO held its *CentrAsia - Antiterror-2015* antiterrorism exercise in Bishkek.

Sept. 18, 2015: SCO's Regional Anti-Terrorist Structure (RATS) meets in Tashkent to discuss the Islamic State threat to the SCO members and an action plan for experts from SCO member states' border guard services for 2016.

Sept. 21, 2015: Russian and Chinese military doctors conduct a large-scale drill in Khabarovsk Kray. The scenario is earthquake relief for 5,000 earthquake victims.

Sept. 30, 2015: BRICS foreign ministers meet on the sidelines of the UN General Assembly.

Oct. 1, 2015: President Putin sends congratulatory message to President Xi on the occasion of the 66th anniversary of the founding of the People's Republic of China.

Oct. 1, 2015: Russian Foreign Minister Sergei Lavrov meets Chinese counterpart Wang Yi on the sidelines of the UNGA session to discuss Syria, terrorism, Korea, and information security.

Oct. 9, 2015: Chinese Vice Premier Liu Yandong and Russian Deputy Prime Minister Olga Golodets co-chair the 16th session of the China-Russia Committee on Humanities Cooperation in Xi'an, China's Shaanxi Province.

Oct. 14, 2015: SCO holds its first anti-online terror drill in Xiamen, China.

Nov. 3, 2015: Top administrative officials of the Collective Security Treaty Organization (CSTO), the Commonwealth of Independent States (CIS), and the Shanghai Cooperation Organization (SCO) meet in Moscow to discuss the response to new threats and challenges.

Nov. 13, 2015: Eighth session of the heads of the SCO member countries' emergency situations services is held in Chengdu, China.

Nov. 15, 2015: BRICS leaders meet in Turkey on the sidelines of a Group of 20 (G20) summit.

Nov. 16, 2015: Director General of the Department of Arms Control of the Foreign Ministry Wang Qun and Director of the Department for Non-Proliferation and Arms Control of the Foreign Ministry Mikhail Ulyanov co-chair a new round of consultations on arms control and nonproliferation in Moscow.

Nov. 15-20, 2015: The 20th meeting of the Russian-Chinese Mixed Intergovernmental Commission on Military-Technological Cooperation is held in Moscow, chaired by Defense Minister Sergei Shoygu and Central Military Commission Vice Chairman Xu Qiliang.

Nov. 19, 2015: Both Russian and Chinese media report that a $2 billion contract for 24 multi-role *Su-35* fighter jets was signed following a closed-door meeting attended by representatives in Komsomolsk-on-Amur. China's Defense Department confirms the report a week later.

Nov. 30, 2015: President Putin and President Xi meet after attending the plenary meeting of the UN Climate Change Conference in Paris. The talks focused on anti-terrorism and global issues.

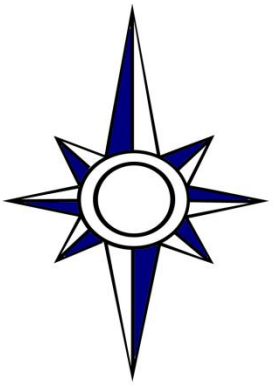
Dec. 5-7, 2015: SCO military officers meeting on security cooperation is held in Sanya, Hainan Island. They discuss defense cooperation and forthcoming joint military drills for 2016.

December 14-15, 2015: SCO's 14th Prime Ministers Meeting is held in Zhengzhou, China.

December 16-17, 2015: The 20th Sino-Russian prime ministerial meeting is held in Beijing.

Dec. 31, 2015: President Xi and President Putin exchange New Year greetings.

Comparative Connections
A Triannual E-Journal on East Asian Bilateral Relations



India-East Asia Relations:

A Full Year of "Acting East"

Satu Limaye
East-West Center

India-East Asia relations during 2015 offered a perspective on the first full year of India "Acting East" since Prime Minister Modi took office in May 2014 and announced in November that his administration would turn the two decade-old "Look East Policy" into an "Act East Policy." In 2015, India took important steps to shore up ties with several Asia-Pacific countries while also creating new relationships. For example, Modi made the first-ever visit by an Indian prime minister to Mongolia, Vice President Hamid Ansari was dispatched to Brunei, North Korea's foreign minister for the first time visited India, India opened its new mission to ASEAN with a dedicated ambassador, and the first India-Australia-Japan trilateral dialogue took place in June. While India-East Asia relations saw no ground-breaking developments, Modi continues to emphasize the political and strategic dimensions of India's East Asia outreach – particularly in the maritime domain. Indeed, the Modi administration released its end-of-year assessment of the "Act East Policy," noting the "policy which was originally conceived as an economic initiative, has gained political, strategic and cultural dimensions including establishment of institutional mechanisms for dialogue and cooperation." The review went on to highlight the fact that "India has upgraded its relations to strategic partnership with Indonesia, Vietnam, Malaysia, Japan, Republic of Korea (ROK), Australia, Singapore and Association of Southeast Asian Nations (ASEAN)…" In an official review of India's foreign relations entitled *A Year of Smart Diplomacy: Milestones 2015*, released by the Modi administration on Dec. 22, the section on "Act East Policy: Vision, Vigour and Plan of Action" followed discussion of "Neighborhood Diplomacy" and before "Engaging Major Powers" – providing a perspective on the priority that the Modi administration has been giving to East Asia.

India-China: Modi's first visit to China as prime minister

The big event of bilateral India-China relations in 2015 was Prime Minister Modi's May visit to China, the first since being elected to office a year earlier (Modi had visited China while chief minister of Gujarat state.) Little was achieved by Modi's visit and no progress was made on key long-standing "knots" in the relationship such as border/territorial disputes and unbalanced trade.

The year began inauspiciously when, in February, China summoned India's ambassador in Beijing to protest Prime Minister Modi's visit to Arunachal Pradesh to open a new railroad line. China considers the area to be disputed territory. Modi stuck to India's basic position that

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border/territorial disputes hold the two countries "back from realizing [the] full potential of our partnership" and "suggested that China should take a strategic and long term view of our relations." He claimed to have "found the Chinese leadership responsive" (though he did not characterize the nature of the response). Finally, Modi reiterated the need for clarification of the Line of Actual Control (LAC). Meanwhile, the press in both countries continued to highlight their respective narratives: Chinese media emphasized India's "aggressive patrolling resulting in tensions" and Indian media highlighted alleged Chinese incursions into India's territory. India's government sought to explain its version of the situation through several parliamentary interventions. For example, in a May 5 written response to a member of Parliament's Upper House, Defense Minister Manohar Parrikar declared "There have been no incidents of infiltration by Chinese soldiers into Indian territory during last three years." He went on to explain that there "is no commonly delineated Line of Actual Control (LAC)…" and "[d]ue to both sides undertaking patrolling upto [sic] their perception of the LAC, transgressions do occur." The 18th round of Special Representative Talks on the India-China Border Question was held on March 23, but without any progress. At the end of the year, a news report emerged that Indian and Chinese officials would hold a small, tactical exercise at the contested border itself near Chushul during the coming weeks. Also at the end of the year, Parrikar told Parliament that apart from utilizing established mechanisms to manage border relations, "two additional Border Personnel Meeting points has been operationalized in 2015." Still, India-China border relations now seem less about immediate resolution of territorial dispute and more about managing incidents.

Despite a lack of progress on the border issue, numerous military and defense exchanges and discussions were held throughout the year. In April, the seventh China-India Defense and Security Consultation was held in Beijing. The head of the Indian delegation, Defense Secretary R. K. Mathur, expressed hope that "both the Indian and Chinese militaries would take effective measures to jointly control the situations in the India-China border area so as to maintain peace and tranquility of the area." In October, the fifth in the series of India-China Combined Military Training Exercise *Hand-in-Hand* was held at the Kunming Military Academy in Yunnan. In mid-November, Gen. Fan Changlong, vice chairman of the Central Military Commission, visited India, making him the highest-ranking Chinese military official visit to India in a decade. In December, Lt. Gen. D.S. Hooda, Army commander of India's Northern Command, led a six-member delegation to Beijing to meet Gen. Qi Jianguo, deputy chief of the General Staff.

Commercial relations remained robust, but plagued by a large Indian trade deficit. Indian officials continued to insist that the cause of the deficit lay with restrictions in China. Foreign Secretary S. Jaishankar said on the eve of PM Modi's May visit that "[t]here are many areas where India is globally competitive but somehow we have not been able to be successful in the Chinese market." He specifically highlighted Indian pharmaceuticals and IT-enabled services. He suggested a "solution to trade has to be found by more enlightened regulatory practices which would create a better trade balance." China's view was of course quite different. China's Ambassador to India Le Yuchung explained "China takes the Indian concern of trade imbalance very seriously. Solving the problem requires joint efforts. China hopes India would ease restrictions on exporting competitive products such as iron ore etc. to China, cut tariffs, encourage Indian firms to improve the quality of their products and produce more goods that meet the demand of the Chinese market."

India-Japan: Prime Ministers Modi and Abe continue their bromance

The amicable personal relationship between Prime Minister Modi and Prime Minister Abe Shinzo continued with the big development in 2015 being Abe's December visit to New Delhi. A Joint Statement issued during the visit captured the highly aspirational element of the budding bilateral relationship: *Joint Statement on India and Japan Vision 2025: Special Strategic and Global Partnership Working Together for Peace and Prosperity of the Indo-Pacific Region and the World*. The contrast with the pallid title of the India-China Joint Statement in May is worth noting (*Joint Statement between the India and China during Prime Minister's visit to China).*

The signing of an agreement on civil nuclear energy cooperation that had been under negotiation since 2010 was also announced during the visit. While a previous article in this series reported the speeding up of negotiations ("India-East Asia Relations: Acting East Under Prime Minister Modi?", *Comparative Connections, Vol. 16, No. 3,* January 2015), the announcement of an agreement is significant even though no details are publicly available and the joint statement indicates that "this Agreement will be signed after the technical details are finalized, including those related to the necessary internal procedures." Just what the internal procedures are and how long this process will take was a subject of questioning by Indian media – which was given only vague replies by government officials. More significant was how Prime Minister Modi sought to frame the agreement, emphasizing its political rather than commercial or environmental importance. In Modi's words, "The Memorandum we signed on civil nuclear energy cooperation is more than just an agreement for commerce and clean energy. It is a shining symbol of a new level of mutual confidence and strategic partnership in the cause of a peaceful and secure world. I know the significance of this decision for Japan. And, I assure you that India deeply respects that decision and will honour our shared commitments." Precisely what the mutual commitments are have not been made publicly available. No doubt an Indian decision to test a nuclear device (casting aside its own voluntary moratorium on tests) would lead Japan to at least suspend any Japanese civilian nuclear cooperation.

A fact sheet on the India-Japan relationship released during Prime Minister Abe's visit began with a review of political dialogues and security cooperation. There are now various annual dialogues between the two countries including between the foreign ministers, defense ministers, national security advisors and secretariats, a 2 + 2 dialogue at the foreign/defense secretaries- and vice minister-level, and of course the trilateral US-Japan-India dialogue. A notable new development is the inauguration of an India-Japan-Australia trilateral dialogue, the first of which was held in June 2015.

Security cooperation is also proceeding with three important developments: the signing of an agreement on the protection of classified military information, agreement on the transfer of defense equipment and technology, and confirmation that Japan would become a "regular participant at the *Malabar* exercises, which generally take place between India and the United States." India and Japan also agreed to begin staff talks between the two countries' air forces starting in 2016. However, there were no new announcements on defense sales. The joint statement noted only that "The two Prime Ministers express their intention to explore potential future projects on defense equipment and technology cooperation such as the US-2 amphibian

aircraft." The first meeting of a newly formed Joint Working Group on Defense Equipment and Technology Cooperation had been held in March during the visit to Tokyo by Defense Minister Parrikar—his first visit abroad since being named to the position.

Economic relations continued to focus on the huge development assistance efforts of Japan in the country, including a new fund labeled the "Japan-India Make in India Fund" and financing for a *Shinkansen* train service between Mumbai and Ahmedabad. Also, to stimulate commercial ties and recognize what Indian officials lauded as "the importance of Japan and the uniqueness of this relationship," it was announced that India had "decided that Japanese visitors to India – all visitors, business, tourists, all of them – could avail a visa on arrival,… So, this would be the only country for whom that arrangement would apply." The visa on arrival service for Japan is set to commence in March 2016. Japan also expressed support for India's membership in APEC.

India-Japan relations show a steady upward trajectory as there has been more focus on political, strategic, and defense cooperation while the bonhomie and symbolism have been taken higher under the leaderships of Prime Minister Modi and Abe.

India and the two Koreas

In 2015, India had important interactions with both North and South Korea. In April, Democratic People's Republic of Korea (DPRK) Foreign Minister Ri Su Yong led a delegation to India, the first-ever such bilateral visit. In addition to meeting with India's Foreign Minister Sushma Swaraj and other officials, Ri was accorded a meeting with Vice President Ansari. An official Indian statement on the visit noted that the "Foreign Minister level talks were held in a frank and friendly atmosphere where issues of mutual interest including India's security concerns came up for discussion." Given past reports of North Korea-Pakistan missile and nuclear cooperation, it is possible that this was one of "India's security concerns" discussed. India's foreign minister explicitly "conveyed to her Korean counterpart the significance of peace and stability in the Korean peninsula for India's Act East policy." The drivers on North Korea's side for the visit are far less clear, but the official readout notes that the DPRK foreign minister "expressed his country's appreciation for the humanitarian assistance provided by India … [and] sought additional assistance." However, India was noncommittal, agreeing to "positively consider DPRK's request." Swaraj also "thanked her counterpart for the invitation" to visit Pyongyang, but did not immediately accept the invitation. Later in September, news reports in India noted that India's Minister of State for Home Affairs Kiren Rijiju attended a North Korean Independence Day celebration in New Delhi and speculated that there might be some change in India-North Korea relations. To date, however, no major changes have been announced.

More substantive though less intriguing was Prime Minister Modi's May state visit to Seoul, which followed visits by the speaker of South Korea's parliament to India in the same month and an earlier visit by India's defense minister to South Korea in mid-April for the annual ROK-India Defense Ministerial Meeting. The focus of Modi's visit was commercial relations as well as broad political-security ties. During the visit, a 27-point *Joint Statement for Special Strategic Partnership* was signed; a statement that was substantively somewhere between the statements signed by India with China and Japan during the year. There were several elements in the statement regarding bilateral political-security relations. Perhaps most notably, both "shared the

view that bilateral defense and security cooperation has a large potential to grow"; suggesting a shared commitment but also the fact that such ties are quite undeveloped. In order to develop these ties, the two sides agreed to "establish annual Summit meetings,… hold Foreign Minister-led Joint Commission meetings annually, strengthen partnerships between their respective defense education institutions, establish a joint Vice Ministerial-level defense and foreign affairs dialogue in the "2+2 Format," and commence staff level talks between the two navies and regular exchanges among their armed forces. A specific MoU was signed for cooperation between India's National Security Council Secretariat and the ROK's Office of National Security. On the defense side, during Defense Minister Parrikar's April visit to Seoul for the ROK-India Defense Ministerial Meeting, he had spoken to a gathering of the India-Korea Defence Industry Forum and invited South Korean defense companies to participate in India's defense industry. He also met the "top management of Hyundai Heavy Industries and invited them to become strategic partners for India's defence and commercial shipping sectors."

The most notable element on the economic side was Prime Minister Modi admitting that the reason South Korea ranks only 14th as a source of foreign direct investment (FDI) flows into India "lies with us not with you" and announcing the formation of a "dedicated mechanism for hand holding of Korean investors. It will be known as Korea Plus."

India-Mongolia

Prime Minister Modi made a first-ever visit by an Indian PM to Mongolia in May 2015, marking 60 years of diplomatic relations. The two countries also signed a new *Strategic Partnership Joint Statement*. Specifically, Modi said "We attach high importance to our security cooperation. We will continue to participate in each other's defence exercises. The agreements today will deepen our cooperation in border security and cyber security. Cooperation between National Security Councils will provide a strategic framework for cooperation. We have also agreed that India will help establish a cyber security centre in Mongolia's defence and security establishment." Earlier, on Jan. 23, the 10th India-Mongolia Joint Training Exercise focusing on respective army operating procedures in counter insurgency and terrorism scenario was held in Gwalior, India.

On the commercial front, Prime Minister Modi announced "India will provide a Line of Credit of One Billion U.S. dollars to support expansion of Mongolia's economic capacity and infrastructure." In a speech to Mongolia's parliament, Modi said "Mongolia's rich mineral resources can fuel our partnership. And, I hope that location will not be a constraint on Mongolia's right to choose its partners."

India-Southeast Asia

India's relations with Southeast Asia during 2015 were active both at the bilateral and multilateral level. Importantly, on April 23, India inaugurated a new mission to ASEAN including a dedicated ambassador. Foreign Minister Swaraj stated that the action shows a "strong resolve to match the expectations of our friends in the region for India to play a more proactive role. I am confident that in the coming days, our Mission to ASEAN will bring more focus, objectivity, synergy and speed to our engagement with ASEAN and the ASEAN-centric processes..." The statement directly addressed some of the long-standing complaints from the

ASEAN side about India's interactions with the region. Swaraj also took the opportunity to note that India had "just ratified the ASEAN-India Trade-in-Services and Investment Agreements, signed last year [September]." She urged all remaining ASEAN states "to also complete their respective domestic internal processes at the earliest, paving the way for the entry into force of both Agreements later this year. She further declared India was "committed to engaging ourselves in constructive discussions on the Regional Comprehensive Economic Partnership, which involves ASEAN and its six dialogue partners, to ensure its early fruition with a balanced outcome in goods and services." As has been discussed in earlier articles in this series, several parties to RCEP negotiations have viewed India as a difficult negotiator, primarily given its concerns over its large bilateral trade deficit with China.

During a gathering of Southeast Asian and ASEAN officials in India for the Seventh Delhi Dialogue, EAM Swaraj, focused on the overall state of economic relations saying:

> The signing of a FTA in Goods in 2009 has given a spurt to bilateral trade. However, we need to make a special effort to achieve our target of enhancing trade to US$ 100 billion by 2015, and our aspiration to double it to US$ 200 billion by 2022. We will have to significantly augment the utilisation level of the Agreement on Trade in Goods and further liberalise the tariff lines. I am glad that the process has started to revive the ASEAN-India Trade Negotiations Committee to kick-start these discussions. Investment flows are also substantial both ways, with ASEAN accounting for approximately 12.5% of investment flows into India since 2000. FDI outflows from India to ASEAN countries over the last 7 years were over US$ 31 billion while FDI equity inflows into India from ASEAN countries during this period were over US$ 25 billion.

In November, Prime Minister Modi attended the 10th East Asia Summit and the 13th India-ASEAN Summit in Kuala Lumpur. An ASEAN-India plan of action for 2016-2020 entitled "Partnership for Peace, Progress and Shared Prosperity" has been formulated. Two key highlights include a $1 billion line of credit to promote projects that support physical and digital connectivity to transform the corridors of connectivity into corridors of economic growth and prosperity" and a specific statement on maritime security: "With maritime security becoming increasingly pivotal to secure global sea lanes of communication, India underlined its shared commitment with ASEAN towards freedom of navigation, over flight and unimpeded commerce, in accordance with accepted principles of international law, including the 1982 UN Convention on the Law of the Sea."

India-Myanmar relations

The main event in India-Myanmar relations in 2015 occurred on June 9 when India launched a Special Forces operation against the anti-India insurgent group the National Socialist Council of Nagaland's Khaplang faction (NSCN-K) following a June 4 attack that killed 18 and injured 14 Indian Army soldiers. There remain differing media reports and government statements on whether India's operation was conducted along the border in Manipur state or across the border into Myanmar. In any case, the incident triggered a series of high-level exchanges including the June 17 visit of India's Foreign Secretary S. Jaishankar and National Security Advisor Ajit Doval to Myanmar for consultations with the government. Some news reports assert that Nay Pyi Taw rejected an Indian request for joint operations against the NSCN-K, but these have not been officially clarified by either country. The two sides have negotiated various arrangements for

border cooperation including the exchange of information and intelligence, meetings of local commanders and coordinated patrols on their respective territories along the border. Border relations were further discussed when Myanmar's Foreign Minister Wunna Maung Lwin visited India in mid-July for the Joint Consultative Commission and specifically called on Prime Minister Modi. Later in the same month Sr. Gen. Min Aung Hlaing, commander-in-chief of Myanmar Defence Services, also called on Modi, whose office released a statement saying "Sr. Gen. U Min Aung Hlaing expressed his commitment to deepen defence and security engagement with India, including in the maritime security domain. He added that Myanmar will remain an important platform in support of India's Act East Policy."

While the June incident and the follow-up visits were the key events in India-Myanmar relations during 2015, not all major interactions were tied to it. For example, earlier in January, Myanmar's First Vice President Sai Mauk Kham paid a visit to New Delhi during which President Pranab Mukherjee reiterated India's commitment of $5 million for border area development under an existing MoU, and noted that $4.5 million had already been released.

Following Myanmar's national elections Prime Minister Modi congratulated Aung San Suu Kyi after her party, National League for Democracy (NLD), won a majority in the landmark Myanmar elections and tweeted that "India will be delighted to welcome her" for a visit.

India-Singapore: "renewed spirit, new energy"

India-Singapore relations in 2015 were bookended by two important visits. President Tony Tang became the first Singapore head of state to visit since 2003 to mark the 50th anniversary of diplomatic relations. India used the visit to reiterate "Singapore's role as [India's] gateway to ASEAN." Much of India's focus with Singapore remains on ties "that will directly feed into [India's] development process." President Mukherjee also invited Singapore to participate in his country's "Make in India," "Digital India," and "Clean India" campaigns. Among the specific focus areas were smart cities, urban rejuvenation, skill development, connectivity, coast and port development, strengthening linkages with the Northeast of India, projects to scale up investments in new development initiatives, and enhancing exchanges with the individual states of India. Many of these aspects of bilateral ties were developed further when Singapore's Foreign Minister Vivian Balakrishnan visited India in October to co-chair the fourth India-Singapore Joint Ministerial Committee (JCM) Meeting.

The capstone bilateral interaction of the year occurred in late November when Prime Minister Modi made an official visit to Singapore, the second since becoming prime minister (he earlier attended the funeral of Lee Kwan Yew). A Joint Statement on the Strategic Partnership issued during the visit was entitled "Renewed Spirit, New Energy" and its lead subject was "Political, Defense and Security Cooperation." Within this framework, the two countries "decide[d] to expand cooperation in maritime security" including operationalizing a *Technical Agreement on the Sharing of White-Shipping Information between the Indian Navy and the Republic of Singapore Navy* that was signed during Indian Navy Chief R. K. Dhowan's earlier visit to Singapore in July 2015. The two sides also "looked forward to greater bilateral Coast Guard Cooperation." A non-defense maritime initiative announced in the context of the Joint Statement's section on "Speeding up air and maritime connectivity and coastal development"

was a first-ever "India-Singapore Maritime Conference to be held in India in early 2016 with the participation of key players in the maritime sector…"

The bilateral economic relationship remains robust with Singapore retaining its place as India's largest trade partner (with trade doubling since 2005 to $17 billion) and investment partner in ASEAN and second largest source of *all* foreign investment into India – about 12 percent of total FDI into India since 2000. Singapore remains India's most important destination for investment abroad with a stock of approximately $33 million in total investment. During Modi's November visit the two countries "aspired to further double trade."

India-Malaysia

Prime Minister Modi's November visit to Malaysia encompassed both a bilateral meeting with Prime Minister Najib Razak and participation in the 10th East Asia Summit and the 13th ASEAN-India Summit.

Twelve of the 43-point Joint Statement on "Enhanced Malaysia-India Strategic Partnership" covered defense and security cooperation. Specific initiatives included upgrading the three year-old *Harimau Shakti* exercises "to company level, and subsequently to tri-services exercises…", agreeing to build on long-standing cooperation on *SU-30* fighter aircraft by "building on the assistance by India for successful completion of the *SU-30* MKM training programme by Indian pilots in Malaysia," and agreeing to "institute annual talks between the Heads of the Indian Coast Guards and the Malaysian Maritime Enforcement Agency including during the Head of Asian Coast Guard Agencies Meeting (HACGAM)." This existing and intended cooperation builds on recent Indian support "in the search operations for the missing MH370 airliner through the deployment of six ships and seven aircraft, including at Subang airbase in Malaysia."

India-Indonesia

Except for a brief visit in April by External Affairs Minister Swaraj to attend the Asian African Summit and inaugurate the Indian Mission to ASEAN, the main bilateral interaction between India and Indonesia was the visit of Vice President Ansari in early November. In a speech entitled "Indonesia and India: Companion Souls, Strategic Partners", Ansari interestingly focused heavily on the countries' shared maritime history, interests and prospects for cooperation. He began by noting that "We are important maritime neighbours, whose relations are rooted in civilizational links that share similar perceptions of the evolving maritime environment in the region and the world at large." He offered specific cooperation in saying "We are ready to support technology transfer and joint ventures for building medium size vessels to contribute to the Maritime Policy of Indonesia. We are ready to support through hydrographic surveys and institutionalized cooperation." Specifically related to security cooperation, Ansari suggested that "Given the growing volume of our maritime trade and given that we share a common maritime boundary along the Andaman Sea; we are natural partners in ensuring the development and security of the Indian Ocean and the pacific littoral region."

On the economic front, officials traveling with the vice president noted that Indonesia has emerged as the second largest trading partner of India in the ASEAN region with trade

increasing five-fold (from $4.3 billion to $20 billion) during the past decade. Indonesia's Vice President Jusuf Kalla suggested increasing trade to $25 billion. India's investments of about $15 billion are said to have created about 250,000 jobs in Indonesia.

India-Brunei

Vice President Ansari's early November visit to Brunei marked the highest-level visit ever to promote bilateral relations. Prime Minister Manmohan Singh participated in the 11th ASEAN-India Summit and the 8th East Asia Summit held in Brunei in 2013, but there was no bilateral meeting. The importance of Brunei is that it is the source of $1 billion in crude oil to India annually, and an Indian diaspora of about 10,000 resides there. Moreover, Brunei was the India-ASEAN coordinator from 2013-2015. For Brunei, India is the third largest destination for exports, contributing about 10 percent of the total exports of Brunei. Brunei has also expressed support for India's candidacy for permanent membership in the UN Security Council.

India-Philippines

Philippine Secretary of Foreign Affairs Albert Del Rosario visited India for the third Joint Commission Meeting on Bilateral Relations in October. Of the 25-point joint statement issued during the visit, three comparatively lengthy and substantive points focused on maritime perspectives and interactions between the two countries. Specifically,

> Ministers expressed satisfaction at the deepening defence cooperation especially in exchanges in military training and education, capacity building, and regular goodwill visits by Indian Naval Ships to the Philippines. Both sides agreed to further strengthen defence and security cooperation in the areas of maritime domain awareness, intelligence sharing, capability building, White Shipping and defence production. The Ministers expressed satisfaction at the regular INTELLEX meeting and looked forward to the convening of the 2nd meeting of the India-Philippines Joint Defense Cooperation Committee (JDCC) in India.

India-Thailand

External Affairs Minister Swaraj travelled to Thailand at the end of June to co-chair the seventh meeting of the India-Thailand Joint Commission (JCM) and to attend the 16th World Sanskrit Conference. This marked the first high-level official visit between the two countries since the new governments took office in New Delhi and Bangkok.

India-Cambodia

Vice President Ansari visited Cambodia in mid-September at the invitation of Prime Minister Hun Sen. Ansari announced that India was going to increase the Indian Technical and Economic Cooperation Programme (ITEC) slots for Cambodia from 17 to 25 and agreed to seriously look at Cambodia's request to soften the terms of two existing credit lines that India had offered earlier so that Cambodia could utilize them. He also noted that Cambodia reaffirmed support for India for permanent membership of the UN Security Council and expressed his thanks.

India-Laos

In mid-September, Vice President Ansari also visited Laos where he signed two MoUs. The first is an Air Services Agreement primarily to promote tourism on the Buddhist Circuit including Bodh Gaya. The second MoU is an umbrella agreement for quick impact projects as part of the India-CLMV Quick Impact Projects Revolving Fund.

India-Vietnam

The main event of India-Vietnam relations during 2015 was the May signing of a Joint Vision Statement on Defense Cooperation covering the period 2015-2020. This statement builds on a "Security Dialogue" that was initiated in 2003. In 2007, India and Vietnam signed a Joint Declaration on the 'Establishment of a Strategic Partnership' and in 2009, an MoU on Defense Cooperation. These documents have laid the foundation for strengthening overall defense and particularly maritime cooperation between the two countries.

The Joint Vision Statement was signed between the countries' defense ministers after talks in New Delhi. A bilateral MoU on cooperation between the coast guards was also signed. In October, India's naval ship *INS Sahyadri* made a four-day visit to Da Nang as part of its "operational deployment" to the South China Sea and the Northwest Pacific region. The last Indian ship visit to Vietnam occurred in 2014 to Hai Phong port.

Apart from defense relations, from 2015 until 2018, Vietnam will be the country coordinator for relations between the Association of Southeast Asian Nations (ASEAN) and India.

India-Australia

India-Australia relations witnessed important activity in 2015. In April, Foreign Minister Julie Bishop visited India for the 10th India-Australia Foreign Ministers Framework Dialogue, but also for separate meetings with India's minister of finance and minister of defense. She also inaugurated a new Australian Consulate-General in Chennai and marked the Silver Jubilee of the Indo-Australian Chamber of Commerce. In June, India, Japan, and Australia held their first trilateral dialogue. In September, Defense Minister Kevin Andrews visited India to attend the second India-Australia Defense Ministers dialogue. Discussions were held on subjects including intelligence sharing, combating international terrorism, cyber security, and better working relations between the two countries for border and maritime security. In October, India's Chief of Naval Staff, R.K. Dhowan, visited Australia to attend the annual "Sea Power Conference" and to hold discussions with senior Australian Navy officials to "consolidate existing maritime cooperation initiatives as well as explore new avenues." The two countries held their first bilateral maritime exercise *AUSINDEX* off India's eastern coast in September. Earlier, in June, two ships of the Indian Navy's Eastern Fleet called on the port of Freemantle, Perth. These ships had been on an operational deployment to the South Indian Ocean and South China Sea since mid-May 2015.

At the end of December 2015, India's Union Cabinet was apprised of the "administrative arrangements for implementing the India-Australia Civil Nuclear Cooperation Agreement that

came into force on 13th November 2015." India is expected to gain from the fuel supply arrangements with Australia in order to expand the use of nuclear power in India.

India-South Pacific

Prime Minister Modi continued his outreach to the South Pacific since his 2014 visit to Fiji – the first by an Indian prime minister since 1981. In August 2015, India invited the heads of 14 island countries to the Forum for India-Pacific Islands Cooperation (FIPIC) summit in Jaipur India. President Mukherjee, during a meeting with heads of government, declared that Pacific Island countries are a key factor in India's extended Act East Policy. Much of the focus was on economic and technical cooperation in areas such as agriculture, food processing, fisheries, solar energy, and e-networked telemedicine and tele-education.

Conclusions

India-East Asia relations during the first full year of Prime Minister Modi's "Act East" policy were robust and wide-ranging with some unusual outreach as well. By its own metrics, priorities and interests, India did in fact "Act East." The regional response to India continues to be welcoming and hopeful that India can sustain, deepen and expand ties. Of particular importance during the past year was the increased focus on political and strategic elements of India's East Asia relations, including in the maritime area. This emphasis adds to what began in the first six months of the Modi administration as a focus on commercial and development priorities with East Asian countries. This shift in emphasis may reflect the fact that domestic Indian economic reform continues to face constraints and obstacles that are not present in India's external political and security relations. Given the more sensitive and troubled security environment in East Asia, especially maritime disputes, India's East Asia engagement reflects an effort to take advantage of opportunities to develop mutually beneficial relations using the political and security tools that are more easily available to India and applicable to East Asia.

Chronology of India-East Asia Relations
January 2015 – December 2015

Jan. 16-18, 2015: Japan's Foreign Minister Kishida Fumio visits India for the eighth India-Japan Foreign Ministers' Strategic Dialogue and gives a major policy speech at the Indian Council of World Affairs (ICWA).

Jan. 19-23, 2015: Myanmar's First Vice President Sai Mauk Kham visits India with a high-level delegation of Cabinet ministers and deputy ministers.

Feb. 1-3, 2015: External Affairs Minister Shushma Swaraj travels to China for the 13th Meeting of the Foreign Ministers of the Russian Federation, the People's Republic of China, and India.

Feb. 8-11, 2015: President Tony Tan of Singapore makes a state visit to India.

March 11-12, 2015: India hosts the seventh Delhi Dialogue, a track 1.5 gathering of Indian, Southeast Asian, and ASEAN secretariat officials and experts.

March 14, 2015: The 17th ASEAN-India Senior Officials meeting is held in Delhi to follow up on the 12th ASEAN-India Summit and discuss the Plan of Action for 2016-2021 for ASEAN-India cooperation.

April 10, 2015: Defense Secretary R.K. Mathur visits China for the seventh China-India Defense and Security Consultation and meets State Councilor and Defense Minister Chang Wanquan.

April 12-14, 2015: North Korean Foreign Minister Ri Su Yong visits India, the first ever visit from the DPRK to India, and meets Vice President Hamid Ansari.

April 12-15, 2015: Australia's Foreign Minister Julie Bishop visits India for the 10th India-Australia Foreign Ministers Framework Dialogue, and also has separate meetings with India's minister of finance and minister of defense.

Apr 16, 2015: Defense Minister Manohar Parrikar visits Seoul to co-chair the India-ROK Defense Ministerial Meeting.

April 21-24, 2015: EAM Swaraj visits Indonesia for the Asian African Summit and inaugurates the Indian Mission to ASEAN.

May 14-16, 2015: Prime Minister Narendra Modi makes his first visit to China since being elected prime minister.

May 17, 2015: PM Modi becomes the first Indian prime minister to visit Mongolia; he addresses the Mongolian parliament.

May 18-19, 2015: PM Modi visits South Korea and meets President Park Geun-hye.

May 20, 2015: Tommy Koh, co-chair of the India-Singapore Strategic Dialogue, leads a delegation to India and meets PM Modi.

June 17, 2015: Foreign Secretary S. Jaishankar and National Security Advisor Ajit Doval travel to Myanmar to meet government officials following a June 9 Indian military action to attack insurgents along the shared border.

June 27-29, 2015: EAM Swaraj travels to Thailand to co-chair the seventh meeting of the India-Thailand Joint Commission (JCM) and to attend the 16th World Sanskrit Conference.

July 14-17, 2015: Myanmar's Minister of Foreign Affairs Wunna Maung Lwin visits India for a meeting of the Joint Consultative Commission, including a meeting with PM Modi.

July 29, 2015: Sr. Gen. Min Aung Hlaing, commander-in-chief of Myanmar Defence Services, calls on PM Modi.

Aug. 21, 2015: India hosts the second Summit of Forum for India-Pacific Island Countries (FIPIC) in Jaipur India.

Aug. 31-Sep. 2, 2015: Australian Minister of Defence Kevin Andrews makes a four-day visit to India including to attend the second Australia-India Defense Ministers' Dialogue.

Sept. 5, 2015: Chairman Chiefs of Staff Committee (COSC) and Chief of the Air Staff (CAS) Air Chief Marshal Arup Raha visits Thailand and Vietnam.

Sept. 17-18, 2015: Vice President Hamid Ansari visits Laos where he signs two MoUs.

Sept. 15-17, 2015: Vice President Ansari visits Cambodia and meets Prime Minister Hun Sen.

Oct. 2-7, 2015: Adm. RK Dhowan, chief of the Naval Staff makes an official visit to Australia to participate in the annual Sea Power Conference and "to consolidate existing Maritime Cooperation initiatives as well as explore new avenues."

Oct. 12, 2015: Vivian Balakrishnan, minister of foreign affairs of Singapore, visits India to co-chair the fourth India-Singapore Joint Ministerial Committee (JCM) Meeting.

Oct. 13-15, 2015: Philippine Secretary of Foreign Affairs Albert F. DelRosario visits India for the third Joint Commission Meeting on Bilateral Relations.

Oct. 14, 2015: India's Cabinet approves an MoU between the India-Taipei Association (ITA) in Taipei and Taipei Economic and Cultural Center (TECC) in India for cooperation in the field of micro, small, and medium enterprises.

Oct. 14-19, 2015: *Malabar-15,* the 19th iteration of the US-India naval exercise, is held in the Bay of Bengal and for the second time includes Japan's Maritime Self-Defense Forces (JMSDF).

Nov. 1-4 2015: Vice President Ansari visits Indonesia where he delivers a speech entitled "Indonesia and India: Companion Souls, Strategic Partners."

Nov. 3-7, 2015: China's Vice President Li Yuanchao visits India; beginning his trip in Maharashtra and proceeding to West Bengal before holding official meetings in Delhi.

Nov. 21-23, 2015: PM Modi visits Malaysia for bilateral meeting with Prime Minister Najib Razak, and also to participate in the 10th East Asia Summit and the 13th ASEAN-India Summit.

Nov. 23-24, 2015: PM Modi makes an official visit to Singapore, the second since his attendance at the funeral of Lee Kwan Yew.

Dec. 11-13, 2015: Japanese Prime Minister Abe Shinzo visits India.

About The Contributors

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