2015
Vol. 26

JOINT U.S.-KOREA ACADEMIC STUDIES

FACING REALITY IN EAST ASIA: TOUGH DECISIONS ON COMPETITION AND COOPERATION

**EDITOR-IN-CHIEF:
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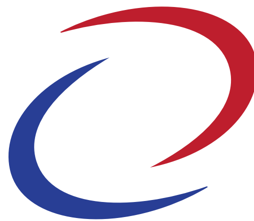
KEI KOREA ECONOMIC INSTITUTE OF AMERICA | 한 미 경 제 연 구 소

Joint U.S.-Korea Academic Studies

2015 | Volume 26

Editor-in-Chief
Gilbert Rozman
The Asan Forum



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Printed in the United States of America. ISSN 2167-3462

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KEI's current accomplishments include:

- Publishing three celebrated annual volumes—*On Korea*, *Joint U.S.-Korea Academic Studies*, and *Korea's Economy*—used by experts, leaders, and universities worldwide.
- Bringing Korea experts and government officials to colleges and civic groups across America to discuss timely events related to the Korean Peninsula and Northeast Asia.
- Exploring contemporary issues with Korean and American policy, civic, and cultural leaders through KEI's podcast, *Korean Kontext*.
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- Hosting a premier luncheon program every year on Korean American Day to recognize the contributions of the Korean American community to the U.S.-Korea alliance and to honor prominent Korean Americans who have excelled in their field or career.

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KEI is contractually affiliated with the Korea Institute for International Economic Policy (KIEP), a public policy research institute located in Seoul and funded by the government of the Republic of Korea.

Preface

At the Korea Economic Institute of America (KEI), we take pride in being able to connect people and ideas. In a globalized, networked world, connections are made constantly. It is often the ability to sustain those contacts, then collaborate and develop products or programs that makes meetings worthwhile. For KEI, one of our goals is to be a bridge between the academic community and the policy community. We want to be as an organization where information and ideas flow back and forth between the two sides. A main way we accomplish this goal is through our Academic Symposium.

This year, KEI traveled back to my home state of Illinois for our annual Academic Symposium in conjunction with the Association for Asian Studies (AAS) conference. More and more, in a globalized, interconnected world, conversations about the importance of Korea and Asia are no longer just bridged between in Washington, DC and Seoul or any other foreign capital. Now various cities, states, and even Congressional districts can no longer ignore the trends in a rising Asia.

Each year at our Academic Symposium, KEI tries to focus on key developments that are important for all of us to better understand. KEI again turned to the skills and insights of Dr. Gilbert Rozman, the emeritus Musgrave Professor of Sociology at Princeton University, to serve as the Editor-in-Chief for this *Joint U.S.-Korea Academic Studies* volume and as an advisor to KEI's efforts with the AAS conference. This collaboration has once more brought together an excellent group of scholars and practitioners for this project.

Both at the conference and in this volume, these experts have intelligently addressed large, challenging themes that are pervasive throughout Asia and important for the U.S.-Korea alliance. A major issue is how countries in Asia address their relationships with China and the United States. Often, China is the main economic partner for these countries while the U.S. provides the security and stability they need to thrive in a competitive Asia region. Another challenge is with North Korea creating more instability, causing the militaries in the region to make new calculations about North Korea's capabilities and its capacity to create tensions that could quickly escalate into dangerous conflicts. Yet, even with the troubles North Korea provides at the nation-state level, we also wanted to better understand the growing implications for policy from the lives of the individual people living and interacting on the Korean peninsula and across the DMZ. This volume also discusses Korea's and Japan's development assistance efforts in Southeast Asia, which still raise questions about the ability for East Asian interaction and progressing in a way that benefits the countries themselves and the whole Asia region in a positive way.

The connection between the academic and policy communities through the distribution of information about key issues in Asia permeates through this volume. Whether our connection with you is new or continuing, we hope you enjoy the 26th edition of the *Joint U.S.-Korea Academic Studies* volume and the excellent work inside.

– The Honorable Donald Manzullo
President & CEO, Korea Economic Institute of America
November 2015

LIGHT OR HEAVY HEDGING: POSITIONING BETWEEN CHINA AND THE UNITED STATES

Introduction

The four papers in Section 1 compare hedging behavior in countries on the frontline between the rising power China and the reigning hegemon, the United States. The first paper by one of the authors of this introduction, Cheng-Chwee Kuik, elaborates on the framework introduced here and applies it to the behavior of the Southeast Asian core states of Indonesia, Malaysia, and Singapore. The second paper by Daniel Twining examines the hugely important case of India, weighing the recent moves by Prime Minister Modi that lean toward heavy hedging. Third, Malcolm Cook assesses Prime Minister Tony Abbott's policies between the extremes of bandwagoning and balancing. Finally, Park Jin takes a close look at President Park Geun-hye's hedging. This sweep across the Indo-Pacific region from South Korea through Southeast Asia to Australia and finally to India makes possible wide-ranging comparisons of states facing similar geopolitical challenges despite differing local circumstances. Omitted are the extreme cases of Japan and the Philippines (and to some extent Vietnam), subject to greater pressure from China as they search for a way to balance it, and Cambodia and Laos, the most dependent on China and more inclined to bandwagon with it. Our choices are meant to cast the most light on light vs. heavy hedging, not on bandwagoning and balancing.

The prevalent response to an assertive China and a rebalancing United States is neither pure-balancing nor pure-bandwagoning, but a two-pronged approach. More and more analysts have described this approach as "hedging,"[1] an insurance-seeking behavior under high-stakes and high-uncertainty situations, where a sovereign actor pursues a bundle of *opposite* and deliberately ambiguous policies vis-à-vis competing powers.[2] The aim of these contradictory and ambiguous acts is to acquire as many benefits from the different powers as possible when all is well, while simultaneously attempting to offset longer-term risks that might arise in worst-case scenarios. Such risks include the danger of betting on the wrong horse, the hazard of entrapment, the peril of abandonment, and the liability of corresponding domestic costs.[3] In the framework developed below, we argue that hedging must entail three elements: (a) not taking sides among competing powers; (b) adopting opposite and counteracting measures; and (c) using the mutually counteracting acts to preserve gains and cultivate a "fallback" position.[4] Abandoning *any* of these elements would signify a shift from hedging to balancing or bandwagoning. A behavior that exhibits one but not all three elements should not be confused with hedging (non-alignment similarly denotes not taking sides, but it does not involve the active pursuit of mutually counteracting actions).[5]

Operationalizing "Hedging" in International Relations

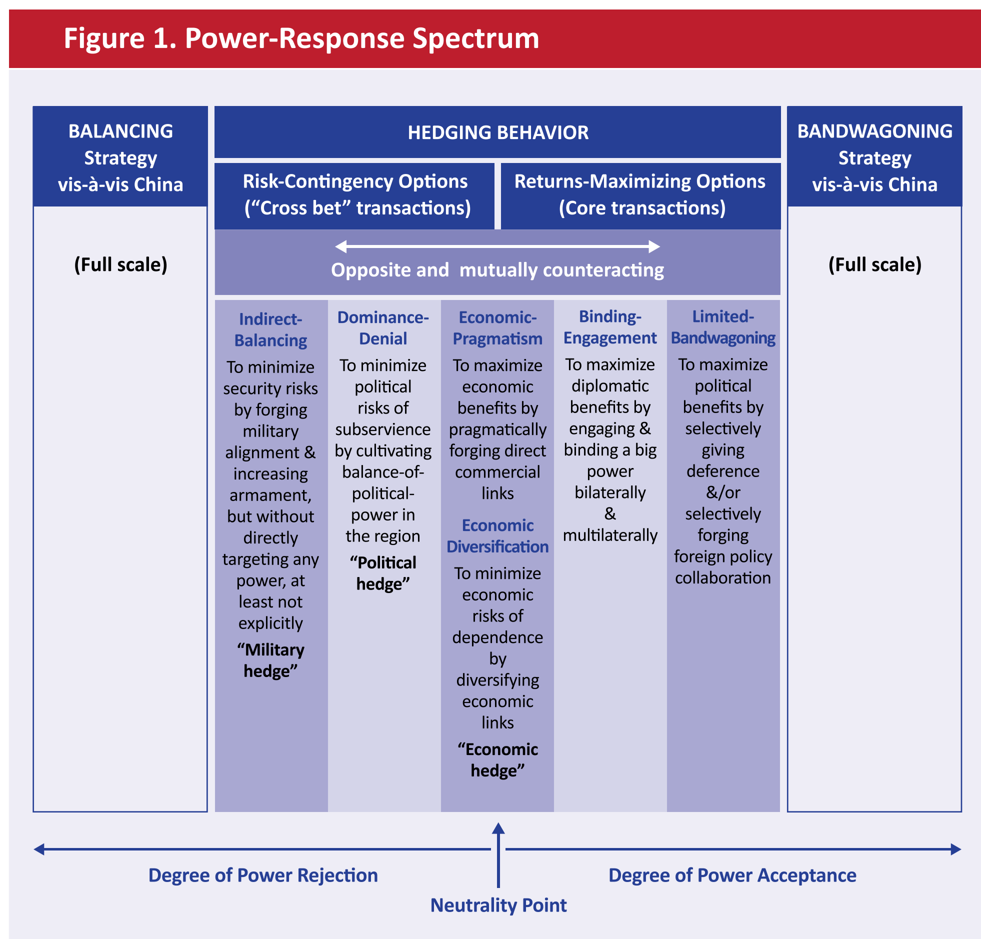
Hedging, as generally defined, is an act of insuring oneself against the risk of loss by making transactions on the opposite side so as to roughly compensate for possible loss on the first.[6] It is a common behavior in various spheres of human life. While the term is often associated with a gambler's act of placing multiple bets to avoid the risks of complete exposure, hedging has in fact been a prevalent practice in agriculture, trade, finance, language, and politics.[7] In each of these spheres of human activity, hedging behavior prevails when two antecedent conditions are met: first, when there is a *high stake* involved in an actor's principal, reward-maximizing transaction (e.g. selling an agricultural product, investing in a foreign currency, making an argument, supporting a candidate in a party contest, interacting with a big power); and second, when there is a high level of *uncertainty* – the possibility of loss (failure) or gain

(success) – entailed in the transaction, prompting the actors to use the available resources to offset the risks to which they are exposed. The higher the uncertainty and the higher the stakes, the higher the likelihood a rational actor will hedge. Hedging, therefore, is an insurance-seeking behavior under high uncertainties and high stakes, in which a rational actor seeks to pursue multiple counteracting acts so that regardless of the eventual outcome, the contradictory acts will serve to cancel out the effects of each other, thereby avoiding the risks of complete exposure and protecting the actor's long-term interests.

To operationalize hedging as a distinctive state strategy, Kuik conceives of it as a multiple-component approach situated between the two ends of the balancing-bandwagoning spectrum (see Figure 1). This spectrum is measured by the degree of rejection and acceptance on the part of weaker states towards a big power, with full-scale balancing representing the highest degree of power rejection, and full-scale bandwagoning the extreme form of power acceptance.

Hedging is not only a middle position, but also an *opposite* position, as illustrated in the adoption of two sets of mutually counteracting policies, namely the "returns-maximizing" and "risk-contingency" options.[8] They are "opposite" in the sense that the former options are the core transactions aimed at maximizing economic, diplomatic, and political benefits from a

Figure 1. Power-Response Spectrum



positive relationship with a major power when all is well, whereas the latter, the contingency measures (or "cross-bet" transactions), are aimed at minimizing and mitigating risks in case things go awry. While the former *pleases* a big power (at times by giving deference to it), the latter *displeases* it (at times by defying it). A hedger would typically pursue these options *concurrently* so that their effects would cancel each other out. Ultimately, these counteracting acts are pursued with the goal of projecting an image of *not* siding with or against any power, thereby avoiding the danger of putting-all-the-eggs-in-one-basket when the power structure at the systemic level is still far from certain.

The above observation about hedging is applicable to weaker states' alignment behavior under a specific scope condition: a region with two or more great powers competing for influence, where there is no effective institutionalized arrangement capable of preventing stronger actors to encroach upon the weaker ones.

In the context of Southeast Asia-China interactions, the returns-maximizing options consist of three policies. The first is "economic-pragmatism," a policy aimed at pragmatically maximizing economic returns from a rising power. The second is "binding-engagement," a policy aimed at maximizing diplomatic benefits by engaging and binding a rising power in various institutionalized bilateral and multilateral platforms, for the functions of creating channels of communication and increasing the status-quo tendency of the rising power's behavior.[9] The third is "limited-bandwagoning," a policy aimed at maximizing political benefits by forging a partnership with a big power through selective deference or selective collaboration on key external issues, *but without* accepting a subordinate position. These three options seek to reap as much payoffs as possible when situations are good.

They are counteracted by the risk-contingency options, which are made up of three approaches. The first is "economic-diversification," a policy designed to diversify trade and investment links to avoid dependency. The second is "dominance-denial," a policy designed to minimize geopolitical risks of facing a preponderant hegemon by using non-military means to cultivate a balance of influence among the powers.[10] The third is "indirect-balancing," a policy designed to minimize security risks by using military means of forging defense partnerships and upgrading one's own military, *but without* directly and explicitly targeting at a specific country.[11] Given their different tools and functions, these options can be shorthanded as "economic hedge," "political hedge," and "military hedge," respectively. Together, they serve to protect a state from possible losses, in case things take an undesired turn.

Hedging, in short, is a strategic act that works for the best and prepares for the worst. A policy that involves returns-maximizing acts without risk-contingency measures – and vice versa – is not hedging and should not be regarded as such.

This five-point composition of hedging is useful in illuminating the *range* of state options under uncertainty.[12] It also provides a clearer conceptual parameter to measure – and compare – the constituent components of different actors' hedging behavior across countries and across time. The variations can be observed from the differing (or changing) degrees and manner in which actors (hedgers) choose to implement each of the options.

Accordingly, we conceive "heavy hedgers" and "light hedgers" as actors who seek to hedge with *different degrees of emphasis* on risk-contingency measures. Heavy hedgers, for a range of internal and external reasons, are more concerned about the possible risks embedded in the uncertain great power relations and intentions. They are therefore more inclined than light hedgers to invest in both "political hedge" (cultivating balance of political power via diplomatic and institutional channels) and "military hedge" (promoting balance of military power by developing defense partnerships with multiple players) toward a rising China.

Comparing Hedging in the Cases Covered in the Following Papers

Australia and South Korea are U.S. allies, Singapore is a close partner, Malaysia has a longstanding defense partnership with the United States, and India and Indonesia are states that have been distant from the United States but have new leaders who may reconsider. The traditional degree of closeness to Washington is only one variable in shaping the hedging response. Another is the degree to which China is perceived as a strategic challenge. The more exposed a state is to China's maritime thrust, the more likely it is to be suspicious of China's intentions. The fact that China has traditional security ties to North Korea and Pakistan leaves the states facing threats from them more vulnerable with implications for hedging. A further variable is how dependent a state is on China economically. Finally, states may be swayed by how close they consider their values to be to those of the United States. These are factors conventionally noted in arguments about degrees of hedging.

The evidence in these papers does not necessarily correspond to such arguments. Why states hedge differently is, Kuik asserts in his paper, largely a function of domestic legitimation, a process in which ruling elites seek to justify and enhance their authority by acting (or appearing to act) in accordance with the principal sources of their legitimacy at home. This puts elites' political interests and national identity in the forefront, but not security concerns and economic dependency. It also avoids over-stressing the gap between democracies and authoritarian values. Kuik adds, Association of Southeast Asian Nations (ASEAN) states have endeavored to find a balance between accommodating China's growing ascendancy and upholding their own sovereignty, while attempting to limit Beijing's tendency to further exert its influence.

Kuik finds that Malaysia—despite its unresolved territorial problem with China—has chosen to hedge in a relatively light manner: to enhance its strategic partnership with the United States, while simultaneously developing a more productive and comprehensive relationship with China. The growing economic importance of China to the United Malays National Organisation (UMNO)-led coalition government, and the desire to avoid appearing too closely aligned with Washington—in order not to alienate the country's Muslim majority voters and not to provoke Beijing—has restrained them from actively and openly supporting the U.S. rebalancing.

Malaysia shows how it was limited in how much it could embrace U.S. rebalancing and how its ruling elites viewed the nature of China's growing power, prompting them to emphasize the opportunities and downplay the challenges of China's rise. In comparison, Singapore and Indonesia have hedged more heavily than Malaysia. Singapore has been the most enthusiastic in embracing U.S. rebalancing. For the tiny trade-dependent island-state, maintaining a robust strategic alignment (short of alliance) with America—while simultaneously developing a pragmatic economic partnership with all powers (without

eroding its autonomy and maneuverability)— serves to enhance its ruling People's Action Party (PAP) elites' domestic legitimation. Indonesia, as the largest country in Southeast Asia, however, has not embraced the rebalancing to the same extent as Singapore, although it generally welcomes the enhanced U.S. military commitment to the region. Its predominantly Muslim population, coupled with the country's "free and active" foreign policy tradition and its growing national pride, also pose a barrier to drawing close to the United States. Moreover, as the republic continues its democratization process, the greater flux in political parties and the pluralization of interests do not make legitimation centering on either of the great powers a one-sided concern. The centrality of economic development to President Joko Widodo's governance performance, as well as the new leader's determination to transform Indonesia as a "maritime fulcrum" and to improve the archipelago's inter-island connectivity, further necessitates a hedging outlook for the country's evolving external strategy.

Twining finds that India is engaged in a heavy hedging against China. Its history of non-alignment, traditional rhetoric of anti-Americanism, the dominance of the tendency to view India's security mainly in terms of its sub-continental competition with Pakistan, and the tendency for analysts to hyphenate India and China as rising economies can obscure this reality, he adds, while warning that China's military assertiveness could drive India into overt balancing. Much depends, Twining notes, on how the United States structures the Asian balance of power. India's strategic objective is righting the imbalance of power between it and China, not permanently accommodating itself to overweening Chinese strength, he explains. Dualism is likely to be the defining feature of Sino-Indian relations in the period ahead: an intensifying security competition between the two Asian giants combined with deeper economic interdependence between them. In this perspective, the heavy hedging by India, leaning ever closer to the United States, has the potential to turn into bandwagoning with the United States (accordingly balancing against China) and joining in Washington's wider maritime coalition.

If India is hedging heavily with the possibility of bandwagoning with America, Australia is even further on the same side of the power-response spectrum. Cook finds consistency in policy, arguing that from before it was an independent state, Australia has bandwagoned behind the leading global power with the greatest strategic weight in Asia and has long sought an Asian security order unbalanced in favor of that power and against any alternate order dominated by the largest Asian power. Despite very high and growing trade dependence on China that is more centered on China's domestic economy than on its exports, and despite strategic depth and no history of trouble with China, a deep, institutionalized relationship with the United States has endured. Throughout the postwar period Australia's commitment to maintaining the U.S.-led regional order has been consistently pursued through three sets of policies: supporting U.S. leadership in multilateral institutions, making contributions to U.S. military initiatives, and endorsing the values and liberal order championed by the United States. Cook acknowledges factors that lead to an emerging pattern of relations favorable toward China: asymmetric economic interdependence; the positive attitudes of business leaders and public opinion toward China's rise and bilateral trade; and fear of Chinese economic punishment. Yet, he also points to concern that China is a military threat and strong preference for a regional order unbalanced in favor of the United States, despite both academic and journalistic coverage as well as positions taken by former prime ministers in disagreement. The net effect is a growing tendency to hedge even heavier vis-à-vis China while deepening its bandwagoning with America.

Looking at South Korea from the perspective of the five cases examined in the other chapters, one gets a sense of a state where economic and political factors are working against heavy hedging, while security factors tend to generate a sense of dominance-denial. Despite the closest military ties of any country with the United States, it is drawn to China for its impact on security on the Korean Peninsula. Park describes a more complex patchwork of Sino-U.S. relations and regional responses than other authors do, suggesting that the North Korean problem differs from the problems in the South China Sea and its vicinity. He presents a more positive outlook of South Korea's president toward China than other authors attribute to leaders in the states they cover. Indeed, he refers to her response as light hedging based on economic pragmatism in regard to the Asian Infrastructure Investment Bank and heavy hedging as far as security is concerned, as seen in the standoff over Air Defense Identification Zones and in the memo of understanding on trilateral intelligence sharing. With Seoul's decision on Terminal High Altitude Area Defense (THAAD) awaited, ambiguity over the type of hedging remains.

Tipping the balance toward lighter hedging, some may calculate, is the political dimension, where Seoul has leaned toward Beijing and away from Tokyo even without throwing its weight into an anti-Japan strategic coalition. Thus, the direction and degree of hedging varies greatly from domain to domain, generating an air of ambiguity about Korea's strategic position. A widening Sino-U.S. divergence seems to pose a greater dilemma for South Korea than for the countries treated in the other papers. There is less doubt on how India, Australia, and even Singapore and Indonesia would respond to a wider great power divergence. Given uncertainty about what to do if Sino-U.S. relations turn more adversarial and about how the North Korean factor will play out, South Korea's hedging appears to be distinctive. Domestic opinion also complicates hedging behavior, combining relative optimism about China with faith in the U.S. alliance. Yet, any disapproval from China regarding the ROK-U.S. alliance would aggravate the Korean public's perception of China and reduce the space of light hedging, potentially turning the response more to heavier hedging and putting Seoul in a very difficult position. Park has indicated that as far as security is concerned, Seoul is already closer to heavy than to light hedging.

With six cases under consideration, comparisons naturally turn to outliers. Rather than identifying them on the basis of estimated military vulnerability or economic dependency on China, as if other factors do not matter, all of the authors introduce additional factors.

Yes, the immediacy of the threat from China and the degree of confidence in a state that would be willing to balance against China matter, but variations depend on other factors.

Kuik explains differences in the type of hedging in terms of domestic elite legitimation. This flies in the face of prevailing international relations theories, pointing to elite authority and national identities and how they are contested within each state. Twining views the national identity barrier (the old non-aligned baggage) in India as changing, as that country's unique way of looking at the outside world (keeping it out of the Cold War order) is losing force. In response to China's security behavior and territorial threat (raising identity as well as realist concerns), India is losing its obsession with an independent foreign policy and resorting to heavy hedging shading into overt balancing. Cook finds no reason to expect that Australia would be the most overt in balancing China—after all, it has the most strategic depth located in the third island chain and the greatest trade dependency exacerbated by the

high proportion of natural resource exports not part of global value chains. Instead, he points to the tradition of thought focused on shared values with the United States. Most puzzling for some is the comparison showing that South Korea has thus far maintained a relatively lighter hedging vis-à-vis China, perhaps along with Malaysia. How could such a close U.S. ally so dependent on outside military support be so cautious about engaging in hedging behavior, such as approving the deployment of THAAD? To do so would, arguably, mean a shift to heavy hedging, at least in China's eyes, although the allied missile defense system targets North Korea.

The realist explanation for South Korea's straddling away from heavy hedging is that it views North Korea as the more serious, more imminent threat, and considers China to be in an ambivalent position inclined to put some pressure on the North, even if the primary source of pressure and deterrence is South Korea's ally, the United States. The liberal explanation is a high degree of economic dependency on China—less than that of Australia as a percentage of total trade, but possibly more consequential because of the massive role of South Korean exports to China with many being used by Korean firms to manufacture items for export from China. We should not dismiss the national identity explanation seen to apply to the other countries studied. It is not just the North Korean threat, but reunification aspirations that matter, and the search for regionalism with Seoul in a central role matters as well. The anomaly of South Korea's relatively light approach to hedging has various possible roots, which comparisons compel us to study further.

Endnotes

1. See, for instance, Alastair Iain Johnston and Robert Ross, "Conclusion," in Alastair Iain Johnston and Robert Ross, eds., *Engaging China: The Management of an Emerging Power* (New York: Routledge, 1999), p. 280 & p. 288; Ian Storey, "Singapore and the Rise of China: Perceptions and Policy," in Herbert Yee and Ian Storey, eds., *The China Threat: Perceptions, Myths and Reality* (London: RoutledgeCurzon, 2002), p. 219; Chien-peng (C.P.) Chung, "Southeast Asia-China Relations: Dialectics of 'Hedging' and 'Counter-Hedging,'" in *Southeast Asian Affairs 2004* (Singapore: ISEAS, 2004), p. 35; Evelyn Goh, *Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies,* Policy Studies 16 (Washington, DC: East West Center Washington, 2005); Evan S. Medeiros, "Strategic Hedging and the Future of Asia-Pacific Stability," *The Washington Quarterly,* Vol. 29, No. 1 (2005), pp. 145-167.
2. This conception differs from a widely accepted definition in the literature, which treats hedging as a "*middle* position" where a state "avoids having to choose one side at the obvious expense of another." See Goh, *Meeting the China Challenge*, p. viii; David Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2007), p. 53. This study, however, suggests that hedging is *not just* a middle position, but also an *opposite* position, which involves an adoption of two sets of contradictory options aimed at keeping a fallback position.
3. On risks and tradeoffs associated with alignments, see Glenn H. Snyder, "The Security Dilemma in Alliance Politics," *World Politics,* Vol. 36, No. 4 (July 1984), pp. 461-495; Thomas J. Christensen and Jack Snyder, "Chain Gangs and Passed Bucks: Predicting Alliance Patterns in Multipolarity," *International Organization,* Vol. 44, No. 2 (Spring 1990), pp. 137-168; Michael N. Barnett and Jack S. Levy, "Domestic Sources of Alliances and Alignments: The Case of Egypt, 1962-73," *International Organization,* Vol. 45, No. 3 (Summer 1991), pp. 369-395; James D. Morrow, "Arms Versus Allies: Trade-Offs in the Search for Security," *International Organization,* Vol. 47, No. 2 (Spring 1993), pp. 207-233.
4. For a perceptive analysis of "fallback" policy as a small-state strategic behavior under uncertainty, see Yuen Foong Khong, "Singapore: A Time for Economic and Political Engagement," in Johnston and Ross, *Engaging China*, pp. 109-128; Khong, "Coping with Strategic Uncertainty."

5. Hedging, accordingly, is construed in this study as a *broad* strategic orientation consists of a bundle of policies, and not a single policy or strategy.

6. See *Oxford English Dictionary*. See also Francis Grose's *1811 Dictionary of the Vulgar Tongue*.

7. See, for example, Niall Ferguson, *The Ascent of Money: A Financial History of the World* (London: Penguin, 2009), p. 226; Ralph D. Stiles, "The Effect of Hedging upon Flour Mill Control," *Harvard Business Review* (October 1922), pp. 64-70; Holbrook Working, "Futures Trading and Hedging," *The American Economic Review*, Vol. 43, No. 3 (June 1953), pp. 314-343; Raija Markkanen and Hartmut Schroder, eds., *Hedging and Discourse: Approaches to the Analysis of a Pragmatic Phenomenon in Academic Texts* (Berlin & New York: Walter De Gruyter, 1997), pp. 235-248; Ken Hyland, "Writing Without Conviction? Hedging in Science Research Articles," *Applied Linguistics*, Vol. 17, No. 4 (1996), pp. 433-454; Antoine Yoshinaka and Christian R. Grose, "Ideological Hedging in Uncertain Times: Inconsistent Legislative Representation and Voter Enfranchisement," *British Journal of Political Science*, Vol. 41, Issue 4 (October 2011), pp. 765-794.

8. This framework is adapted from Cheng-Chwee Kuik, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," *Contemporary Southeast Asia*, Vol. 30, No. 2 (August 2008), pp. 159-185; and "Smaller States' Alignment Choices: A Comparative Study of Malaysia and Singapore's Hedging Behavior in the Face of a Rising China" (Ph.D. dissertation, Johns Hopkins University, 2010), pp. 126-131.

9. See Randall Schweller, "Managing the Rise of Great Powers: History and Theory," and Khong, "Singapore: A Time for Economic and Political Engagement," both in Johnston and Ross, *Engaging China*, pp. 1-31 and pp. 109-128, respectively.

10. This term is adapted from "counter-dominance," coined by Amitav Acharya, "Containment, Engagement, or Counter-Dominance: Malaysia's Response to the Rise of China," in Johnston and Ross, *Engaging China*, pp. 129-151.

11. Indirect-balancing overlaps but it is not exactly the same as "soft-balancing", which refers to an act of maintaining an informal or loose form of military cooperation to check on a potential threat. See Khong, "Coping with Strategic Uncertainty," and Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies," *International Security,* Vol. 32, No. 2 (Winter 2007/2008), pp. 113-157

12. This composition is neither exhaustive nor definitive. Different writers may have different conceptual configurations – with slightly varying numbers of constituent options – depending on their analytical focus.

Variations on a (Hedging) Theme: Comparing ASEAN Core States' Alignment Behavior

Cheng-Chwee Kuik

This chapter compares the foreign policy responses of three "core" ASEAN states—Indonesia, Malaysia, and Singapore—vis-à-vis an assertive China and a rebalancing America.[1] The weaker states have all pursued a hedging approach, not taking sides and adopting contradictory policies aimed at keeping a fallback position. There are subtle, but crucial, variations in their responses—different degrees and forms of their fallback-maintenance efforts, i.e., the military, political, and economic measures seeking to mitigate the risks of uncertainty. Indonesia and Singapore have persistently demonstrated a greater readiness than Malaysia to cultivate political and military options to hedge against the uncertainty surrounding China's rise, but with varying attitudes about America's countervailing role.

These variations present some puzzles. Why has Malaysia, despite territorial disputes with China, hedged more lightly than the two non-claimant states? Why have Indonesia and Singapore, despite a shared tendency to hedge more heavily against China, opted to leverage onto America differently? Why states hedge differently is, I argue, largely a function of domestic legitimation, a process in which ruling elites seek to justify and enhance their authority by acting (or appearing to act) in accordance with the principal sources of their legitimacy at home. If and when a greater emphasis on "returns-maximizing" measures (approaches aimed at capitalizing on closer relations with a power to maximize economic, diplomatic, and/or geopolitical benefits) allows elites to balance the tradeoffs across the prevailing options in ways that enhance their legitimacy, a small state (in this case, Malaysia) is more likely to opt for light hedging. Conversely, to the extent that some extra attention on "risk contingency" measures (approaches aimed at fostering fallback and mitigating perceived risks) helps elites to better optimize policy tradeoffs to serve their internal legitimation, a state (e.g., Singapore or Indonesia) is more likely to opt for heavier hedging. Legitimation-driven calculations of policy tradeoffs—rather than mere power attraction or apprehension—determine how states choose to hedge. The patterns of the three core ASEAN states' responses are not unique; they are reflective of the variations in weaker states' alignment choices in the face of the enduring uncertainty in power structure at the international level.

This chapter proceeds in three parts, building on the framework to operationalize hedging in the context of international politics I presented in the Introduction chapter of Section I. First, I examine the evolution of ASEAN states' hedging behavior. Second, I analyze the strategic behavior of three ASEAN "core states"—Indonesia, Malaysia, and Singapore—in recent years, explaining how the weaker states have hedged against an "assertive" China and a "rebalancing" U.S.,with a focus on developments since 2014. The conclusion sums up the findings.

ASEAN States' Post-Cold War Hedging Behavior

This part highlights the evolution of ASEAN states' hedging behavior throughout the post-Cold War era.[2] Particular attention is paid to *the constituent approaches* of the weaker states' hedging acts—how each of the "returns-maximizing" (i.e., economic-pragmatism, binding-engagement, and limited-bandwagoning) and "risk-contingency" (dominance-denial and indirect-balancing) measures (see Figure 1 in Section I introduction) has evolved and what functions they have served.

The Early Post-Cold War Years, 1990-1996

The unanticipated termination of the Cold War produced mixed consequences for ASEAN states. On the one hand, the collapse of the Soviet Union ended the decades-long East-West confrontation, which contributed to the resolution of the Indochina conflict. On the other hand, the end of bipolarity induced a high degree of uncertainty about the sources of threats in the Asia-Pacific reinforced by a host of territorial disputes, historical controversies, and political problems among regional states that resurfaced in the 1990s.[3] Adding to the uncertainty was a perceived "power vacuum" problem. In the wake of the U.S. withdrawal from the Philippine's Subic Naval and Clark Air Bases by 1992, there was widespread apprehension about its strategic commitment in Southeast Asia. These developments, along with China's continuing rise as an economic and military power as well as Japan's growing regional profile, aroused concern about possible adverse effects of the structural change on regional security and prosperity.[4] The concerns developed into varying degrees of anxiety in the face of China's moves to assert its sovereignty over much of the South China Sea.

Security risks aside, there were political and economic dangers as well. Growing U.S. pursuit of a values-based foreign policy in a unipolar world posed profound political challenges to several authoritarian governments. Mounting pressure from economic globalization following the formation of the European Union (EU) and North American Free Trade Agreement (NAFTA) led some states to see China as a power that shared political and economic stands, whose rising regional clout and economic appeal were sources of attraction in the eyes of the weaker states.

Given these *mixed* perceptions of threats and opportunities, it was not surprising that most regional states have responded by hedging: exploring closer economic and diplomatic ties with Beijing for *benefits*, while cultivating political and strategic hedges to offset the perceived *risks* of uncertainties. Post-Cold War ASEAN-China interactions have been marked by such mutually counteracting maneuvers.[5]

Diplomatically and economically, ASEAN members have moved to engage and forge closer relations with China at the bilateral and regional levels. In July 1991, Malaysia invited Chinese Foreign Minister Qian Qichen to attend the opening session of the 24th ASEAN Ministerial Meeting. It marked the beginning of ASEAN-China dialogue. In 1993, Singapore, Malaysia, and Thailand advocated the inclusion of China into the ASEAN Regional Forum (ARF). China then agreed to ASEAN's suggestion to embark on the ASEAN-China Senior Officials' Meeting (ASEAN-China SOM), an annual consultation on political and security issues.[6] In 1996, China was elevated to ASEAN's dialogue partner. These developments marked the emergence of *binding-engagement* as a central common component of hedging behavior throughout the post-Cold War era. Because of the regularized nature of the ASEAN-based multilateral processes, states have been able to "bind" and engage their giant neighbor in a cooperative framework since the mid-1990s, enabling them to create channels of interaction, and, arguably, to "socialize" and shape its behavior.[7]

Binding-engagement has been pursued hand-in-hand with *economic-pragmatism* at the bilateral level, seen in all ASEAN states' policies upon establishing direct trade links with China at different points of the Cold War and immediate post-Cold War era. Economic-pragmatism has contributed to the expansion of commercial ties with China in the subsequent decades, benefiting the respective elites' performance legitimacy.

States have not merely pursued economic-pragmatism and binding-engagement; such reward-maximizing moves have been *counteracted* by political and military hedges aimed at mitigating risks inherent in close relationships with a proximate power. Politically, states have endeavored to use multilateral institutions—the ARF and other ASEAN-centered forums created in subsequent years (discussed below)—as non-military means to prevent the emergence of any predominant hegemon capable of imposing its will on the weaker actors in the region. Such *dominance-denial* has been implemented through the inclusion of all major players in the forums, so that the powers could check and balance each other via the institutionalized platforms.[8] Dominance-denial and binding-engagement are two sides of the same institutional coin: while binding-engagement encourages a big power to play a larger regional role, dominance-denial creates countervailing checks.

The dominance-denial approach has been complemented by *indirect-balancing*, which functions as a "military hedge" to reduce security dangers, without explicitly targeting any actor. In the immediate post-Cold War era, in the absence of a straightforward and imminent threat (unlike the Cold War period), ASEAN states' security policies were aimed primarily at coping with *diffused* risks arising from strategic uncertainties and non-traditional security problems (much more than directly targeting a specific source of military threat). The old ASEAN members have pursued this by forging defense cooperation with the United States and others while upgrading their own military capabilities.

The 1997-2005 Period

ASEAN states' hedging options were further institutionalized from 1997-2005. In December 1997, at the height of the Asian financial crisis, leaders of the ASEAN countries and of China, Japan, and South Korea gathered in Kuala Lumpur for the inception of the ASEAN Plus Three (APT) process. During the crisis, China provided aid and pledged to ASEAN leaders that it would not devalue its currency, reassuring countries that another round of currency crisis in the region would be avoided. China's regional influence expanded post-1997 as a result of a number of mutually reinforcing trends: growing intra-regional trade among East Asian countries, deepening regional financial integration accelerated by the APT mechanisms such as the Chiang Mai Initiative (a network of bilateral currency swaps), and Beijing's proactive turn in regional multilateralism after 1999. Driven by a desire to hedge against the risk of perceived U.S. encirclement,[9] China began to embark on its "charm diplomacy" to reassure smaller neighbors, particularly the ASEAN states.[10] It stepped up its bilateral diplomacy while embracing multilateralism through a series of initiatives, most notably the ASEAN-China Free Trade Agreement (ACFTA) to shape the rules of the regional game.[11] China signed ACFTA and the Declaration on the Conduct of Parties in the South China Sea (DOC) with ASEAN states in 2002, and acceded to the Treaty of Amity and Cooperation (TAC) in 2003.

Reacting positively to Beijing's growing profile to maximize immediate economic gains and longer-term geopolitical benefits was becoming a dominant approach across ASEAN, now encompassing all ten Southeast Asian countries. This can be observed not only from the weaker states' greater economic-pragmatism (evidenced by their decision to enter into ACFTA) and greater binding-engagement (as manifested in the blossoming ASEAN-China cooperative mechanisms in virtually all sectors and levels) but also from their increasing

inclination to pursue *limited-bandwagoning*. Such behavior can be observed from growing—albeit varying—readiness to give deference to China, primarily on issues Beijing considers "core interests" such as Taiwan, Tibet, and Xinjiang.

This is not to say that ASEAN states did not view China as a source of apprehension at all; they did, but their apprehension was relatively moderate, and more economic than security in nature.[12] After China's entry into the WTO in 2001, ASEAN states were worried about the adverse consequences of intensified competition from China in both exports and foreign direct investments. Additionally, because of the domestic impact of the financial crisis, most states were preoccupied with the more pressing issues of economic recovery and domestic stability. This, along with Beijing's charm diplomacy and the 2002 DOC, explained why territorial issues took a back seat throughout the first half of the 2000s.

By the mid-2000s, several ASEAN states had become more concerned about the longer-term geopolitical implications of China's fast-expanding influence. At the APT Summit in Vientiane in 2004, when Premier Wen Jiabao supported Malaysia's proposal to hold the inaugural East Asia Summit (EAS) in Kuala Lumpur in 2005, he also offered to host the second EAS in Beijing the following year. Indonesia and Singapore—the heavy hedgers—were alarmed. Worrying that the new forum would be dominated by an increasingly powerful Beijing, they joined hands with Japan to push for the inclusion of India, Australia, and New Zealand in EAS as a countervailing force. The push succeeded in making EAS a 16-member institution in 2005 (and an 18-member forum, when the United States and Russia were admitted in 2010). The move was unmistakably a dominance-denial act: to hedge against perceived political risks (e.g., subservience) *via* non-military means.

Post-2009 Years

The global economic crisis triggered a tectonic shift in Asia's power structure. Propelled by an increasingly assertive China and a relatively declining but decidedly rebalancing America, the changing distribution of capabilities and geopolitical will among the Gullivers has resulted in *intensified pressures and opportunities* for ASEAN states after 2009. While China's growing economic power and its emergence as the largest trading partner to most regional countries led ASEAN states to view it as a source of vital support in the economic domain, its mounting assertiveness in the South China Sea has made them increasingly concerned about the security ramifications of living with a powerful neighbor.[13] These *mixed* perceptions have pushed the weaker states to deepen their hedging. This has been made possible by the U.S. rebalancing, which opens up opportunities for countries to recalibrate their position toward China.[14]

Indeed, what distinguishes pre- and post-2010 hedging is that ASEAN states have not only deepened their dominance-denial (political hedge, i.e., institutional efforts to constrain China via multilateral platforms), but they have also widened their indirect balancing (military hedge, i.e., insurance-seeking endeavors by forging stronger defense ties with America) to mitigate risks stemming from the more uncertain strategic environment. The Philippines and Vietnam are the two that have moved fastest and farthest in developing stronger defense cooperation with the pivoting America. Both seek to boost their military capability to counter Chinese assertiveness in the South China Sea largely by holding defense dialogues, acquiring arms, receiving aid, as well as by conducting military exercises and exchanges. As a U.S. treaty ally,

the Philippines have attempted to secure a firm security guarantee from America in the event of conflict over the disputed areas in the South China Sea.[15] It signed the Enhanced Defense Cooperation Agreement (EDCA), a basing agreement with America in April 2014. Singapore, Malaysia, Indonesia, and other ASEAN states have all moved to strengthen their respective defense partnership with America (albeit in varying degrees and forms).

Strengthened military partnerships with America, however, should not be construed as pure-balancing. With the exception of the Philippines and the partial exception of Vietnam, no ASEAN country has gone as far as to openly side with America in confronting China. Rather, the development signifies a *deepening* of indirect-balancing, an integral component of hedging. It allows a state to adopt *some* level of military contingency measures, while still being able to maximize economic and diplomatic payoffs from China. By doing so, ASEAN states hope to mitigate the risks surrounding Beijing's assertiveness and Washington's uncertain commitment, thereby hedging against the danger of strategic irreversibility when the future of the power structure is still far from clear. These themes are prevalent across ASEAN capitals, particularly of those in the three core states.

ASEAN Core States' Hedging Behaviors

For Indonesia, Malaysia, and Singapore (and for that matter, all other ASEAN members except the Philippines), the impact of the post-2009 structural changes is a less-than-clear-cut power equation: they see a potential or growing threat, but they see no definite source of certain support they could count on to secure their long-term position and wide-ranging interests. The China challenge is growing, but its security and political risks remain more potential than actual to most states. On the other hand, the certainty about sources of reliable partners (in this case, America) is not reassuringly high. Moreover, China is a principal source of economic opportunities to all (and a major source of political support to some): during 2009-2013, not only has China emerged as the largest trading partner to most regional countries but also one of their major sources of foreign investment, development aid, and financial stability. These trends are likely to grow, given China's Asian Infrastructural Investment Bank (AIIB) and other Beijing-led regional connectivity initiatives. Given these mixed perceptions and concerns about the risks of entrapment and abandonment, it is only logical for the weaker states to widen and deepen—rather than depart from—their existing hedging approach.

The Common Theme: Maximizing Gains but Hedging Against Uncertainty

Because of these prevailing structural conditions (a less immediate threat and an uncertain source of pivotal support), the three core ASEAN states have all hedged by not taking sides with America or China *and* by adopting mutually counteracting measures designed to maximize immediate returns while maintaining a long-term fallback position vis-à-vis the competing powers.

Returns-maximizing policies have remained a central thrust of the three core ASEAN states. All of them have pursued a pragmatic policy of engaging Beijing economically and diplomatically at both bilateral and regional levels. As China's regional clout grows, these economic-pragmatism and binding-engagement approaches have been supplemented by a

growing readiness to *selectively* collaborate with and give deference to China. In recent years, Malaysia, Indonesia, and Singapore have all collaborated and taken part in several Beijing-led regional initiatives (e.g., the AIIB and the Xiangshan Forum, a Track 1.5 defense meeting designed to rival the U.S.-backed Shangri-La Dialogue); but they have also cautiously responded to certain China-centered initiatives, such as the Maritime Silk Road proposal. Such selective collaboration has been accompanied by selective deference (e.g., affirming One-China policy, deporting Uighur asylum seekers to China), actions that constitute a *limited*-bandwagoning behavior. In all three cases, these returns-maximizing behaviors are driven by a desire to move closer to China, as a pragmatic way to maximize economic, diplomatic, and geopolitical benefits from the rising power.

At the same time, however, the three countries have adopted seemingly *opposite* measures aimed at distancing from Beijing and limiting its influence. Geopolitically, they have enmeshed the United States and other powers in ASEAN-based forums and encouraged them to play a greater regional role. Indonesia under President Susilo Bambang Yudhoyono emphasized the doctrine of "dynamic equilibrium"—a position consistent with the country's tradition of "rowing between the two reefs" (*mendayung antara dua karang*) as espoused by Vice President Mohammad Hatta in September 1948—as a basis to pursue a "free and active" foreign policy vis-à-vis the competing powers.[16] Singaporean leaders have repeatedly underscored the importance of keeping a stable balance of power. Malaysia has always pledged to pursue an "equidistance" relationship with all the big powers.

Militarily, the three ASEAN states have sought to hedge the perceived security risks by upgrading their defense links with America. Singapore, the closest U.S. security partner in the ASEAN region, has enthusiastically embraced the U.S. rebalancing.[17] It received the first of four littoral combat ships from the United States in April 2013. Malaysia upgraded its involvement in the U.S.-led multinational Cobra Gold exercise from an observer to a full participant in 2011.[18] Indonesia has similarly strengthened its long-held military ties with the United States in recent years.[19]

The ASEAN states' military hedge, however, has remained an indirect-balancing and not an all out direct-balancing. This is not only because the states view China more as a security concern than a direct threat, but also due to several structural factors. Certainty about the reliability of patrons is a key variable to weaker states' alignment decisions because the lack of it would constitute the danger of abandonment. Despite repeated declarations and demonstrations of U.S. will as a "resident power" in the Asia-Pacific, and despite ASEAN states' increasingly close military ties with it, the weaker states have remained concerned about the durability of U.S. rebalancing. The cancellation of Obama's Asia trip in October 2013 because of the pending federal government shutdown at home reinforced the image of U.S. decline and perception of the U.S. pivot losing steam in his second term. The fiscal situation further deepened anxiety about the long-term sustainability of the U.S. forward-deployed posture in the region.[20] For these structural reasons (and domestic considerations), most ASEAN states are reluctant to place all their eggs in the U.S. basket.

The ASEAN states are also concerned about other dangers that might arise from fully backing the U.S. presence in the region. These include the risk of entanglement as well as the possible adverse impact of greater U.S. military deployment on regional stability and

ASEAN cohesion. Dewi Fortuna Anwar, the deputy for political affairs to the Indonesian vice president, said that Jakarta was concerned about the U.S. plan to deploy its marines to Australia's Darwin because of its proximity to Indonesia and the danger of entanglement in a big power conflict.[21] She added, "The region could become another flash point. Southeast Asia doesn't want to return to the Cold War. The Cold War was very hot in Southeast Asia, and Indonesia in particular doesn't want to see its backyard become a battlefield of powers."[22] Another Indonesian scholar, Rizal Sukma, notes that given the differing responses from ASEAN states to the Darwin plan, a looming Sino-U.S. rivalry could polarize ASEAN and turn the region once again into a theater for the pursuit of primacy among major powers.[23]

Analyzing the Variations

Despite a common tendency to hedge against perceived uncertainties in power relations, the three ASEAN states have cultivated *differing degrees and patterns* of fallback measures toward China and America. Indonesia and Singapore—the "heavy hedgers"—appeared to be more concerned about the possible dangers from the uncertainty surrounding the rise of a great power. They are more inclined than Malaysia—the "light hedger"—to invest in *both* a political hedge (cultivating balance of political power through the ASEAN-based regional forums) and a military hedge (maintaining strong defense partnerships with the United States and/or other powers) toward a rising China. This variation is chiefly a product of elites' differing pathways of legitimation.

Of the three ASEAN core states, only Malaysia is a claimant in the South China Sea disputes. Given these unresolved disputes and China's continuing assertiveness in the contested areas (including the waters claimed by Malaysia), as well as their rocky past during the Cold War over ideological and political problems, one would expect it to hedge more heavily than Indonesia and Singapore, the two non-claimant states.

Empirically, the opposite is true. Jakarta and Singapore have persistently displayed a greater tendency than Putrajaya to pursue *dominance-denial* and *indirect-balancing* toward China, notwithstanding the steady strengthening of their respective relations with Beijing in recent years. Indonesia and Singapore were among the regional states most active in pushing for the inclusion of India, Australia, and New Zealand in the EAS in 2005, as well as the admission of the United States and Russia in 2010. Each move was aimed at leveraging the involvement of more players to limit China's influence and prevent its emergence as a dominant power in dictating regional affairs. Indonesia and Singapore have also been among the few regional states whose leaders speak openly about the need to ensure a stable balance to China's power, in contrast to Malaysia, whose successive leaders from Mahathir through Abdullah Badawi to Najib Razak have all chosen to describe it as a "challenge" and not a threat. Indonesia and Singapore—despite their general inclination to defer to Beijing on selective issues (as do virtually all weaker states in the region, including Malaysia)—have at times refused to give in to China. In July 2004, Singapore's prime minister-designate Lee Hsien Loong insisted on visiting Taipei despite Beijing's objection.[24] In December 2010, the Indonesian government, defying Beijing's demands, insisted on its *charge d'affaires* in Oslo to attend the ceremony awarding Chinese dissident Liu Xiaobo the Nobel Peace Prize.[25]

Indonesia and Singapore have not only given more emphasis to political hedge (dominance-denial), they have bet more on military hedge (indirect-balancing).

Among the three countries, Singapore has been the most enthusiastic in embracing the U.S. rebalancing. In 2012, it agreed to allow the U.S. Navy to deploy up to four littoral combat ships (LCSs) there on a rotational basis. In April 2013, the USS *Freedom* was dispatched on a ten-month rotational deployment to the U.S. 7th Fleet. In December 2014, the USS *Fort Worth* arrived to begin a 16-month deployment, using Singapore as a maintenance and logistics hub from which to conduct patrols and training with regional navies, in support of exercises like Cooperation Afloat Readiness and Training (CARAT), while expanding its operational footprint to Northeast Asia.[26] In March 2015, with China hastening land reclamation in the South China Sea, Singapore called for India to increase "their presence and participation" in Southeast Asia, following its earlier call for Japan "to separately play an enhanced role in the South China Sea."[27]

Indonesia has not embraced the U.S. rebalancing to the same extent as Singapore. However, it has generally welcomed the U.S.'s enhanced military commitment to the region. In November 2011, although foreign minister Marty Natalegawa warned that the U.S. decision to station 2,500 marines in Darwin could "create a vicious circle of tension and mistrust or distrust," President Susilo Bambang Yudhoyono's response was "more measured."[28] In April 2014, General Moeldoko, Indonesia's commander in chief, wrote in *The Wall Street Journal* that although the nation is not a claimant in the South China Sea, the republic "is dismayed that China has included part of its Natuna Islands within the infamous nine-dash line." He wrote, "[the] Indonesian military has decided to strengthen its forces on Natuna. We will need also to prepare fighter planes to meet any eventuality stemming from heightened tensions on one of the world's key waterways."[29] In December 2014, the general reportedly told the PLA that the Indonesian military and its ASEAN counterparts understand the building up of the Chinese military, but they would not accept it "if the development of its strength has gone to the extent of destabilizing the ASEAN region."[30] In addition to strengthening its military forces, Indonesia has also been boosting its defense cooperation with other powers, including the United States and Japan. Indonesia signed a defense cooperation memorandum with Japan in March 2015.

By comparison, Malaysia has chosen to pursue the two fallback measures (i.e., dominance-denial and indirect-balancing) in a more low-key and relaxed manner. During the run-up to the inaugural EAS in 2005, it saw eye-to-eye with China on the membership issue, preferring to limit the new forum to the 13 APT countries. While Malaysia has similarly stepped up its long-standing defense cooperation with the United States, it has opted to do so in an extremely low-profile manner, insisting it is not fully aligned militarily with America. Reacting to reports in September 2014, which quoted the U.S. Chief of Naval Operations Admiral Jonathan Greenert's speech in Washington that Malaysia "has offered to host" U.S. Navy P-8 *Poseidon* aircraft at a base close to the South China Sea to conduct surveillance activities over the disputed areas where China operates,[31] Defense Minister Hishammuddin Hussein denied this.[32] Defense analyst Dzirhan Mahadzir writes that Malaysia's foreign military cooperation activities are often conducted on a "case-by-case" and an "ad-hoc" basis. He describes the option of allowing America to set up a base in East Malaysia for the purpose of monitoring China as politically infeasible and strategically "counter-productive," as it "would only provoke the Chinese to set up their activities in the area."[33] These intra-ASEAN variations are even more puzzling when one considers the fact that Malaysian elites have actually become more apprehensive about growing Chinese assertiveness after the

James Shoal incidents in 2013 and 2014, when Chinese military ships showed their presence in the southernmost part of the South China Sea, 60 nautical miles off the Malaysian coast.

The Domestic Imperatives

Domestic factors are at work in all cases. The extent to which a state sees China's action as a threat and the manner in which it chooses to capitalize on the available support (i.e., the U.S. rebalancing) as a countermeasure is necessarily filtered through its ruling elite's pathways of legitimation.

The case of Malaysia shows how its ruling elites viewed the nature of China's growing power and how it was limited in how much it could embrace the U.S. rebalancing, prompting them to emphasize the opportunities and downplay the challenges of China's rise. Despite the small state's past problems with the communist giant, Malaysia's China policy has undergone a turnaround since the 1990s, shifting from mutual hostility to cordial partnership.[34] This has a lot to do with the growing importance of China to the coalition government led by the United Malays National Organisation. The rising salience of performance legitimacy has led successive leaders to adopt a pragmatic policy toward China, and by extension, the South China Sea disputes. The leaders have insisted on managing them through consultation (rather than confrontation) and have prevented the issue from affecting overall bilateral relations.[35] China has been Malaysia's largest trading partner since 2009. Equally or more importantly, the elites' desire to avoid appearing too closely aligned with Washington—in order not to alienate the country's Muslim majority voters, many of whom have been critical of U.S. policy on the Israeli-Palestinian conflict—has restrained them from actively supporting the U.S. rebalancing.[36] The James Shoal incidents (and, to some extent, the temporarily strained relations after the disappearance of Malaysia Airlines Flight MH370 in March 2014), have increased Putrajaya's anxiety about a more assertive Beijing, pushing it to further upgrade its defense ties with America and solidify its diplomatic actions with fellow ASEAN states.[37] These adjustments, however, do not signal a departure in Malaysia's China policy. The elites still do not view Beijing as an imminent threat requiring a full-scale alliance, even though Malaysia has quietly beefed up its indirect-balancing in order to mitigate long-term security risks.

Malaysia is working closely with America to develop its new naval and marine corps base in Bintulu near James Shoal, while following the seemingly contradictory course of developing a more comprehensive relationship with China (enhancing bilateral investment ties and forging defense cooperation) to maximize economic and long-term strategic benefits from Beijing. The weaker state is attempting to balance multiple cross-sectoral policy tradeoffs. By deliberately pursuing these mutually counteracting measures (a closer partnership with China, but hedging with contingency measures), Malaysia seeks to simultaneously gain benefits from different players *and* strengthen its fallback position over the long run. Unless and until the China threat grows to a level that makes direct-balancing a strategically necessary and politically more acceptable option, such a hedging approach is likely to persist.

Domestic imperatives have similarly shaped Singapore and Indonesia's alignment postures, albeit with effects that push them to hedge more heavily than Malaysia. As noted, both countries have placed more emphasis on the fallback measures of dominance-denial (political hedge) and indirect-balancing (military hedge). This heavy hedging position is rooted in domestic political conditions, specifically the sources and pathways of elite legitimation.

In Singapore, the city-state's heavy reliance on maritime trade for its economic growth—along with the ruling People's Action Party (PAP)'s performance-based legitimacy—have necessitated that the elites view the freedom and safety of sea navigation not just as an issue of regional stability but also as a matter of regime interests. In large part because of the elites' perception of Singapore's innate vulnerability, they are always concerned about the possibility of regional conflicts, especially territorial and sovereign disputes that might disrupt regional tranquility and the very foundations of the state's survival.[38] In a September 2012 speech, Prime Minister Lee Hsien Loong remarked that although Singapore is not a claimant state in the South China Sea disputes, the island-state has "critical interests at stake":

> First, as a very small country, we have a fundamental interest in the peaceful settlement of international disputes in accordance with international law. Hence we believe the disputes in the South China Sea over territorial sovereignty and maritime resource rights should be resolved peacefully and in accordance with international law, including UNCLOS. Second, trade is the lifeblood of our economy. Our foreign trade is three times our GDP. Freedom of navigation is therefore a fundamental interest, especially along our sea lanes of communications. We have only two: the Malacca Strait and the South China Sea. Therefore the South China Sea is strategically important for our survival and development… Third, as a small Southeast Asian country, ASEAN is critical to Singapore. Singapore's security depends on a peaceful and stable Southeast Asia, which in turn depends on a cohesive ASEAN… If ASEAN is weakened, Singapore's security and influence will be diminished.[39]

Singapore's alignment behavior is not only shaped by its elites' security outlook toward territorial and military issues, but also by their concerns about *political* risks. Precisely because of Singapore's tiny size, the elites have viewed the republic's sovereignty, freedom of action, and equality with other states as its existential values. Without these core ideals underpinning Singapore's status as an independent entity, the ruling elites' domestic legitimacy and external credibility would be called into question, thereby threatening the very existence of the polity.[40] Since its independence in 1965, Singapore has sought to avoid being pushed around by other actors, be they immediate neighbors or big powers.[41] It is in this regard that PAP elites are concerned about the ramifications of an increasingly powerful China for Singapore's maneuvering space. From the elites' perspective, if a regional hegemon is unchecked by any countervailing forces, it is likely to dictate its political will upon smaller actors like Singapore.[42] The tumultuous Sino-Singaporean diplomatic feud in August 2004, sparked by the then Deputy Premier Lee Hsien Loong's visit to Taipei, may have deepened the elites' anxiety about the political risks surrounding China's rise.

This political risk is complicated further by Singapore's demographic profile and its geopolitical difficulty as "a Chinese island in a Malay sea." With ethnic Chinese comprising up to 76 percent of its population, Singapore has always been uneasy about its image as the "third China" for fear of drawing suspicion from its two larger Muslim-dominant neighbors, Malaysia and Indonesia. During the Cold War era, largely out of its desire to avoid alienating its neighbors, Singapore made clear that it would not establish diplomatic ties with Beijing until Indonesia had done so. Even after the end of the Cold War, Singapore has attempted to downplay any ethnic affinity in bilateral relations and avoid leaving any impression that it

was promoting China's interest in the region.[43] Hence, Singapore's policy toward China is by design a highly ambivalent one: warm in economic and diplomatic ties but relatively distant in geopolitical and strategic spheres.[44] Close economic and diplomatic ties with China would help facilitate sustainable economic vitality and regional tranquility. Both are *sine qua non* for Singapore's survival and PAP's political relevance. Keeping a geopolitical distance from China would help project Singapore's independence and credibility in the eyes of its regional audience. Close strategic partnership with the United States, on the other hand, would serve to maximize Singapore's security, geopolitical, and development interests in an uncertain Asia-Pacific.[45]

These elite-based risk perceptions and interest calculations are translated into Singapore's preferred fallback approaches: a relatively heavier emphasis on both *dominance-denial* (cultivating a stable balance of power through diplomatic and ASEAN-based institutional platforms to prevent the emergence of a dominant regional hegemon) and *indirect-balancing* (strengthening its military partnerships with the United States and all powers to mitigate security risks associated with uncertain great power relations and transition). Singapore's emphasis on these fallback-maintenance measures are most vividly displayed in its advocacy for a continuous U.S. strategic presence in East Asia; activism in an enlarged membership of EAS; stance over the South China Sea disputes despite its non-claimant status; greater attention to ASEAN cohesion and centrality; and decision to accept the U.S. rotational deployments of four littoral combat ships. In light of the growing power rivalry and enduring strategic uncertainty, a heightened emphasis on these fallback measures is seen as vital for safeguarding the island-state's (and the party's) longer-term survivability in an anarchic international system.

Turning to Indonesia, the changing sources of legitimacy in the post-Suharto political system have shaped the country's evolving alignment behavior: a relatively heavier emphasis on the dual fallback measures of dominance-denial and indirect-balancing (like Singapore), but *without* overtly supporting the military role of a rebalancing U.S. (unlike Singapore; like Malaysia). These policy thrusts, which emerged during the Yudhoyono presidency (2004-2014), have endured into the Joko "Jokowi" Widodo era (2014-present).

As democracy slowly replaced authoritarian rule in post-1998 Indonesia, the structure of foreign policy-making in the largest Southeast Asian country has shifted from a top-down dynamic to a more pluralistic process, with more space for players and voices beyond the traditional small circle of power elites.[46] This pluralization of actors and interests is reflected in Indonesia's policy toward the great powers, which has been increasingly characterized by a more broad-based and "balanced" pragmatism. Driven by a need to optimize multiple interests across sectors and actors, such pragmatism is largely dictated by performance-based electoral logic, but shaped and constrained by a multitude of traditions, exigencies, inter-agency dynamics, personalities, and other domestic sources.

Hence, while the post-2008 geoeconomic and geostrategic realities have pushed Indonesia to simultaneously pursue stronger economic ties with China and forge a closer strategic partnership with America to strike a balance between immediate economic interests and longer-term defense needs, these moves will always be subject to its traditional foreign policy principle of "independent and active" (*bebas-aktif*), which emphasizes neutrality

and prioritizes autonomy and maneuverability.[47] This principle is buttressed by a deep-seated feeling of "regional entitlement" among Indonesian elites. As observed by Michael Leifer, because of the republic's sheer size, vast population, rich natural resources, strategic location, and pride in its revolutionary struggle for independence, Indonesia has always harbored a sense of entitlement to the leadership role in Southeast Asia.[48] Its growing economy and growing national confidence over the past decade might have deepened this outlook.[49] Indonesia therefore views the presence of other powers as an outside factor that might undermine its own role as the region's major player. These traditions and national pride are fundamental to Indonesia's existence as a sovereign actor. Departing from them would risk eroding the governing elites' domestic authority. This largely explains Indonesia's persistent and relatively heavier emphasis on dominance-denial. Although Jakarta does not view China's rise through the prism of security threat, lingering concerns about Beijing's potential intentions toward the Natunas and systemic uncertainty have pushed it to pursue some measure of indirect-balancing. Strengthening its defense ties with America has been a part of Indonesia's military hedge. Nonetheless, in part because domestic public opinion has been unsympathetic to America and in part because the elites have continued to hold an ambivalent perception vis-à-vis the superpower,[50] an Indonesia-U.S. defense partnership will continue to be constrained by domestic barriers. It will be augmented by the republic's evolving security cooperation with Japan, Australia, and India, fellow democratic powers with whom it shares political values and geostrategic interests. These hedges, however, have been and will be counteracted by the economic gravity of China's continuing rise, as well as Indonesia's preoccupation with its tremendous internal challenges and development needs, as Jokowi pledges to transform the archipelagic republic into a global maritime fulcrum.

Conclusion

The preceding analysis suggests that the three ASEAN core states have all responded to the uncertainty embedded in the post-Cold War power structure by hedging, albeit with subtle but significant variations. The concurrent adoption of returns-maximizing and risk-contingency options allows them (like other hedgers in the region) to gain *some* level of desired economic and diplomatic benefits while allowing them to offset *some* level of inevitable risks vis-à-vis the competing powers, *without* over-betting on any options that may incur an unnecessary price. The alternative—a direct balancing policy, which maximizes security but foregoes commercial and diplomatic benefits—would be militarily counterproductive, economically unwise, politically provocative, and strategically hasty. For the ruling elites of the three ASEAN states, these tradeoffs are *not* warranted by the current level of the perceived threat and the uncertainty about the sustainability of patron support. This structural logic is compounded by domestic factors, which color their views of the magnitude and urgency of a perceived threat, as well as the efficacy of available support, as seen in the differing patterns of Indonesia, Malaysia, and Singapore's hedging behavior. Future studies should use more cases to examine how elites' domestic legitimation drives states' calculation of foreign policy tradeoffs, and analyze why the legitimation-driven tradeoff calculation shapes weaker states' alignment choices.

Endnotes

The earlier version of this chapter was completed during the author's tenure as a Postdoctoral Fellow at Princeton University's Woodrow Wilson School. He gratefully acknowledges support by the School's China and the World Program (CWP) and the Carnegie Fellowship. He would also like to thank Thomas Christensen, Gilbert Rozman, Yuen-Foong Khong, Xiaoyu Pu, and Kai He for their helpful comments and suggestions on the earlier drafts of this chapter. All the usual caveats apply.

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India's Heavy Hedge Against China, and its New Look to the United States to Help

Daniel Twining

China and India together account for one-third of humanity. Both were advanced civilizations when Europe was in the Dark Ages. Until the 19th century, they constituted the world's largest economies. Today they are, in terms of purchasing power, the world's largest and third-largest national economies, and the fastest-growing major economies. Were they to form an alliance, they would dominate mainland Eurasia and the sea lanes of the Indian Ocean and Western Pacific that carry a preponderance of the world's maritime energy trade. Yet these civilization-states seem destined to compete in the 21st century.

India is engaged in a heavy hedge against China—although its history of non-alignment, traditional rhetoric of anti-Americanism, the dominance until recently of analysts' tendency to view India's security mainly in terms of its subcontinental competition with Pakistan, and the tendency for emerging market analysts to hyphenate India and China as rising economies can obscure this reality. Tactical cooperation in climate change talks and BRICS summits should not confuse us into seeing any kind of emerging India-China alignment in global affairs. Strategic rivalry of a quiet but steady nature characterizes their ties, to the point where it affects their relations with third countries: India's relations with Russia have cooled substantially since President Putin's tilt toward Beijing in the wake of Russia's isolation from the West over Ukraine.

India-China relations will be determined in part by how the United States navigates between them in pursuit of its national interests. The United States has a key role to play in India's heavy hedge. Historically, India has sought to balance China alone and, when necessary, in combination with the Soviet Union during the Cold War. India has little history of participating in the kind of alliances the United States has constructed in the Asia-Pacific, but tightening Indo-U.S. alignment tests that history and enables India to hedge more readily against daunting strategic competition from China, which many Indians believe to be pursuing a conscious strategy of encircling India on land and at sea while working to diplomatically contain its influence in leading international clubs. U.S. strategic partnership with India should be a stabilizing factor in this equation as a hedge against Chinese hegemony in Asia, the emerging order's pivot of wealth and power.

Every Asia-Pacific state is hedging against the uncertainty and latent threat posed by China's extraordinary rise. India is doing so in a particularistic way on account of its lack of formal external alliances, its inheritance as a non-aligned state, its relative developmental backwardness, its unique scale (relative to every country except China), and the geographical reality of sharing a contested 2500-mile border with China. At the same time, like other Asia-Pacific powers, India seeks to engage China economically to share in the fruits of Chinese growth through higher levels of trade and investment. A key question is whether growing tensions over security between the two Asian giants will constrain economic interdependence between them, or whether India and China—like China and the United States—can manage to qualitatively expand economic ties in the midst of an intensifying security dilemma.

This chapter examines how India has managed its relations with China, using a quick historical survey to set the stage for a more focused consideration of India-China relations in recent years. It also assesses the role of the United States and closer Indo-U.S. ties in influencing relations between New Delhi and Beijing. The chapter argues that India and China both have an interest in focusing on their domestic development, but that China's military assertiveness

as well as the contestation for influence in key regions of shared interest—like the South China Sea and Western Pacific, the Indian Ocean, mainland Southeast Asia, and the Persian Gulf —could propel India and China into a heightened state of geopolitical competition. India's heavy hedge could transform into overt balancing. The United States has an important role to play in working with India to structure an Asian balance of power that is resilient to any Chinese bid for hegemony, but also to help mitigate the security dilemma between New Delhi and Beijing. In this sense, it is the pivotal power in determining the future of an Asian security system otherwise dominated by these two states.

The U.S.-India-China Triangle

> It is a little naïve to think that the trouble with China was essentially due to a dispute over some territories. It had deeper reasons. Two of the largest countries in Asia confronted each other over a vast border. They differed in many ways. And the test was whether any one of them would have a more dominating position than the other on the border *and in Asia itself*.
>
> – Indian Prime Minister Jawaharlal Nehru, 1962, emphasis added[1]

India fought a war with China in 1962 over their contested border, but the continuing competition between them since that time has always been about more than their largely uninhabited and resource-poor border regions. India formed its quasi-alliance with the Soviet Union in the early 1970s partly in response to several factors, all of which related to its northern neighbor: China's nuclear weapons test and the Sino-Indian war in the 1960s, China's alliance with Indian adversary Pakistan, U.S. military pressure on New Delhi during the Bangladesh crisis in 1971 as China threatened to intervene on behalf of Pakistan, and the U.S. opening to China. The adverse impact of these developments on India's security was compounded by the U.S.-led international sanctions regime imposed on India following its 1974 nuclear tests, which created an effective Western embargo on advanced technologies to India, handicapping not only its military power but its economic development. From New Delhi's perspective, India's primary strategic competitors, Pakistan and China, had both formed alliances with the United States, which itself was squeezing India through military, diplomatic, and economic pressure; it was only natural, in the days of Cold War bipolarity, for India to look to Moscow for military guarantees, economic assistance, and defense hardware.

It was somewhat ironic, therefore, when in 1998 India openly tested nuclear weapons and Prime Minister Atal Bihari Vajpayee justified this new posture in secret correspondence to President Bill Clinton as a response to China's military buildup and Beijing's arming of India's enemy Pakistan.[2] In a striking turnaround, Vajpayee called India and the United States "natural allies" who shared interests in managing Chinese power and defeating terrorism, and who should cooperate more closely after decades of geopolitical alienation.[3] This led to the forging of a U.S.-India strategic partnership in the 2000s centered on military cooperation and acceptance of India's status as a nuclear-weapons state through U.S. support for normalizing civilian-nuclear trade with India in the International Atomic Energy Agency and the Nuclear Suppliers Group.

India was now reaching out to the United States to help balance against China—even as India in the 1970s had reached out to the Soviet Union to help balance against the United States. Officials in the Clinton, Bush, and Obama administrations grasped India's importance to the future Asian balance of power, understanding that strengthening the U.S.-India leg of the U.S.-India-China strategic triangle would tilt the balance in the direction of the democracies—just as the U.S. tilt to China in the 1970s had strategically isolated the Soviet Union in Asia. This led one perceptive Indian diplomat to declare that, in building a new strategic relationship with New Delhi in the 2000s, Washington was "doing a China on China."[4]

Growing Tensions in India-China Bilateral Relations

As the Cold War thawed in the late 1980s, New Delhi and Beijing launched what was hoped to be a new era in diplomatic relations with a breakthrough visit to Beijing by Prime Minister Rajiv Gandhi, the first high-level summit between leaders of the two nations in decades. As *India Today* put it at the time, "For 26 years, relations between the two Asian giants have been deep-frozen, activated only by hostility and armed tension."[5] Hopes were high that the geopolitical transformation created by the winding down of the Cold War would inaugurate a cooperative period in India-China relations. During the 1990s, however, they struggled to put in place a robust framework to resolve their border dispute, although 2003 did yield the dividend of Chinese recognition of Indian sovereignty in Sikkim (in return for official Indian recognition of China's sovereignty over Tibet). Meanwhile, China provided advanced nuclear and missile technologies to Pakistan, leading to its nuclear weapons tests of 1998 and its more threatening posture towards India that produced the 1999 Kargil War between the two countries and another near-war following the attack by Pakistani terrorists on the Indian parliament in 2001.

In the 2000s, Beijing and China launched framework talks over principles to guide resolution of their border dispute, with both countries appointing special envoys who made progress in private negotiations. Yet in 2006, China reasserted its claim to India's state of Arunachal Pradesh, and in the late 2000s China began offering "stapled visas" to Indians from Jammu and Kashmir—implying that Beijing did not recognize India's sovereignty over Indian Kashmir. China's crackdown in Tibet from 2008 grated in India, given its historic cultural ties to the region and its hosting of the Tibetan government in exile. Beijing's initial opposition to Indian membership in the East Asia Summit, its opposition to Indian membership in the Shanghai Cooperation Organization, its attempts to block civilian-nuclear trade with India in the Nuclear Suppliers Group, and its opposition to Indian membership in the United Nations Security Council led the Indian establishment to conclude that China did not want to share Asian leadership in regional and international institutions with its southern neighbor.[6] Meanwhile, trade blossomed to the point that China became India's top trading partner,[7] but India's exports to China comprised mainly raw materials even as Chinese imports were mainly cheap manufactured goods, causing an imbalance that raised controversy in New Delhi. The Indian government also closed various sectors of the Indian economy to Chinese investment on security grounds, producing tensions with Beijing.

U.S.-India relations cooled during the 2009-14 period after the high-water mark of the second term George W. Bush administration (2005-9) and the first term of Prime Minister

Manmohan Singh (2004-9). This was a result of a number of factors, including an early Obama administration approach to Asia that disdained balance-of-power principles in favor of G2-style outreach to Beijing and a more general diplomatic strategy that appeared to privilege U.S. approaches to strategic competitors like Russia and China over relations with core allies and security partners. Indians were also gravely disappointed by Obama's "surge and withdraw" strategy in Afghanistan and his administration's growing reliance on Pakistan to help facilitate the American drawdown in Afghanistan, both of which compromised Indian equities. It was also a function of drift in New Delhi during the 2010-14 period that resulted in poor governance, weak diplomacy, and lackluster economic growth following a period in which the Indian economy had expanded vigorously at rates approaching 10 percent per annum.

As relations between Washington and New Delhi cooled, Indian officials spoke of pursuing a policy of "equidistance" between the United States and China to maximize India's strategic autonomy and protect its relations with each country against pressure from the other.[8] However, it was during this period that China became newly assertive with regard to its revisionist territorial claims in Asia, now encompassing not just parts of Indian territory but also islands claimed (and in some cases occupied) by other countries in the South China Sea, as well as the Japanese-controlled Senkaku Islands. Border incidents between Indian and Chinese forces also escalated, leading to confrontations that had a chilling effect on the bilateral political relationship. India did join forces with China at the 2009 Copenhagen climate talks, as well as in launching the BRICS Bank and Asian Infrastructure Investment Bank in 2014-15. Nonetheless, these tactical alignments did not lead to closer strategic convergence. It seemed to Indians that the more powerful China grew, the more it thought it could override India's core interests. These included India's dominant role in South Asia. The China-Pakistan axis had been designed by both countries partly to contest Indian hegemony on the subcontinent and box it into its neighborhood.[9] This challenge tied Indian forces down on their country's western and northern borders and prevented independent India from pursuing the expansive grand strategy of the Raj, when parts of the Persian Gulf (including Oman), Africa (including Zanzibar), and Southeast Asia (including Burma) were governed from India, and in which Indian forces played a global expeditionary role, fighting in theaters from Europe and the Middle East to China.[10]

In the 2000s, Chinese influence grew dramatically across India's periphery. China was the partner of choice to a Burmese military junta isolated by the West. It became the principal ally of Nepal following the collapse of that country's monarchy and a peace agreement that brought self-professed Maoists in Nepal into power. China increased arms flows and development assistance to Bangladesh, including working more closely with its armed forces. China became the leading military supplier and economic donor to Sri Lanka under the government of Mahinda Rajapaksa, a strongman who consolidated political authority among his family members and fended off Western isolation over human rights abuses against minority Tamils by cozying up to Beijing. Across mainland South Asia, from Myanmar in the east to Nepal in the North to Pakistan in the west, China invested heavily in road and rail infrastructure designed mainly to facilitate commerce and energy imports—but which could also be used, in the eyes of wary Indian strategists, to ferry large numbers of military forces directly to India's vulnerable borders and allow China gateways to the Indian Ocean and Persian Gulf via ports like Gwadar. To the alarm of the Indian establishment, China also

enhanced relations with Indian Ocean island territories like the Maldives and Mauritius, feeding into Indian paranoia over a Chinese "encirclement" strategy both on land and at sea. China's 2015 decision to sell eight advanced attack submarines to Pakistan was governed by a logic of enhancing Islamabad's ability to check the power of the Indian Navy—just as ongoing Chinese assistance to Pakistan's missile and nuclear programs is designed to checkmate India's conventional military superiority on land.[11]

India's Approach to China under Modi

The history of Indian foreign policy and Sino-Indian relations suggests that India will not concede to live under Chinese dominion in a unipolar Asia, irrespective of who governs in New Delhi. Yet, unlike in 1962 when the balance of capabilities between them was quite even, China today has a military budget four times larger than India's—and which is qualitatively superior by a larger multiple than that on account of China's advanced technological lead and focused investments in asymmetric and power-projection capabilities. China has pulled ahead decisively just over the past decade, making it more accurate to talk about the imbalance of power between them than any kind of stable balance of power. This is dangerous for India and destabilizing for the region. Prime Minister Modi has explicitly linked his agenda of economic revitalization to the need to modernize India's defense base, pointing out that a lackluster economy cannot provide a resource base adequate for India's armed forces.[12]

While there may be differences in tone, and while the growth slowdown from 2011-14 had an adverse impact on India's armed forces, in fact, India's previous Congress Party-led government sought to build up India's military power against China. This included stationing a new combat air wing along their contested border, standing up a new mountain division to help secure it, and improving the road infrastructure that would enable rapid reinforcement of Indian positions in the northeast against any Chinese incursion. The previous government also developed a plan to develop three aircraft carrier battle groups by the 2020s—China's plans are unknown, but it has trailed India—and tested missiles capable of hitting Shanghai and Beijing. Modi is likely to continue these policies—indeed, his early moves in office included authorizing significant new investments in infrastructure along the northern border as well as increasing defense spending. His administration will have more room to accelerate these investments as a revitalized economy provides an expanded resource base for military modernization.

In economic terms, India is not now a peer to China, whose nearly $10 trillion economy dwarfs India's. Chinese officials look down on their southern neighbor's underdevelopment and the ineffective delivery of government institutions. Modi needs to regenerate the kind of rapid economic growth India enjoyed in the 2000s—when it managed consistent GDP expansion in the 8-10 percent range (and even grew faster than China for several quarters)—to prevent China from pulling further ahead. Already growth has improved under his administration, and the stock market clearly expects more to come. Ultimately, India should be able to narrow the gap with China as its demographic dividend combined with China's middle-income-trap slowdown reverses the momentum. Indeed, India's economy is now growing faster than China's, and it is likely to sustain superior growth given its lower base and greater upside potential for catch-up gains, and assuming continued economic reform.

In the near term, the magnitude of China's economic and military lead reinforces the contention that China could become Asia's dominant power. A key question is whether Chinese superiority makes Modi's India more likely to bandwagon with it—or to balance against it more vigorously. Former national security advisor Shivshankar Menon identified the key to a stable China-India relationship along their disputed border an Indian policy "to maintain an equilibrium (or prevent the emergence of a significant imbalance)." This is balance-of-power logic acknowledged about as candidly as a serving public official can.[13] The current chairman of the prime minister's National Security Advisory Board, former foreign secretary Shyam Saran, makes the point explicitly:

> Managing an essentially adversarial relationship with China will require a mix of expanded engagement and robust deterrence. There is greater power asymmetry between our two countries than ever before and this will require asymmetric responses.… Above all, we must reject the notion that we are condemned to live with the current asymmetry with China. If any country has the prospect of closing the gap with China, it is India and a strong and committed government will be able to pursue this goal. I believe it must.[14]

India's strategic objective, then, is righting the imbalance of power between it and China, not permanently accommodating itself to overweening Chinese strength.

As revealed in his intensive conversations with President Obama during their January 2015 summit in New Delhi, Modi envisions a future in which India is a peer to China rather than a satellite of it. The general secretary of the Bharatiya Janata Party (BJP), Ram Madhav, a close advisor to Modi in foreign policy, argues that India and China are destined for competition, and that India should take steps including more strongly supporting Tibetan autonomy in order to maintain strategic pressure on Beijing.[15] Modi's constituency in the right-wing, nationalist Rashtriya Swayamsevak Sangh (RSS) shares this view, less out of any sophisticated understanding of international relations and more out of a predisposition towards Hindu greatness. There is an ideological basis in favor of *Shreshtha Bharat* (Strong India) that animates such supporters of the ruling BJP, as expressed in its 2014 campaign manifesto.[16]

In 2014, Modi took office after a campaign in which he cannily challenged Chinese territorial revisionism even as he promised to boost India-China business ties. During the campaign, he promised to resist China's "mindset of expansion" and accused the previous Indian government of "making a mockery of itself with its limited and timid approach" to India's primary strategic competitor.[17] At the same time, he signaled his interest in securing high levels of Chinese trade and investment to help India grow. As one of his early moves in foreign policy, last September, Modi hosted President Xi Jinping for what was to be a friendly visit focused on turning a new page in relations by qualitatively upgrading the two countries' economic relationship after years in which a combination of Indian protectionism and Indian security concerns constrained economic cooperation. However, Modi was personally affronted when, on the eve of Xi's arrival, China launched a military skirmish along the two countries' contested border. Chinese troops were pushing into Indian-claimed territory even as he welcomed Xi with red carpet treatment. Chinese diplomacy claims to be subtle, but Beijing seriously miscalculated. During their meeting, Xi did pledge $20 billion in new Chinese investments in India. Nonetheless, a summit meant to deepen economic

cooperation was overshadowed by a military standoff, and Modi learned that China was unlikely to be the kind of partner India could trust. Modi's May 2015 visit to China sought to turn the page by focusing on closer economic cooperation, including through institutions like the Asian Infrastructure Investment Bank.

A New Indian Opening to the United States

The Sino-Indian power mismatch has important strategic consequences, including that India cannot rely purely on internal balancing against China but must pursue external alignments to compensate for India's relative weakness. Yet, Indians are wary of entrapment in any U.S. design to "contain" China—and, conversely, of any Sino-American G2 condominium that prejudices New Delhi's interests in favor of Beijing's. Hence the continued development under Modi of a deepening India-Japan strategic axis in particular, in which structural pressures to align are reinforced by the hawkish nationalism shared by leaders in Tokyo and New Delhi.[18] But Japan is not enough; India's new government appears to understand that India's preeminent strategic partnership must be with the world's only military and technological superpower, for no other country can potentially do as much to support India's security and development.

Modi visited Washington in September 2014; his summit with Obama produced an unusually detailed joint declaration that laid out a range of areas in which to deepen cooperation.[19] This included the South China Sea, where they declared a joint interest in freedom of navigation and overflight and against any use of force to change the status quo. China was the obvious target. Modi then offered to host Obama for India's Republic Day parade—a first for a country whose traditional non-alignment led it to fete leaders from Asia, Russia, and the developing world rather than the West at this annual ceremony. It was also highly unusual to schedule two summits with an American president only four months apart, but the two leaders obviously had much to discuss.

On January 25, 2015, Modi met Obama on the Delhi airport tarmac with a bear hug that *The New York Times* called the signal of a new great game in Asia—between India and the United States on the one hand, and China on the other.[20] Once they got down to business, common anxiety about China, and a common interest in concerting to manage it, drove the conversation between the leaders of the world's biggest democracies. Referring to a long list of issues shared by the two countries, Peter Baker writes,

> [W]hen [Obama] and Prime Minister Narendra Modi of India sat down to talk, the first 45 minutes were dominated by just one [issue]: China. Mr. Obama and his aides discovered to their surprise that Mr. Modi's assessment of China's rise and its impact on the greater strategic situation in East Asia was closely aligned with their own. Just as they did, Mr. Modi seemed increasingly uneasy about China's efforts to extend its influence around the region and interested in a united approach to counter them.[21]

China's military pressure on America's forward-deployed posture in East Asia, its attempts to drive wedges between the United States and its allies, and its assertive attempts to whittle away at freedom of navigation and overflight in the East and South China seas are, for the

United States, the mirror images of China’s military pressure on India’s northern border, its military and political penetration of India’s neighbors, and its naval activity all along India’s maritime periphery, from Gwadar in Pakistan to Hambantota in Sri Lanka to Chittagong in Bangladesh.[22] In the same vein, India’s “Act East” policy of elevating strategic and economic engagement with Southeast and East Asia dovetails with the U.S. “rebalance” to Asia; both are pivoting to the region, as seen in their respective closer ties to Japan, Australia, Vietnam, Myanmar, and other states.

Modi’s central ambition to transform India economically risks being thwarted by more intensive security competition with China, creating dangerous instabilities across the Indo-Pacific. India needs the United States to help balance Chinese power in Asia so that Modi can get on with his central goal of developing India’s economy. It stands to lose from any U.S. retreat from Asia that leaves India alone to manage the threat posed by its northern neighbor, which would require an enormous infusion of resources into national defense and away from the drivers of domestic development. Modi and Obama, therefore, discussed quite openly a variety of ways to strengthen defense and security cooperation. These include, in the bilateral channel, a new ten-year defense agreement to facilitate joint military education and training as well as enhanced U.S. defense sales to India (the world’s largest arms importer) and defense co-production premised on the sharing of sensitive but potent U.S. military technologies.[23] In a Joint Strategic Vision document to which they agreed at the January 2015 summit, Obama and Modi declared a partnership spanning the region “from Africa to East Asia,” agreed to move India closer to membership in APEC, and pledged a common interest in upholding freedom of navigation and overflight across the region, “especially in the South China Sea.”[24]

Beyond bilateral cooperation, Modi and Obama discussed reinforcing Asia’s fragile security architecture by deepening U.S.-Japan-India strategic cooperation and reconstituting the Quadrilateral Partnership of these three countries along with Australia. When the “Quad” held some of Asia’s largest military exercises to date in 2007, Beijing protested vehemently, demarching all four capitals and condemning their plans to forge what it called an “Asian NATO.” India was the weakest link in that grouping, which otherwise comprised America and its core Asian allies. That India’s leader is now considering the Quad’s resurrection is a reflection of how badly China has played its strategic hand in Asia in recent years, alarming not only U.S.-allied nations but also once non-aligned states like India, nudging them closer to the Indo-Pacific security network centered on the United States.

It is striking that both recent U.S.-India summit joint declarations—in September 2014 and January 2015—make specific reference to their common interest in freedom of navigation in the South China Sea, and their common opposition to any threat or use of military force to subvert Asia’s global commons.[25] India views itself as a Southeast Asian power on account not only of its historic cultural influence in countries like Myanmar, Malaysia, and Indonesia but also its sovereignty over the Andaman and Nicobar islands at the mouth of the Strait of Malacca, making India a resident power. Its historic friendship with Vietnam, dating in modern times to New Delhi’s support for Hanoi during the Vietnam War, has come under pressure from China. Chinese maritime patrol vessels have intercepted Indian warships visiting Vietnamese ports and Beijing has challenged an Indian state-owned corporation’s access to oil and gas blocks within Vietnam’s exclusive economic zone, parts of which

China asserts as its own as part of its expansive claims in the South China Sea. More broadly, the South China Sea is China's gateway to the Indian Ocean, on the one hand, and India's gateway to the Western Pacific, on the other. New Delhi has a compelling interest in sustaining an Indo-Pacific maritime order that makes it harder for China to control these critical passageways, and easier for India to freely access them.

Assessing India's Hedging Behavior

India stands alone in a category of Asian state that is not a U.S. ally, is highly unlikely to bandwagon with China, but at the same time possesses a size and stature that make it an independent pole of power in the emerging regional order irrespective of its external alignments. In one sense, this makes its China hedge easier: unlike smaller Southeast and East Asian states that have to pursue highly subtle diplomacy vis-à-vis Washington and Beijing, India can focus primarily on expanding the domestic bases of its power—its economy and armed forces—with only secondary consideration of diplomatic strategy as a hedging instrument. However, the two are in fact linked: India craves technology and manufacturing partnerships with advanced economies like the United States and Japan to boost its domestic development, and it cannot easily afford a military conflict with either China or its ally Pakistan that diverts India from its economic modernization drive. Therefore, the external dimensions of its hedging strategy feed directly into India's domestic imperative of priming growth.

India's hedging behavior features strong dominance-denial and indirect-balancing components, as well as some overt military balancing against China. It also features a strong dose of economic pragmatism, reflected in Modi's hope to enhance Chinese trade and investment ties despite the budding security competition between the Asian powers. India has also experimented with binding engagement of China, including in new Chinese-led forums like the Asian Infrastructure Development Bank and the new BRICS Bank, although even within these forums for engagement India can be seen to be hedging (New Delhi and Beijing feuded diplomatically over leadership of the BRICS Bank, achieving a compromise that it would be headquartered in China but run by an Indian). Other forms of Indian engagement of China contain elements of hedging: for instance, in the mid-2000s India made a big diplomatic push to be invited as a founding member of the East Asia Summit, seen at the time as a potentially Sinocentric club. With support from Singapore, Japan, and other powers, India did indeed join the EAS—and in doing so diluted China's influence in the grouping, which is exactly why a number of members supported its admission.

With respect to the United States, India is unlikely to expressly bandwagon with it. India's strategic elite largely believes the country's power trajectory ultimately will make it a peer of the United States, not any kind of lesser ally. Their long-term interests in managing the Asian balance of power to prevent an overly Sinocentric tilt mean that New Delhi and Washington will frequently collaborate on Asian security affairs. Yet Indians are unlikely to view such collaboration as "bandwagoning" with the United States. Nonalignment is finished; Indians today often speak of "multi-alignment," cultivating relations not only with the United States, Europe, and Asian powers but with Persian Gulf and African allies and fellow developing democracies like Brazil In the same way that a poor, weak, and geopolitically marginalized India was nonaligned during the Cold War, it is also quite possible that a wealthier, strong,

and geopolitically central India in the 21st century will chart its own course, often in collaboration with the United States but never in followership.

Conclusion

Modi's embrace of Obama marks the demise of India's tradition of non-alignment, which may have suited the country when it was weak and poor. Rising and strong, India needs a new foreign policy, which Modi and his advisors appear to understand. Previous administrations constructed a strategic partnership with the United States almost by stealth; this backfired, for instance in India's failure to adopt a suitable liability law to implement the 2008 civilian-nuclear agreement, which was designed as the centerpiece of the new relationship. In January 2015, with Obama by his side, Modi rejected this legacy, making clear that India had a compelling national interest in more open alliance with the United States to overcome its security and development challenges.

Modi also made expansive claims that collaboration with the United States would be helpful beyond India's own requirements, helping to determine the nature of the emerging international order. He said the U.S.-India partnership would be instrumental in "shaping the character of this century. After decades of sitting on the sidelines of global politics, he added, India would now assume its "responsibility" within a "global partnership" with the United States.[26] This was music to the ears of Obama and his advisors, and resonated with Modi's domestic constituencies as well, who have little truck with the United States, unlike older generations who still espouse non-alignment and a sepia-toned suspicion of American power.

Yet India today wants to date rather than marry. Its foreign policy is multi-aligned, with strong outreach not only to the United States but to the neighborhood, Japan, Europe, and China. For all the security dynamics at play between India and its northern neighbor, Modi appears to understand that replicating China's development miracle in India will require reducing barriers to Chinese direct investment. Although India will remain sensitive towards Chinese investment in sectors like telecommunications, leaving the sectors underdeveloped through foreign investment restrictions may constitute an equal or greater source of insecurity by constraining India's development. The new BRICS Bank and the Asian Infrastructure Investment Bank offer India avenues to secure Chinese capital and direct investment without the complicated politics of the bilateral channel.[27]

This dualism is likely to be the defining feature of Sino-Indian relations in the period ahead: an intensifying security competition between the two Asian giants combined with deeper economic interdependence between them. Like other Asian leaders, Modi will thus need to balance a growing security dilemma vis-à-vis China against the magnetic appeal of its market as a spur to domestic economic growth. Indeed, his hawkishness may provide him the political cover to open India further to Chinese business. Meanwhile, the United States will nurture closer strategic ties with India that will not amount to an entangling alliance, but which will be a marked departure from the past six decades of often-prickly relations between Washington and New Delhi.

India's growing economy and its strategic geography ultimately will enable it to become the predominant power in the Indian Ocean region, from the Persian Gulf in the West across to Southeast Asia. Its growing entente with Japan and deepening ties to Southeast Asia will create a natural maritime coalition of nations allied with the United States and determined to hedge against Chinese dominance. It is no wonder that Chinese officials, who expect their neighbors to accommodate themselves to China's primacy, appear alarmed by the new warmth in relations between Washington and New Delhi[28]—and that leaders across the rest of Asia seem encouraged, understanding as they do that the pluralism made possible by an India-U.S. concert would be a firmer source of security and prosperity than would a preponderance of Chinese power in the future Asian order.

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Australia and U.S.-China Relations: Bandwagoned and Unbalancing

Malcolm Cook

> "We know Communist China is there; we want to live with it, and we are willing to explore new ways of doing so; but we are not prepared to fall flat on our face before it."
>
> Foreign Minister Paul Hasluck, August 18, 1966[1]

Since Kevin Rudd and the Australian Labor Party ended Prime Minister John Howard's 11 1/2 years in office in late 2007, each new government in Canberra has faced a very similar and rather narrow foreign policy fixation. Australia's relations with China, and Australian policies or pronouncements that may affect China, have become the main focus of foreign policy commentary both inside and outside the country. Increasingly, Australia's own defense and foreign policy pronouncements and long-standing and deep relations with the United States and Japan are being reinterpreted through this China lens. This mostly critical commentary has tried to divine new directions in Australian foreign and security policy and reasons why these perceived new directions are harmful to Australia's relations with China. From their very first baby steps, the Abbott administration and Prime Minister Tony Abbott himself have been subject to this increasingly singular China-centered focus and its set of questionable underlying assumptions.

The Australian case, as this book, is both animated by and significantly questions two systemic assumptions about the emergence of the People's Republic of China (PRC) as Asia's leading economic power and U.S.-China relations. The first systemic assumption at the core of the realist tradition of thought is that the rise of a new power destabilizes the affected security order and consequently states in that order will change policies to respond to this rise and associated destabilization. The tense of the terms used to identify the continuum of alignment policy options – bandwagoning, accommodating, hedging, and balancing – further focusses attention on the present and the idea of necessary, reactive change.[2]

The second systemic assumption at the core of the liberal tradition of thought in international relations is the interdependence between commercial relations and interests (predominantly non-state in nature) and security relations and interests (predominantly state in nature). The more closely two economies become intertwined, the closer the affected states' diplomatic and security relations will or should become and the less likely either will or should adopt diplomatic postures or security policies that might upset the other. The weaker the state is in this dualistic depiction, the more this is seen to hold true. The widespread use of trade statistics with China to analyze the direction Australian foreign and security policy has taken, will take, or should take towards the PRC on this alignment continuum is the clearest and most frequent operationalization of this hard-wired assumption.[3] Similarly, the literature on hedging considers closer economic relations with a rising power as an element of balancing towards it and consequently an element against bandwagoning with the identified competing power. In Asia, it is not clear how the deepening trade and investment relationship between China and the United States fits with assumptions about U.S.-China competition and whether states are balancing with or against either major power.

With a particular focus on Australian foreign and security policy under the present Abbott administration and the commentary on it, this chapter challenges each of these assumptions and through that the larger regional and global debate about the emergence of the PRC as

Asia's leading power and only potential peer competitor to the United States. It begins by looking at why the Australian case is a particularly important one for testing the assumptions, then looks at each assumption and how the Australian case challenges it, and ends with some thoughts about what the Australian case, as presented, can tell us about the proclivities and weaknesses of the larger regional and global debate about the rise of the PRC.

The upshot is that Australian foreign and security policy in relation to the rise of the PRC has remained consistent for decades. Australia from before it was an independent state has bandwagoned behind the leading power globally with the greatest strategic weight in Asia and has long sought an Asian security order unbalanced in favor of that power and against any alternate order dominated by the largest Asian power. The names of the global and Asian powers have changed from the United Kingdom and Japan to the United States and China respectively, but Australian grand strategy and its influence on foreign and security policy have not. Australia's alignment position was determined decades ago, and recent foreign and security policy actions support this alignment decision given the changing regional and national security and economic situations.

A Central Case

Three elements of Australia's present relations with China make Australia a powerful, central case study for assumptions about how states respond to power redistribution among major powers in their region. They suggest that Australia is a "purer" case study than any East Asian state. All three suggest that Australia, if the liberal assumption about commercial and strategic convergence is accurate, should have and should be seeking closer economic and strategic ties with China and desisting from policies aimed at or perceived to be aimed at annoying China even at the cost of annoying other major powers such as Japan and the United States.

First, Australia's trade dependence on China has rapidly increased over the last two decades, is already at historically high levels in the post-imperial era, and is likely to grow even more.[4] According to the latest Australian trade statistics, the Chinese market accounted for 36.7 percent of Australian exports in 2013-14 (up 28.3 percent year-on-year) at A$100.1 billion, while imports from China accounted for 19.9 percent of the Australian total at A$50.1 billion (up 12.7 percent). In a matter of five years, Australian exports to China have grown about 250 percent while imports have grown about 25 percent. Reflecting the sizable asymmetry in the bilateral economic relationship, Australia only absorbed 1.7 percent of Chinese exports in 2013 and accounted for 4.7 percent of its imports.[5]

A comparison with Japan, Australia's largest export market for four decades until China overtook Japan in 2009, shows just how profound Australia's trade dependence on China is and how comparatively quickly it is mounting. In 2008, exports to Japan were roughly 30 percent greater than the China figure. By 2013-14, exports to Japan were half the China figure and lower than the 2008 figure. The comparative import story is a more moderate version of the same trend. China's exports to Australia were roughly double those from Japan in 2008 and close to three times larger in 2013-14.[6] Australian exports to China are significantly larger than Australian exports to the next four largest markets, as shown in Table 1.

Table 1: Australia's to Five National Trading Partners, 2013-14				
	Exports (A$B)	***Share***	**Imports (A$B)**	***Share***
China	100	*36.7%*	50	*19.9%*
Japan	49	*18.0%*	18	*7.3%*
South Korea	21	*7.7%*	11	*4.5%*
United States	11	*3.9%*	21	*11.1%*
India	8	*3.1%*	3	*1.1%*

Source: DFAT country fact sheets.

A comparison of Australia's relative trade dependency on China with other Asia-Pacific economies, as shown in Table 2, further reinforces the depth of the China-Australia trade relationship and its importance to Australia. No other major economy in the Asia-Pacific is as trade dependent on China as Australia.

Table 2: China's Share of Exports and Imports (latest data)				
	Share of exports	Growth y-on-y	Share of imports	Growth y-on-y
Australia 2013-14	36.7%	28.3%	19.9%	12.7%
Taiwan 2012	26.8%	-3.1%	15.1%	-5.4%
South Korea 2013	26.0%	0.0%	16.1%	8.5%
Japan Jan-Nov 2014	18.3%	-1.3%	22.3%	0.7%
Philippines 2013	14.2%	30.8%	12.9%	5.2%
Indonesia 2013	12.3%	4.2%	16.9%	1.0%
Malaysia Jan-Nov 2014	12.0%	-3.6%	16.7%	7.2%

Source: Relevant government websites for each country.

Not only is the Australian trade dependence on China very high comparatively and growing rapidly, Australia's trade relationship with China—what it exports and imports to and from China—is qualitatively different from its regional peers. For the East Asian economies in Table 2, unlike Australia, a large share of their trade with China is determined by their respective links in regional and global production chains, many of which terminate in China. These production chains are predominantly controlled by non-Chinese firms. Exports to

China from East Asia that are part of these value chains are better understood as an element of these East Asian economies' trade dependency on the states where these value chain-controlling firms are headquartered than on China. While a large share of Australian imports from China are products developed by these chains with the final stages of assembly in China, Australian exports to China are not production chain-based. Rather, Chinese firms and individuals are the importers.

Iron ore and concentrates alone accounted for close to 60 percent of Australian exports to China in 2013-14 and the top four raw resource export items including iron ore for 76 percent of total exports. Education and personal travel to Australia accounted for a further 6 percent of total exports and 81 percent of total services exports. Australian trade with China is much more related to China's domestic economy than its export-oriented one, and hence the health of Australia's internationally-oriented economy is closely tied to the health and direction of the Chinese domestic economy. Australia is much more economically dependent on China than other regional economies both in quantitative and qualitative terms.

A third factor that classifies Australia as a central, purer case for how states respond to the rise of the PRC as Asian's leading economic power is historical and political in nature. As with New Zealand and the United States, Australia has strategic depth in relation to China. Beijing is over 9,000 kilometers away from Canberra. Australia shares no land or maritime borders with China, and it is not a neighbor of China in the same sense as Singapore is in the eyes of China and Singapore. Moreover, Australia, alone among the states considered here, has no history of "discovery" by China, invasion by China, direct military threat from China, or Chinese support for rebel groups threatening the Australian state.

Alliance Attributes

Australia also is a central case for those with an interest in the durability of U.S. strategic primacy in the Western Pacific and the alignment of allies' and U.S. security partner interests in regional security with those of the United States, the "reigning hegemon." As the *eminence grise* of Australian international journalism Paul Kelly sagely noted, "if the rise of China can compromise a rock-solid alliance with Australia, no other American alliance relationship in the Pacific can be considered safe from erosion."[7]

Two attributes of the Australia, New Zealand, and United States (ANZUS) security alliance make it comparatively rock solid and germane to the larger question of the future of the U.S. security role in East Asia in the face of the rise of the PRC. First, the Australia-United States alliance is particularly deep and institutionalized. As each Australian leader notes when visiting Washington or receiving a U.S. president, Australia has fought along side the United States in each major war since World War I. No other ally or security partner in the region or wider world can make the same claim. This fact is behind the high and growing number of Australian senior defense officials and armed forces' personnel embedded in senior positions in the Pentagon, the Pacific Command (PACOM) and even Central Command (CENTCOM). Australia is second only to the United Kingdom in terms of the number of military personnel embedded with U.S. forces and the seniority of their embedded roles.[8] Australian warships are now routinely operationally embedded in the U.S. Seventh Fleet.[9] The depth of this alliance relationship would raise the costs to Australia of any shift away from its strong

bandwagoned position with the United States. Alliance relationships, by their very nature, are more profound alignments than security partnerships.

The ANZUS alliance is different in origins and focus than the other U.S. alliance relationships and security partnerships in the region. From the Australian side at least, it did not have its origins in preparing for the Cold War. Rather, it was focused on maintaining Australian security from Japan, the only foreign country to have attacked Australia.[10] Moreover, as Australia has not faced a credible direct military threat from any country since World War II, the ANZUS alliance has been predominantly focused on regional and even global order maintenance. The only time Australia has invoked ANZUS was after the September 11, 2001, terrorist attacks in the United States. Japan, Taiwan, South Korea, the Philippines, and Thailand were all "front line" states in the Cold War and, with the exception of Thailand, are within the "first island chain" off the east coast of China. Australia was not a front line state in the Cold War and is not within the first island chain.

This broader, order-maintaining nature of the alliance relationship may make Australian faith in the reliability of the United States as a security partner in the face of a rising PRC less fragile and prone to doubt than regional states such as Japan, the Philippines, and Vietnam that perceive their security relationship with the United States as primarily focused on combatting direct threats from China. Unlike the "core ASEAN states" covered by Cheng-Chwee Kuik in this publication, Australia's alignment with the United States is not constrained or complicated by an overriding commitment to ASEAN and its goal of denying any great power dominance in Southeast Asia. Australia only joined the East Asia Summit after negotiating with ASEAN that signing the ASEAN Treaty of Amity and Cooperation, the *quid pro quo* for membership in the EAS, would not infringe upon the U.S.-Australia alliance relationship.[11] South Korea and Japan did likewise. Unlike India, as mentioned by Daniel Twining, or Indonesia and Malaysia, Australia has no legacy of non-alignment that constrains closer security relations with the United States in the post-Cold War period.

Bandwagoned

The same factors that have made Australia a central case for the policy responses of regional states to the historic power shift in Asia have led many analysts to perceive Australia as taking a leading role in unambiguously balancing against China's rising regional influence. Edward Luttwak, noting that Australia "fully retains the Anglo-Saxon trait of bellicosity," argues that "It is not surprising, therefore, that Australia has been the first country to clearly express resistance to China's rising power, and to initiate coalition-building against it that is mandated by the logic of strategy."[12] In August 2009, *China Daily* expressed similar sentiments when it criticized "Sinophobic politicians" in Australia (read widely to be a group including Prime Minister Kevin Rudd) of leading the world's "anti-China chorus."[13]

A large number of strategic commentators in Australia regard Tony Abbott as following a similar direction. Robert Ayson claims that Australia has changed its East China Sea policy in ways that suggest it is siding with Japan against China.[14] Linda Jakobson in a wider broadside against the recently elected Abbott government agrees and goes further: "It is questionable whether jumping on the bandwagon with the United States and Japan to criticize China about a contested issue between China and Japan was the most effective way for the new government to start defending Australia's values."[15]

This popular depiction of Australian responses may well obscure more than clarify Australian strategic thinking and the resulting policies. This depiction of present-day Australian policy and the larger regional discussion about U.S.-China relations and the effects on smaller affected states suffers from the "parochialism of the present." The rapid rise of the PRC and the journalistic and academic propensity to overstate present problems have distorted the public interpretation of Australia's strategic policy and changes in its position in relation to the United States in a different way but with similar muddying consequences, as Daniel Twining suggests the Indian commentary obscures the understanding of Indian strategic policy choices and its position in relation to the United States. As David Kang argues in relation to South Korea, successive Australian administrations have neither bandwagoned with nor balanced against the PRC since the beginning of its rise three decades ago but accommodated its rise with "no fundamental change either way in military stance or alignment posture."[16]

Strongly informed by the continent's small population, huge land and maritime territories, and the cultural differences with its neighboring South Pacific and Asian states, Australian leaders always have bandwagoned with the leading global power for a regional order unbalanced in their favor. In the first half of the twentieth century, the United Kingdom, the metropole of the Australian settler colony, was the global power with which Australia actively bandwagoned. Since the signing of the ANZUS agreement in 1951, it has been and continues to be the United States.

During the period of bandwagoning with Great Britain, Japan was the leading Asian power that sparked Australian security concerns, driving the decision to bandwagon with the United Kingdom and to strengthen Australia's nascent military capabilities against a direct threat from Asia's leading power.[17] Concerns in Canberra about the erosion of the United Kingdom's East Asian order-maintaining interest and capability started before World War II and culminated in the decision to shift Australia's seat on the United Kingdom bandwagon to that of the United States with the signing of the ANZUS treaty. New Zealand was much less supportive of this historic and culturally wrenching shift of strategic allegiances.[18]

Communism and the PRC quickly replaced Japan and its expansionist agenda as Australia's primary security concern. In 1963, even Gough Whitlam, who would later shift Australia's diplomatic recognition from the Republic of China to the PRC, acknowledged that China posed the greatest threat to Australia.[19] In 1967, a plurality of Australians polled agreed with this assessment.[20] Rather than a new post-Cold War prime consideration, the PRC's military capabilities and strategic interests and their potential negative effects on the prevailing regional security order have been a staple concern of each Australian Defence White Paper and their predecessor documents. The first such document, the 1946 *Strategic Appreciation,* focused on what a Communist victory in China and a China-Soviet Union partnership would mean for the interests of "the empire" in East Asia. The 1968 *Strategic Basis for Australian Defence Policy* elevated China to "key significance in shaping Australian strategy."[21]

Throughout the post-war period Australia's commitment to maintaining the U.S.-led regional order has been consistently pursued through three sets of policies. First, Australia has been a keen proponent and participant in regional institutions that include the United States and/or support U.S. strategic leadership in Asia. Examples include encouraging

the United States to join the Colombo Plan in the 1950s, joining the Southeast Asian Treaty Organization (SEATO) and South Korea's Asia Pacific Council (ASPAC) in the 1960s, taking a lead with Japan in establishing the Asia Pacific Economic Cooperation (APEC) forum and with Japan, Singapore, and Indonesia the ASEAN Regional Forum in the 1990s, and floating the idea of a new Asia-Pacific Community and supporting U.S. membership in the East Asia Summit (EAS) in the 2000s. SEATO and ASPAC excluded China and were established to counter the perceived Chinese threat to the prevailing order in maritime East Asia. APEC, ARF, Prime Minister Rudd's Asia-Pacific Community idea, and the EAS include China and are institutional attempts to bring it into the prevailing U.S.-led regional order.[22]

Australia also has been willing repeatedly and without fail to contribute to British or U.S.-led military initiatives aimed at maintaining the prevailing security order from its leading role in supporting Singapore and Malaysia against the China-supported communist rebels in the 1950s and Sukarno's *Konfrontasi* in the 1960s to fighting in the Korean and Vietnam wars. Australian defense planning has long been organized around the idea of having adequate national capabilities to defend Australia's territory and to contribute to U.S.-led regional and global operations. Continued U.S. strategic primacy in the Western Pacific is judged to permit Australia to focus more national capabilities on the former while providing irreplaceable intelligence and surveillance information and access to leading-edge technology to better fulfill this task.[23]

Finally, Canberra has long portrayed the British Empire and the post-war U.S.-led regional security order and Australia's active support for both as based on much more than *realpolitik* hard power concerns and capabilities. Their creation and maintenance of liberal international and regional political and economic institutions and reflection of Australia's own values are core to Australia's unflinching support for both.[24] As an open, trading economy with a huge territory and limited national capabilities in a culturally distinct region, Australia's defensive worries and cultural pride combine in its strong support for a liberal, rules-based regional and global economic and political order—one in which the rules are determined by the leading global power of the time. This fusion of strategic interests and cultural values has long meant that Australian support for a regional order unbalanced in favor of the leading global power has been a powerful bipartisan source of domestic political legitimation well reflected by public opinion in favor of this extreme alignment choice.

If one gives these powerful sources of strategic policy continuity the weight they deserve in analyzing recent Australian security policy, then it is very difficult to see any fundamental change. While the member states of ASEAN may have fundamentally shifted their strategic alignment at the end of the Cold War from bandwagoning with the United States to hedging between the United States and China, as noted by Cheng-Chwee Kuik, Australia has not. The 2009 Defence White Paper is best seen as the most robust reiteration of continued bandwagoning with the United States and commitment to an unbalanced regional order in favor of the United States and its regional allies and security partners. While presented as a white paper focused against China, it is best read as one focused on the U.S. role in Asia.[25] The paper talks about the need to adopt a strategic hedging approach to the erosion of American primacy in the face of China's rise and the consequent greater risk of major power tensions and potential conflict. The paper's significant capability commitments

including 12 long–range submarines, up to 100 F-35 Lightning II combat aircraft, and Australia's first sea-based cruise missiles fit very well with increasing its contribution to any potential U.S.-led regional missions and greater burden-sharing in the alliance.[26]

The same continuity of alignment and purpose applies to the Gillard government's 2011 agreement to open up defense installations in Darwin to the regular rotation of up to 2,500 U.S. marines and advanced discussions for greater U.S. access to the Stirling naval base near Perth and the upgraded air force facilities on the Cocos Islands in the Indian Ocean. In the aftermath of the Australian-led intervention into East Timor, the 2004 Boxing Day tsunami, the 2006 coup in Fiji, the 2008 Cyclone Nargis, and the government's growing embrace of the concept of the Indo-Pacific region, Australia has committed to a greater amphibious capability and contribution to Indian Ocean security.

In each of these major humanitarian disasters in Southeast Asia and the Indian Ocean, Australia worked closely with the United States and Japan. Amphibious and strategic lift capabilities were crucial to the immediate response. Working closely with the U.S. marines at staging posts like Darwin for military and humanitarian activities in Southeast Asia and the eastern Indian Ocean—as shown recently in the super-typhoon Haiyan in the Philippines and the disappearance of flight MH370—contributes to both objectives.[27] How these objectives and subsequent deepening of the ANZUS alliance are part of an Australian attempt to directly balance against China militarily, the *a priori* assumption of much of the commentary in Australia and China, is much harder to divine.[28]

Claims that the Abbott government is siding with Japan against China over the East China Sea dispute are even more questionable and, seemingly, the victim of placing everything in a U.S.-China-Australia framework based upon U.S.-China rivalry and consequent Australian repositioning. It first substitutes Japan for the United States in this questionable triangular construct and then reads balancing against China motives for Australian actions. Yet, what the offending 2013 U.S.-Japan-Australia Trilateral Strategic Dialogue joint declaration stated was joint support for territorial disputes to be dealt with peacefully and in line with international law.[29] This is diplomatic boilerplate more noticeable for its absence than appearance. Australia has never expressed an opinion on the clashing sovereignty claims in the East China Sea, as it has not in the Sea of Japan dispute between South Korea and Japan or in the South China Sea dispute.

As reiterated by Defence Minister Johnston at the 2014 Shangri-la Dialogue, Australia has long upheld the need for the management of disputes between states in the regional order to be based on peaceful means and international law.[30] The increase in tensions in the East and South China seas involving China and concerns that China's growing power may destabilize this order may have motivated the clear restatement of this principle. This is what is new, not Australian pronouncements in support of this principle.

Separation

Australia's high level of trade with China and the widely understood benefits this has delivered to an economy approaching 100 consecutive quarters of positive growth despite the Asian financial crisis and the global financial crisis have led to three factors being divined to encourage strategic policy shifts in favor of alignment with China. First, is simply the size of

the economic relationship and its fundamental importance to Australia. As Shiro Armstrong notes, "Australia may still catch a cold when the United States sneezes, but is likely to get pneumonia if China catches a cold unless Australian policymakers understand how they have to manage the shocks that will inevitably emanate from the country that is now our biggest economic partner. That's the reason why Australia is often called everyone's favourite short on China."[31] Analysts have taken this high and rising level of asymmetric interdependence as reason for why Australian governments should be increasingly cautious about adopting policies that could raise Beijing's ire and should seek some kind of equidistant, balanced position between China and the United States.[32]

Adding to this balance towards China argument, leading Australian business figures, many dependent on or coveting the China market, have joined the debate and moved it beyond the ivory towers of academia and the cloistered halls of power in Canberra. At a 2012 national conference on Australia in China's Century, billionaire Kerry Stokes attacked the 2009 Defence White Paper for causing concern in China, while fellow billionaire James Packer opined that Australians seemed ungrateful to China.[33] Opinion polls show positive feelings towards China's rise and the China-Australia commercial relationship, adding further weight to this argument. In the 2014 Lowy Institute poll, a plurality disagreed with Prime Minister Abbott's declaration that Japan was Australia's closest friend in Asia. Thirty-one percent opted for China compared with 28 percent for Japan and 12 percent for Singapore.[34] In the 2013 Lowy poll, a full 76 percent identified China as the most important economy for Australia compared with only 16 percent for the United States. In 2009 only 63 percent of Australians had opted for China compared with 27 percent for the United States.[35]

The third factor is based on fear and apparent prudence. Many advocating that Australia balance its existing policies toward China and the United States have raised the specter of China's economic "punishment" of Australia as Japan, the Philippines, Norway, and others are deemed to have suffered.[36] The drawn-out trade negotiations between China and Australia that started in 2005 were the most frequent rod to divine the actual presence of this fear. Critics of Abbott's perceived shift against China argued that he was putting the trade deal at risk.[37] Yet, as with negotiations with South Korea that commenced in 2010 and those with Japan that commenced in 2007, the Abbott government was able to bring those with China to a successful end, as announced during Xi Jinping's state visit to Australia in November 2014.

The successful conclusion of trade talks with China that delivered a deal much deeper and broader than the China-New Zealand FTA signed in 2008 or the China-ASEAN FTA significantly undercuts the third fear-based argument about why Australia should seek strategic policies less likely to draw criticism from China's leaders, academics, or unrepresentative "netizens." Likewise public opinion about the importance of the commercial relationship with China is countered by long-standing and potentially deepening public concerns about China as a military power.

In the 2014 poll that showed a plurality viewing China as Australia's best friend in Asia, a much larger 48 percent plurality thought it likely that China will become a military threat to Australia in the next 20 years, the highest level of worry since this question was first asked in 2009. The share that views China as a likely direct military threat to Australia has

never dipped below 40 percent.[38] In 2013, when a majority viewed China as Australia's most important economic relationship, a majority believed that Australia's relationship with the United States was more important than that with China, and 82 percent believed the alliance with the United States was fairly or very important (28 percent and 54 percent respectively).[39]

The Australian case shows that security and economic interests are not as intertwined and co-dependent as is often perceived. Rather, this case reaffirms the judgment that "economic cooperation is not predicated upon political alignment with China. Indeed, a strong trading relationship may exist amidst significant bilateral political tensions, and will not necessarily prevent the outbreak of military conflict."[40] Despite much fretting, policies in line with Australia's bandwagoned position with the United States have not identifiably carried any costs for the Australia-China economic relationship. Likewise, Australia's deep, asymmetric economic relationship with China has not identifiably weakened Australia's alliance relationship with the United States. Rather, as James Reilly notes, successive Australian governments have been successful in strengthening economic relations with China and security relations with the United States.[41] This win-win situation for Australia is also what opinion polls suggest the public wants and expects.

Conclusion

The Australian case, and its centrality as an empirical testing ground for assumptions about the rise of the PRC and regional states' relations with both China and the United States, suggests three preliminary, potentially generalizable conclusions:

1. The strength of the U.S.-Australia alliance has not been eroded by the rise of the PRC. Rather, this significant change to the balance of power in East Asia has reaffirmed the rock solid state of the alliance. The changing security environment has deepened both sides' commitment to the alliance and provided new scope and opportunities for greater bilateral and minilateral allied cooperation. The change in government from a Liberal-led coalition to a Labor government in 2007, the change of prime ministers in 2010 in that Labor government, and the 2013 change in government back to a Liberal-led coalition did not change Australia's decades-old bandwagoning alignment with the United States. Australia's primary grand strategic commitment to a regional order unbalanced in favor of the prevailing global power (and not the leading Asian power) has not changed and shows few signs of imminent change.
2. The Australian case reaffirms the realist assumption that commercial interests and levels of dependency, as measured by bilateral trade statistics, and strategic interests and alignments, as measured by alliance relationships and commitment to them, are far from co-dependent. They can remain on very separate planes for decades. As Linda Jakobson cautions though, Australia may be exceptional. As the provider of essential primary products for China's continuing economic development, Australia may have more economic leverage over China than the asymmetric bilateral trade flows suggest, which may "protect" Australia from any Chinese economic "punishment" for its continued bandwagoning with the United States.[42] Unless Australia stops playing this crucial role for China's economic development and/or China decides to demonstrably "punish" Australia for its alignment choice, we will not be able to test the validity of this caution of exceptionalism.

3. There is a strong alignment of views between the Australian public, as evidenced by consistent opinion polling data, and successive governments from both sides of the aisle in parliament in favor of continued bandwagoning with the United States and pursuit of closer economic relations with China. Hence, where Australia has and should position itself in relation to the United States and China does not feature in election campaigns or debates between the two major parties that control Australian politics.
4. There is a strong difference of view, though, between these successive governments and leading academic commentators and former prime ministers. The latter focus much more on the apparent wisdom of shifting from the present bandwagoned with the United States position to a more equidistant hedging position between the United States and China, citing fears of entrapment, backing the wrong horse (the USA not the PRC), and rising domestic costs. Former Liberal prime minister (and public advocate for Green party candidates in the last national election), Malcolm Fraser has been the most forthright and expansive in his public criticism of Australia's continued bandwagoning with the United States and its presumed impact on relations with China.[43] Former Labor Party prime minister Paul Keating was particularly pointed in his criticism of Obama's choice of the Australian parliament to make his "pivot" speech and Australia's continued bandwagoning with the United States. Keating interpreted it as aimed at China rather than as simply restating the long-standing US global grand strategy and the changing place of Asia within this.[44] Keating chose the launch of Hugh White's *China Choice* book at the Lowy Institute for International Policy to give his most extensive broadside against the Obama speech and Australia's continuing alignment position. Hugh White's book, despite being written about America and not Australia, and his earlier more Australia-focused writings on the same theme have been the most cited and influential academic work on Australia's policy choices in relation to the United States and China.[45]
5. The fact that the most recent Labor and Liberal coalition governments have stayed fully committed to Australia's long-standing bandwagoned alignment with the United States in the face of such attacks and more considered criticism by former political leaders, business magnates, and leading academics is testimony to the durability of this grand strategic choice. Wide coverage of the opinions of Hugh White and Malcolm Fraser to the point they are even at times presented as mainstream thinking shows that academic and journalistic coverage of Australia's position in relation to the United States and China is out of step with both government policy and public opinion. This is a useful corrective and caution for all academics and journalists attempting to analyze and reflect reality.

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Korea Between the United States and China: How Does Hedging Work?

Park Jin

"We have no eternal allies, and we have no perpetual enemies." The words of the 19th-century British statesman Lord Palmerstone seem to resonate in 21st-century Asia. For example, China and the United States fought against each other during the Korean War, but now the two great powers are exploring a new style of constructive strategic partnership. Japan and Vietnam fought against the United States in the last century, but they too are now strong allies and major strategic partners of the United States.

In this fast-changing region of explosive economic growth and constant power shifts, even the most traditional alliances are being tested while previously unlikely partnerships are being forged. Amid deepening uncertainty and ambiguity, states continue to struggle to answer that fundamental question of foreign policy: friend or foe? The same question was much easier to answer during the Cold War period; the world was divided into two blocs, and small and middle powers only had to choose between them. My friend's friend was a friend, and my enemy's friend was an enemy. After the bipolar world turned into a unipolar hegemony whether you chose to be a friend or a foe to the United States, the choice was still a binary one.[1] Such reassuring simplicity has been fading away rapidly. With the projected rise of a new superpower in China and the perceived challenges to the U.S.-centric hub-and-spokes system in an age where economic interdependence has increased and power shift has occurred, especially in Asia, it requires a sophisticated diplomacy to adapt to the perceived shifts in geopolitical landscape and to optimize a policy mix for managing alliances and new partnerships. While adhering to the existing alliance or new alignment with the United States, Asian middle powers have tried to find new coping strategies and have opted to maximize benefits and minimize risks by carefully hedging their external behavior in various ways.

This chapter discusses hedging behavior in Asia as it is conceived and exercised by the Republic of Korea,[2] especially between the United States as a key ally and China as a new strategic partner. It begins with a brief discussion of the concept of hedging in security strategy before turning to analysis of the Korean experience. Specific cases illustrate its hedging strategy, followed by reflections on a few foreign policy dilemmas that deserve attention in the Korean context. Korea's hedging is particularly instructive due to its unique position in Asian geopolitics. Since the Korean War, the ROK has been a close ally of the United States; the alliance has had a profound influence on just about every sphere of Korean society. The fact that the Korean Peninsula remains divided as the frontline nation under the competing spheres of influence between the United States and China has consolidated the basis of the ROK-U.S. alliance vis-à-vis North Korea and its major patron China. However, the rapid rise of China has had a significant impact, especially on the economic domain, where Korea is increasingly dependent on its giant neighbor. China's geographical proximity and historical relationship with the Korean Peninsula, which way predates the ROK-U.S. alliance, made it easier to make sense of the rapid advance of ROK-China relations since normalization of bilateral relations in 1992. Korea's hedging should thus be understood in the context of the complex geopolitical relationship between the United States and China.

Hedging Understood

A strategic concept adopted from the world of finance, hedging is a risk-minimizing practice of betting in opposite directions. In finance, hedging is done by taking a position in one market while also assuming a position in an opposing market so as to offset risks.

This seemingly self-contradictory practice works by counterbalancing a potential loss in one direction against a corresponding gain in the opposite direction. When a state hedges its security bets, it pursues a two-pronged approach implementing contradictory policy measures, sometime even in the same domain.[3] The idea is to avoid the perception of committing to a certain security position – be it alignment with or against a particular power or a definite stance on an issue – by deliberately pursuing opposite policy directions. Delaying or avoiding a sensitive decision shields the actor from the risk of commitment.[4]

Prevailing uncertainty in the strategic environment makes it difficult for states, even great powers, to establish a clear policy direction. A known adversary is much easier to plan against than an uncertain future. States use various diplomatic, economic, and military means to reduce uncertainty and introduce elements of predictability; however, when these efforts fall short in the face of a predominantly unpredictable strategic landscape, the need for a coping foreign policy becomes greatest.[5] A hedging state spreads its security bets—in the case of a middle power finding itself between two great powers, it hedges in both directions, maintaining an ambiguous position in its relations to insure against an uncertain future. Such strategic ambiguity is sustained through a flexible combination of strategies.[6] A hedging state may adopt any number of the following policies: strengthening its military, but without a declared adversary; building and bolstering alliances; expanding trade networks; enhancing diplomatic relations; and establishing bilateral and multilateral frameworks. The key to successful hedging, then, is an agile application of an appropriate mix in response to changing circumstances.[7]

Light or soft hedging towards another state accepts that state's growing influence in a more accommodating manner, perhaps in anticipation of the latter's rise. Limited bandwagoning may be one of the more pronounced elements of light hedging. Heavy or hard hedging presents a more disapproving and potentially antagonistic approach, perhaps including balancing strategies, possibly by strengthening relations with another great power. There exists considerable overlap between the two types. Often they are employed in tandem to produce a sense of ambiguity. The ultimate objective is not to choose a particular mix, but rather to ensure that the hedging state's intentions remain ambivalent. Hedging allows a state to avoid blindly establishing security commitments.[8] It spreads its security bets in both directions and offsets potential losses against gains.[9]

Hedging in Asia

In Asia, the competing powers—unlike hegemonic rivals in the Cold War—are closely interlinked in a complex web of political, economic, and military interdependencies. While Xi Jinping has been advocating the resurrection of China's glory and put forward the vision of a "new model of great power relations," China has avoided providing details aside from arguing that its "core interests" will be safeguarded along with a cooperative U.S. relationship.[10] At the same time, it has become increasingly assertive in advancing an alternative regional order. In May 2014, Xi called for a new structure of security cooperation, ostensibly excluding the United States, signaling China's ambition to proclaim its own Asian order. Anxieties will grow as China is expected to become even more assertive during Xi's second term. The lack of transparency around China's foreign policy-making naturally makes neighbors anxious about its military modernization.[11]

At the same time, global confidence in U.S. leadership has weakened noticeably in recent years. In response to the costly wars in the Middle East over the last decade, which have failed to produce a decisive outcome, and the global economic crisis since 2008, many have begun to seriously question the sustainability of U.S. global hegemony. Especially in the Asia-Pacific, despite the continued U.S. military superiority, middle powers have been witnessing signs of the relative decline of it as an unchallenged global leader. The cancellation of Obama's 2013 Asian tour showed problems much more serious than just another partisan gridlock on Capitol Hill. Indeed, the Obama administration has yet to substantiate its stated goal of rebalance to the Asia-Pacific, but the economic recovery and the unfathomable potential of the U.S. energy revolution seem to generate renewed confidence in Pax Americana, echoed in the recent forecast of faster U.S. growth in 2015.

Mutual hedging between the United States and China allows the two to expand mutually beneficial economic cooperation while maintaining a fragile status quo in other domains.[12] Kissinger saw this as a relationship of "co-evolution" through which the two powers seek to minimize conflict while seeking to "identify and develop complementary interests.[13] For Asian middle powers, the mutual hedging between the two great powers that dominate the region creates uncertainty. The "complex patchwork" of the Asian security order[14] is at least partially due to the vicious cycle of ambivalence and mistrust, exacerbated by uncertain relations between hegemons. Middle powers such as Korea, caught up in this patchwork, find themselves under greater pressure to make choices.

Hedging: Korea's Experience

Korea's security dilemma pervades its national strategy—while the ROK-U.S. alliance continues to be the bedrock of defense against its northern adversary, China now accounts for around 25 percent of Korea's total trade, which is more than double the size of ROK-U.S. trade. The challenge for Korea is to find that subtle and working balance between the United States and China in a way that maximizes its geopolitical leverage.

Recent governments have met this challenge with varying degrees of success. The progressive Roh Moo-hyun administration set out to embrace the rising China at the expense of deteriorating U.S. relations. Coming to office in the aftermath of a U.S. military vehicle accidentally killing two young Korean girls, Roh fixated on national sovereignty, distanced himself from the United States, and pursued closer relations with China. Even so, despite his emphasis on Korea's autonomous destiny, Roh commenced negotiations on the ROK-U.S. FTA based on economic pragmatism. Lee Myung-bak returned to the traditional balance, upgrading relations with the United States into a multidimensional "global strategic alliance" at the cost of frosty relations with China. Lee also concluded a strategic cooperative partnership with China in 2008, but it is widely thought that his administration had limited success in making substantive progress in its relations with China. The difficulty of managing two bilateral relations was manifest when, during his first visit to China, the Chinese foreign ministry spokesperson bluntly described the ROK-U.S. alliance as a "historical relic" of the Cold War era. Friction was never far from Korean-Chinese relations during his tenure.

Since 2013 Park Geun-hye has set out to restore relations with Beijing. Sworn into office only a couple of weeks after North Korea's abrupt third nuclear test, she was presented with

an initial gesture of confidence from Xi, who took unusual measures in condemning North Korea and taking part in international sanctions against this troublesome ally.[15] The Park government reciprocated and was rewarded with immediate results. In June 2013, chairman of the Joint Chiefs of Staff General Jung Seung-jo traveled to China on a military aircraft—the first time a Korean military leader had done so. Given that his reason for traveling in a C-130 was to be able to respond to a possible North Korean provocation, China's agreement to this was a significant turning point in relations. Following a successful summit that month, Xi made history in the summer of 2014 by becoming the first Chinese leader to visit Seoul before visiting Pyongyang. Park had spoken of the "Chinese Dream" and the "Korean Dream" intertwined together to become the "Northeast Asian Dream."[16] In November 2014, the two leaders even managed to reach an FTA agreement. Korea's strategic stance has been moving from "alliance with the United States and communication with China" (*yonmi tongjung*) to a new era of "alliance with the United States and harmony with China" (*yonmi hwajung*).[17]

The Economic Dimension

It takes only a brief study of figures to see that cooperative engagement should be the natural order of Korea-China relations in the economic domain. Since 1992, bilateral trade has increased more than 35 times with South Korea consistently registering a surplus. China now accounts for a quarter of Korea's total exports, more than double the U.S. share. Over 20,000 Korean firms have entered the Chinese market, and more than 600,000 Korean nationals are living in China. The agreement on a Korea-China FTA at the end of 2014 is a clear manifestation of shared economic interests that will bring the two states even closer together.

This deal reflects Korea's accommodation of China's growing economic power, again based on economic pragmatism. The exemption of "super-sensitive items" on both sides is a reason for the medium-level market opening in the deal. The Park government also supports the Beijing roadmap for a Free Trade Area of the Asia-Pacific (FTAAP). In 2013, she compared FTAAP to a large river into which the "tributaries" of ongoing free trade efforts flow.[18] She repeated her support at the following year's APEC summit in accordance with Xi Jinping's clarion call.[19]

The Park government is still not a member of Trans-Pacific Partnership (TPP) largely because South Korea has concentrated on negotiating with China for an FTA rather than joining TPP in the initial stage.[20] The TPP negotiations are now being led by two countries, the United States and Japan, which comprise nearly 80 percent of the total GDP of the 12 member nations.

Recently, however, Korea expressed its willingness to join TPP, to which the Obama administration has responded in a reserved manner while emphasizing that South Korea should faithfully implement the KORUS FTA before joining. The logic of economic diversification makes it a natural step for Korea to consider joining TPP, which takes nearly 40 percent of the global GDP. Also, Korea's membership in it would have the effect of Korea entering into an FTA with Japan and Mexico for the first time.

Korea's decision to join a China-initiated $100 billion Asian Infrastructure Investment Bank (AIIB) as a founding member presents another good example of economic pragmatism and biding engagement. This decision was made despite strong U.S. reluctance to endorse a

new Asian financial institution initiated by China. It may be telling that, within a week of South Korea being formally asked by China to join the new bank and responding positively during the July 2014 summit with Xi, Sydney Seiler, director for Korea at the National Security Council, voiced concern about the initiative.[21] At the same time, repeated appeals from Beijing and perceived economic benefits for participating in a new Asian financial institution have led Korea to consider the Chinese offer. The decisions by advanced European economies such as Britain, France, and Germany to join have certainly affected Korea's perception of the new China-led bank. The issue of governance structure continues to be a subject of debate, and the question of AIIB presents a sensitive challenge of balance for Korea. Among its 57 founding member states, Southeast Asian countries, even those who do not enjoy comfortable relations with China, such as Vietnam, Indonesia, and the Philippines, can be found despite U.S. concerns.[22]

The Security Dimension

In security policy the Park government has been much more cautious; the general pattern has been heavy hedging against China in favor of continued alignment with the United States, although, as can only be expected in hedging behavior, a considerable degree of ambiguity exists. The most graphic standoff between Korea and China in recent years took place towards the end of 2013 when China unilaterally announced the designation of a China Air Defense Identification Zone (CADIZ) over the East China Sea, covering Korea-controlled Ieodo (Scotora Rock)—a submerged rock over which both have long held Exclusive Economic Zone (EEZ) claims. Given the warming relations with China, this declaration shook Korea, which, in close cooperation with Washington, responded firmly by counter-proclaiming its own Korea Air Defense Identification Zone (KADIZ) to protect Ieodo when the Chinese government refused Korea's request to revise CADIZ. This can be regarded as a kind of heavy hedging by Korea in the form of dominance denial against China's unilateral projection of power to protect Korea's sovereignty and national security.

This incident appears to have revealed the limits of Korea's cooperative engagement with China. Where security is concerned, China, often seen as an assertive power that aims to expand its military sphere of influence in the region, cannot be fully trusted. However, later developments have left a mixed lesson: When Beijing's silent acquiescence to KADIZ made it apparent that the main target of CADIZ was not Korea, China seemed to leave room for cooperation. Such fluid and unpredictable security dynamics explain how, even in the aftermath of the CADIZ incident, Korea and China went ahead with their first 2+2 strategic dialogue in December 2013.

The postponement of Korea's wartime operational control (OPCON) transfer can be understood as demonstrating Korea's intention to continue its binding engagement with the United States. The decision to maintain the existing security framework in the form of Combined Forces Command is a reflection of Korea's overwhelming confidence in the role of the alliance as the bedrock of security and stability on the Korean Peninsula. The transfer of wartime OPCON, had it gone ahead as scheduled, would have necessitated a new framework for the defense of the Korean Peninsula. The postponement, with North Korea's

worsening security threats as a justification, also serves as a message that China should seek to influence Pyongyang to reduce North Korea's threats of provocation if it wants less U.S. military presence on the Korean Peninsula.

South Korea's recent signing of a trilateral intelligence-sharing MOU with the United States and Japan, however, presents a more straightforward case of heavy hedging against China. Following the previous administration's embarrassing failure to sign the General Security of Military Information Agreement (GSOMIA), the Park government opted for an MOU signed between military authorities, which will provide a legal basis for sharing military intelligence about North Korea's nuclear and missile programs. Setting aside the many questions about the actual implications of this pact,[23] what is striking is that the Park government, being aware of how sensitive Beijing is to any ROK-U.S.-Japan trilateral security cooperation, has nonetheless proceeded with such a controversial initiative. It is even more remarkable considering that Korea-Japan relations are still at an all time low.

The controversy regarding the proposed deployment of the Terminal High Altitude Area Defense (THAAD) system to the Korean Peninsula illustrates the acute sensitivity of hedging behavior. Seoul has maintained strategic ambiguity about the necessity of its deployment. Beijing has consistently and adamantly warned that the deployment would be perceived as a direct threat to China's national security interests.[24] The Chinese ambassador in Seoul, Qiu Guohong, is reported to have stated at a Korean National Assembly seminar that China is clearly opposed to its deployment to the peninsula, which would have a negative influence on South Korea's relationship with China.[25]

On the other hand, the U.S. Assistant Secretary of State for Arms Control Frank Rose in Seoul in late January denied that the potential deployment of THAAD would be aimed at China, saying, "there has been wrong information about the impact of THAAD deployment on China's strategic deterrence."[26] The U.S. position is that THAAD deployment is necessary to enhance the defense capability of U.S. military bases against North Korea's nuclear and missile threats. As the 2015 National Defense Authorization Act requires the U.S. Secretary of Defense to report to Congress on the progress of Korea-U.S.-Japan trilateral cooperation on missile defense, the THAAD issue is expected to rise in priority.[27] The tension regarding THAAD still continues, not only between the United States and China but also between South Korea and China. Chinese Defense Minister Chang Wanquan visited Seoul in early February immediately following Rose—the first visit by a Chinese defense minister in 9 years—to show Beijing's disapproval of THAAD deployment. In the following month, Liu Jianchao, the visiting Assistant Foreign Minister, reiterated China's opposition to THAAD deployment. China's aggressive campaign against this has generated critical views towards China's overt interference in Korea's national security decision-making and seems to have pushed Korea's strategic stance towards dominance denial against China. It is, therefore, noteworthy that Foreign Minister Wang Yi, who recently visited Seoul for a trilateral meeting with his Korean and Japanese counterparts, refrained from mentioning the THAAD issue. The Park government will need to take time to make a decision based on an objective assessment of the national security requirements vis-à-vis North Korea within the alliance framework while also considering strategic positioning towards China.

The Political Dimension

The political domain provides Korea with greater room for hedging in comparison to the economic domain, where China's ever-growing share of Korea's trade and investment leaves Korea with little choice, or the security domain, where the current arrangement around the ROK-U.S. alliance is the only viable option. The Park government is proactively leveraging geopolitical dynamics in Northeast Asia, where traditional regional order and history continue to shape the framework of regional politics.[28] Cooperative engagement with China on the political dimension has been most pronounced in the collective stance against Abe's historical revisionism. On top of the territorial disputes, Abe's visit to the Yasukuni Shrine at the end of 2013 followed by visits by his cabinet members, as well as his continued reluctance to accept clear responsibility for Japan's wartime wrongdoings such as the "comfort women" issue, provided sufficient rationale for Korea and China to engage in a cooperative stance against Japan; at times, it was almost as if Korea and China had found a common adversary in Abe's revisionist Japan.[29] Abe's scheduled statement to commemorate the 70th anniversary of the end of the Pacific War will affect the reaction of Korea and China.

The Park government's diplomatic cooperation with China against Japan has rarely gone beyond admitting Beijing's charm offensive towards Seoul. For instance, in one of the most symbolic gestures towards Korea, China erected a memorial hall at Harbin station where Ahn Jung-geun, a Korean independence fighter and later national hero, had assassinated the first prime minister of the Japanese empire, Ito Hirobumi, in 1909. The Korean government had long requested a monument at the site of the incident. China's establishment of a full memorial hall was a pleasant surprise, but not an entirely comfortable one. Park thanked Xi for this, but the response was low key. In the following years, much of the Park government's hedging has been about selectively acknowledging enthusiastic gestures from Beijing. For instance, Seoul's reluctant response to China's Conference on Interaction and Confidence Building Measures in Asia (CCIA) initiative illustrates the inevitability of dominance denial when an issue is ostensibly framed against the United States. Korea sent its unification minister, not the foreign minister, to the May 2014 CICA meeting.[30]

Korea's hedging behavior has a significant impact on Northeast Asian geopolitical dynamics. It takes more than Park's principled approach to explain Seoul's continuing reluctance to engage with Japan as a part of ROK-U.S.-Japan trilateral cooperation in spite of the U.S. desire to close the gap between Seoul and Tokyo. Nevertheless, the above-mentioned signing of the intelligence-sharing MOU, a move clearly out of line with Korea's current stance against Japan, shows that the realistic strategic need for effective deterrence against North Korea, as well as moral indignation at Japan's historical revisionism, drives Korea's Japan policy.

The South Korean public is conscious of the cost of having Beijing perceive trilateral cooperation as an encircling coalition against China.[31] While Korea also needs improved Korea-Japan relations, this must be balanced in consideration of Korea-China relations. Park's recent proposal for a Korea-China-Japan summit reflects a strategic consideration that improving Korea-Japan relations would be much less burdensome in a non-military Korea-China-Japan trilateral framework. The trilateral foreign ministers' meeting in Seoul in March, however, failed to produce an agreement to hold a triangular summit meeting before the end of the year due to the existence of a wide gap between China and Japan with regards to historical issues.

Korea's Hedging Dilemma

The direction and degree of hedging varies greatly from domain to domain, generating an air of ambiguity about Korea's strategic position. The hedging strategy, however, is not without challenges, potential difficulties that could constrain Korea's strategic thinking.

First, a widening divergence between the United States and China, as observed during the CADIZ incident and the East China Sea conflicts, undercuts the sustainability of hedging. In recent years, U.S.-China relations have provided a favorable strategic environment, which rendered hedging a useful means on the part of middle powers like Korea as the two great powers have been hedging against each other to maintain a cooperative relationship and avoid conflicts. However, if and when the two great powers drift apart, as is not unlikely, the middle powers will find themselves under much greater pressure to make a hard choice.

Korea's particular dilemma is conditioned by the inflexibility of maintaining its traditional alliance with the United States. While increasing economic interdependence and strategic dialogue call for closer cooperation with China, few seriously question the place of the ROK-U.S. alliance. Indeed, even those who argue for much more proactive partnership with China tend to take the U.S. alliance as a given.[32] Faith in the alliance "forged in blood" is echoed in the United States—Jane Harman saw improving Korea-China relations to be in U.S. interest but only on the basis of the strength of the ROK-U.S. alliance.[33] With one side of the equation fixed for the foreseeable future, even a seemingly friendly gesture of counterbalancing by the other side can put Korea in an awkward position:[34] Yan Xuetong's suggestion of an alliance between Korea and China in the name of "a community of common destiny,"[35] or Wang Yiwei's proposal for a good neighborhood and friendship treaty between South Korea and China comparable to the level of the existing treaty between North Korea and China.[36] Should such ideas turn into proposals by the Chinese government, how would Seoul respond? Unlike other U.S. allies like Japan and Australia, Korea's proximity to China leaves it limited room for flexible maneuvering.

Korea's hedging assumes continued cooperation (at best) or ambiguity (more realistically) in U.S.-China relations, but is this merely wishful thinking? It remains to be seen whether the two great powers will be able to agree on a shared model of great power relations. While their growing interdependence, especially in the economic domain, may offer some reassurance that a Cold War-style standoff is unlikely, Seoul should remain sensitive to signs of deterioration in U.S.-China relations, which may render its hedging unsustainable.

Second, the unpredictability of North Korea serves to complicate Korea's hedging efforts. Recently, Pyongyang has surprised its neighbors with a series of unexpected peace initiatives in an apparent effort to break out of its diplomatic isolation. In October 2014, top officials from Pyongyang suddenly invited themselves to the closing ceremony of the Incheon Asian Games where they held high-level meetings with their South Korean counterparts. Soon after, North Korean authorities released the two remaining U.S. citizens held in custody when the U.S. intelligence chief made a secret visit to Pyongyang. North Korea also put forward a conciliatory gesture to Japan, agreeing to reinvestigate the issue of Japanese abductees. In November, it reached out to Moscow, sending Choe Ryong-hae, a key official in Pyongyang, to meet Putin to discuss ways to enhance bilateral cooperation. Most recently, during a

televised New Year's address, Kim Jong-un expressed his willingness to meet with Park Geun-hye. Not many people believe that these developments represent genuine attempts at reconciliation, given past cycles of a charm offensive followed by provocations. Indeed, a week after the visit to Incheon, North Korea fired at a South Korean NGO's balloons carrying anti-North Korean messages. The turbulent aftermath of cyber-hacking Sony Pictures, which North Koreans perhaps did not expect (Pyongyang denies responsibility for the cyber attack), has also wiped out any hopes for serious negotiations with the United States any time soon, causing a policy gap between Washington and Seoul in their approaches to North Korea.

South Korea's expanding relationship with China is invariably affected by the volatility of inter-Korean relations. Beijing's neutral reaction to the sinking of the *Cheonan* and the shelling of Yeonpyeong Island made it almost impossible for the Korean government to engage in any meaningful cooperation outside the economic domain. China's repatriation of North Korean defectors hiding in China continues to be a thorny human rights issue not just between Korea and China but also for the international community. Yet, there have also been some promising developments that would enable South Korea to extend cooperation with China to domains other than economic cooperation. Xi Jinping has taken an increasingly tough stance on North Korea's nuclear and missile programs following the third nuclear test on February 12, 2013, when it swiftly joined the international effort to sanction North Korea, even jointly drafting United Nations Security Council (UNSC) Resolution 2094 with the United States and publicly condemning North Korea in unprecedented terms.

China watchers have speculated about a possible shift in Beijing's North Korea policy. The dramatic execution of Jang Song-thaek in 2013 left China perplexed as Jang was widely known to be the regime's key connection to China. As Deng Yuwen wrote in the *Financial Times,* there seems to be an increasing awareness among the Communist Party leadership that North Korea has now become a strategic liability to China.[37] Chinese scholars have also alluded to the idea of departing from the traditional "blood alliance" with North Korea in favor of "normal state-to-state relations."[38] Such developments should be interpreted with caution in Korea's strategic thinking. While China too has a vested interest in the maintenance of peace and stability on the Korean Peninsula, Beijing's plan for it may be based on different objectives from those of Korea or the United States.[39] Former foreign minister Li Zhaoxing recently remarked that China expects a unified Korea to pursue policies favorable to China[40]—a sobering message for many in Korea who envisage unification as a mere expansion of the South Korean system into the North. Koreans would do well to encourage Track 1.5 or even Track 2 discussions with both American and Chinese counterparts on future security arrangements for the Korean Peninsula (including the U.S. military presence). Such communication will serve as a useful hedging exercise in that it will create an intellectual space in which Korea can test a broader range of options and garner support from both China and the United States.[41]

South Korea's strategic initiative will be particularly important as a stronger U.S. stance against North Korea is likely to push China to strengthen its relations with North Korea. As Washington appeared to be planning further sanctions on North Korea in response to the cyber-hacking of Sony Pictures, Beijing responded by reiterating the traditional "16-letter principle" of China-North Korea relations in a congratulatory message extended to Kim Jung-un on his birthday.[42] According to South Korean media, China also resumed its supply

of aircraft fuel to North Korea, sending a year's worth of supply of about 80,000 tons at the end of last year.[43] Russia too is taking an active diplomatic and economic approach to North Korea, partly in response to Beijing's recent realignment with North Korea. It is reported that Russian military chief General Valery Gerasimov recently revealed Russia's plans for joint military drills with North Korea along with Brazil, Cuba, and Vietnam. The initiative is regarded as a counter-strategy against the U.S.-Korea joint military exercise. It is likely to add to the tension surrounding the Korean Peninsula.

Finally, Korea's hedging behavior is affected by domestic opinion, which is fluctuating and may not necessarily correspond with the desired strategic direction of the government in Seoul. Korean strategists suggest that the next hedging move should carefully examine the Korean public's mixed perceptions of China and its influence. According to a recent Asan Policy Institute poll, 59.6 percent of Koreans chose the United States as a country with which Korea should improve relations, whereas only 24.9 percent chose China. An almost identical divide was found when the public was asked to choose between the ROK-U.S.-Japan framework and the ROK-China framework for security cooperation.[44] This is an interesting result, as the same poll reported that, when asked whether Korea should cooperate or compete with China, 60.8 percent chose cooperation and only 28.8 percent saw China as a competitor. While 65.5 percent supported the ROK-China FTA, 69.9 percent also answered that China's economic expansion poses a threat to Korea.

These results point to an apparent discrepancy between the realistic accommodation of China's economic growth and continued anxieties about its geopolitical rise. Such a mismatch in the public perception is, perhaps, partly due to the fact that an overwhelming majority of the public (93.3 percent) continues to support the ROK-U.S. alliance. As long as such faith in the alliance endures, any expression of disapproval about the alliance from China is likely to add to the distrust of China among the Korean public and, thus, limit the Korean government's room for cooperative engagement with China.[45]

Between Korea and China, sensitive issues need careful managing. For example, illegal fishing by Chinese on the Yellow Sea has caused much resentment in Korea—frequently televised clashes between Chinese fishing crews and the Korean coast guard damage China's reputation. Similarly, China's Northeast Borderland History Project (*dongbuk gongjeong*) continues to fuel fears about China's intentions. The state-funded research program, which ran for five years from 2002, claimed the ancient dynasties of the Korean people such as Gojoseon, Goguryeo. and Balhae, which occupied territory now in the northeastern region of China, as part of Chinese history. Such attempts to distort history continue, woefully overlapping with current territorial disputes with neighboring states.[46]

Conclusion

The Asian century is underway. Former assistant secretary of state Kurt Campbell was right to project that "much of the history of the twenty-first century will undoubtedly be written in this dynamic region, which today accounts for more than half the world's GDP and nearly half of its trade." Yet many would want to test his conviction that "the United States is and will remain a Pacific power."[47] China's ability to sustain its rise, as well as its intentions, also

remains shrouded in ambiguity. Will it directly challenge U.S. leadership? Will a cooperative model of great power relations develop? Or will the "rise of the rest" bring about a diffusion of power in the region, establishing a world of multipolarity?[48]

These questions present a real dilemma for middle powers in Asia as they struggle to realign their positions amid the evolving regional order. Foreign policy elites find hedging to be "a rational response for decision-making in a complex structure fraught with multiple kinds of uncertainty."[49] Korea is no exception. For Seoul, both Washington and Beijing are indispensible partners. With the added complexity of the North Korea issue, many agree that hedging can be a rational approach for Korea, at least for the foreseeable future.[50] Seoul has exercised a flexible mix of heavy and light hedging vis-à-vis China adapting to the changing strategic equilibrium in the region. Hedging has been and will continue to be a viable policy option in Korea's active pursuit of national security and economic growth in a fluid strategic environment. Korea's hedging behavior between the United States and China has varied greatly both in direction and degree, depending on the domain and issue.

Hedging does not imply mere opportunism or complacency. In order to maximize its benefits, policymakers in Seoul should pursue a prudent and strategic approach. First, Seoul must endeavor to enhance its mediator-facilitator role between the two great powers. Rather than merely reacting to the existing strategic environment, Korea should seek to expand its room to maneuver by trying to build trust with both states and others. Just sitting on the fence will not solve the problem. Enhancing systematic flexibility will be crucial to the continued success of Seoul's hedging strategy.[51] Across all domains, Korea should take the initiative to identify and advance the shared interests and objectives of the United States, China, and Korea; a nuclear free North Korea; a stable Northeast Asia; greater economic opportunity; and so on. Korea should aim to "balance against great power politics itself rather than any specific great power for their specific national interests."[52]

Second, hedging is not an end in itself; it is merely an expedient means of coping with present uncertainty. Greater attention should be put on articulating those core national interests of which hedging is a temporary pursuit. If the situation turns dramatically as the great powers shift towards conventional balancing, Korea may find itself caught in a very difficult position. Seoul should, therefore, advance a long-term vision for a unified Korean Peninsula and seek to calibrate the two great power's national interests with its own.

Finally, Seoul needs to exercise its hedging options through multilateral diplomacy. As the United States and China exercise their mutual hedging in a multilateral arena such as APEC, Korea needs to actively expand its multilateral diplomatic initiatives. From ASEAN+3 and the EAS to the Six-Party Talks, Korea can benefit from engaging in a wider circle of stakeholders in its Northeast Asian policy to generate additional flexibility while diffusing the tension of a polarizing rivalry. Engagement with ASEAN members might be of particular value, allowing Korea to hedge away from the great power politics surrounding the Korean Peninsula.[53] If and when the U.S. rebalance to Asia and China's new Asian security structure clash, a clear focus on Korea's national interests—national security, economic growth, and peaceful unification—should guide its hedging decisions.

Looking at the South Korean case from the perspective of the five cases examined in the other papers, one gets a sense of a state where economic and political factors are working

against heavy hedging, while security factors tend to generate the sense of dominance denial. Despite the closest military ties of any country with the United States, it is drawn to China for its impact on security on the Korean Peninsula. I describe a more complex patchwork of Sino-U.S. relations and regional responses than other authors do, suggesting that the North Korean problem differs from the problems in the South China Sea and its vicinity. I present a more positive outlook of South Korea's president toward China than other authors attribute to leaders in the states they cover. Indeed, I refer to her response as light hedging based on economic pragmatism in regard to the Asian Infrastructure Investment Bank and heavy hedging as far as security is concerned, as seen in the standoff over Air Defense Identification Zones and in the memo of understanding on trilateral intelligence sharing. With Seoul's decision on THAAD awaited, ambiguity over the type of hedging remains.

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NATIONAL IDENTITIES AND THE FUTURE OF NORTH KOREA

Introduction

North Korea is a country easy to approach emotionally. For anyone with even a little twinge of conscience toward human rights, it evokes disgust. For many in South Korea, who recognize that there but for an accident of history they would be, it evokes pity. Finally, for others who viscerally despise U.S. self-righteousness amid efforts to judge good and bad in other societies, it evokes defensive forgiveness. To manage North Korea's growing danger to the region and the world as well as the complex diplomatic jockeying of states toward North Korea demands sober analysis. It also requires clear awareness of how thinking has been evolving in South Korea—where national identity greatly influences how people want to treat defectors from the North; in North Korea—where family ties and national identity influence the way mobile phones and money transfers link defectors to those they left behind; and in Japan, where national identity complicates realist thinking toward North Korea and toward Russia as a force in Northeast Asia. Whereas defectors stand at the center of our coverage in two papers concerning contacts across the peninsula and attitudes in South Korea, Japan is approached differently as a country wrestling with the challenge of a realist foreign policy under the shadow of revisionist hopes.

Issues concerning North Korea can usefully be analyzed through three successive circles. The inner circle is inter-Korean relations. In 2014-15 they received a boost through President Park Geun-hye's decision to showcase reunification as an urgent objective, presenting it as a "bonanza." Below the surface lurked quieter forces, as communications with North Korean residents were intensifying and defectors were becoming more active as go-betweens through cell phone calls and remittances. In turn, South Korean citizens were looking anew at the defectors as a proxy for vast numbers of North Koreans who, with reunification, would share citizenship in the enlarged Korean state. This inner Korean circle is revealing new dynamics, which two chapters examine on the basis of survey research. New attention from the top in South Korea and new connections from below into North Korea make it timely to reassess how individual attitudes and family dynamics are being transformed. In doing so, we keep our eyes on ethnic identity, struggling against rising civic identity in South Korea and family, community, and personalized identity in North Korea.

The intermediate circle is where the attention of most international observers is centered. That encompasses China and the United States as they both cooperate and compete to shape the future of the Korean Peninsula. Since their priorities have not of late been national identity, analysis is best left to discussions of strategic thinking. They do not figure into this group of chapters except as factors in Japan's reasoning about how it should revise its policies in Northeast Asia. After all, the two countries that matter most for Japanese national identity at this time are the United States, the key to its self-identification as part of the West and international society, and China, the key—positive or negative—to its calculus about "reentering Asia" and recovering a "normal" identity with a more autonomous foreign policy and self-clarification of how it views its historical behavior and demands that its neighbors deal with it.

The outer circle reaches to Japan and Russia, whose views on the Korean Peninsula have acquired new urgency as they have grown more obsessive about their national identities. The shadow of China is one factor driving Japan to reconceptualize what it seeks from Asia

in identity terms and driving Russia to do the same, albeit in quite a different manner. Both states felt marginalized as the Six-Party Talks proceeded after first taking pleasure that they were included in the talks in contrast to the late 1990s frustration at being excluded from four-party talks. In 2009-12 they struggled to find a way forward only to conclude that their position was eroding. Even before Abe took office, relations with South Korea had sharply deteriorated, while there was little hope of progress with North Korea as well as with Russia. Given trouble with China from 2012, Japan was losing its foothold in Northeast Asia. This served as the background for Abe's proactive diplomacy toward North Korea and Russia.

Section II consists of three chapters: two on defectors viewed from different angles, and one on Japan's thinking toward Northeast Asia, including North Korea, South Korea, and Russia. All highlight the impact of national identity on attitudes. Together they shed light on prospects for the transformation of North Korea not centered on how its nuclear weapons development proceeds but on how individuals and nations see ways of influencing it at either the micro level of families or the macro level of states.

North Korean Defectors and Their Impact in North Korea

Sandra Fahy focuses on "small unification," where defectors pay brokers to bring their family left behind in North Korea out using mobile phone communication via China, which breaks down barriers that have long isolated the residents of North Korea. Usually, discussions of North-South relations center on ethnic homogeneity manifest through a sense of national identity in South Korea. Rather than this ideal serving as the driving force in current efforts to bring people in South and North Korea together, it is genetic family bonds that she sees operating as a force for acts of unification. Fahy finds that ethnic nationalism is limited, countered by ideological nationalism, leading to the unexpected result that family units across the peninsula show practices of unification that are emotionally and practically more powerful than ethnicity and nationalism in conceptualizing reunification. Mobile phones and the money they help to transmit to North Korea can help the defection of North Koreans, but by keeping contact and helping family to receive remittances, they encourage some to stay put, opting against defection. Fahy cites data showing that remittance-senders thought their money had an impact on North Korea: 49.5 percent said that remittances would make those inside North Korea hanker after a South Korean lifestyle, 15.8 percent reported that they would lead to an increase in defections, and 8.4 percent surmised they would lead to increased resistance to the North Korean system. Her conclusion is that families, mobile phones, and money are fashioning a new conception of reunification in step with contemporary life where most North Korean defectors are separated from loved-ones and yet exist in their lives through technology.

Kim Jiyoon examines the North Korean defectors through the attitudes of South Koreans rather than their impact on relatives in North Korea. She too assesses the limitations of ethnic identity, connected to the belief that Korea is a single nation destined to be unified. Her polling data indicate its declining impact among South Koreans, and she searches for what this means for attitudes toward North Korean defectors in South Korea and for the reunification process. South Koreans are beginning to see North Korean defectors in a

similar way to how they see migrant groups. Those who do not regard ethnic identity, such as bloodline or nativity, as an important component to being Korean are more likely to have accommodating attitudes toward North Korean defectors, as toward other immigrant groups. Additionally, those with negative opinions on immigrants are more likely to have increased emotional distance from North Korean defectors. Finally, the perceived security threat level from North Korea also influences one's attitude toward North Korean defectors. As it increases, so do negative feelings toward defectors, which hints at their shaky status in South Korean society. North Korean defectors were once welcomed with open arms in South Korea. They are Korean, share the same blood, and belong to the same ethnic line as South Koreans. Perceptions of North Korean defectors, however, have changed. It is reported that these defectors feel most regretful about being treated as just one of many migrant groups. President Park was correct to be aware of the public's dubiousness toward reunification due to economic costs. Numerous studies indicate that it is the potential economic burden that is most persuasive in turning South Koreans against reunification. It is on this point that Park attempted to persuade the public. Nonetheless, a more fundamental disparity between the North and the South comes from the loss of an ethnic bond, which was previously thought to be the strongest factor in pursuing reunification. How to cope with increasing emotional distance should be a priority for the current and future presidents, Kim concludes.

Of course, national identity figures into South Korean perceptions of North Korean defectors, as well as North Korea's relationship to South Korea and other nearby states. Views in South Korea and North Korea are not the only ones that matter as diplomacy addresses how to manage not only North Korea's nuclear threat, but also its impact on the transformation of Northeast Asia. Japan's approach to the United States and Southeast and South Asia is largely viewed in realist terms, but its thinking on South Korea is well understood to be closely linked to national identity concerns. The case can be made that thinking toward North Korea and Russia also should be seen partly in that light. That is what I have tried to do in my chapter. I concentrate on the revisionist roots of policy toward North Korea and Russia, linking them to the oft-discussed revisionism displayed to South Korea and assess the balance between realism and revisionism in conservative Japanese thinking, led by Abe, as the 70th anniversary of the end of WWII and 50th anniversary of Japan-ROK normalization of relations put the spotlight in 2015 squarely on various views of history in Northeast Asia. Policy toward South Korea is hijacked by the "comfort women" issue. Initiatives toward North Korea are centered on the "abductions" issue, and Abe's insistence on pursuing Russia has been directed at the "Northern Territories" issue. In each case, a principal theme of Japan's national identity over many years has become the centerpiece in diplomacy. The result is quixotic quests for breakthroughs, arguably, at the expense of sober calculations by the foreign policy experts, coordination with the United States, and indications that favorable outcomes are in sight. Another reason for pursuing North Korea and exaggerating its prospects is to foster the impression, especially at home, that Japan is a diplomatic great power, not just a marginal factor, as seemed to be the case during the Six-Party Talks era. Showcasing the autonomous nature of its foreign policy on a matter of strategic importance bolsters Japan's self-confidence, which is useful for Abe's revisionist agenda at home and for separating Japanese national identity from U.S. identity and U.S.-led internationalism, even when Abe's realist agenda in defense policy and in heavy hedging against China's assertive policies depends heavily on U.S. ties.

The following three chapters fill gaps in the ongoing debate about the future of North Korea and the prospects for reunification. They address a conceptual gap, which has left matters of national identity on the sidelines. They also respond to narrowness in focusing on the actors that make a difference, shifting both to the micro level of personal contacts that reach across the North Korean border and personal responses to defectors who could be the tip of the iceberg as far more North Koreans arrive in South Korea, and to a more wide-ranging diplomatic level as states jockey for influence in Northeast Asia. With these additional viewpoints, progress can be made in overcoming limited awareness of the dynamics at work in what is called the "North Korean nuclear crisis," but actually is a Northeast Asian regional dilemma with far wider ramifications.

Family, Mobile Phones, and Money: Contemporary Practices of Unification on the Korean Peninsula

Sandra Fahy

Moving from the powerful and abstract construct of ethnic homogeneity as bearing the promise for unification, this chapter instead considers family unity, facilitated by the quotidian and ubiquitous tools of mobile phones and money, as a force with a demonstrated record showing contemporary practices of unification on the peninsula. From the "small unification" (*jageun tongil)* where North Korean defectors pay brokers to bring family out, to the transmission of voice through the technology of mobile phones illegally smuggled from China, this paper explores practices of unification presently manifesting on the Korean Peninsula.

National identity on both sides of the peninsula is usually linked with ethnic homogeneity, the ultimate idea of Koreanness present in both Koreas and throughout Korean history. Ethnic homogeneity is linked with nationalism, and while it is evoked as the rationale for unification it has not had that result, and did not prevent the ideological nationalism that divided the ethnos in the Korean War.[1] The construction of ethnic homogeneity evokes the idea that all Koreans are one brethren (*dongpo)*—an image of one large, genetically related extended family. However, fissures in this ideal highlight the strength of genetic family ties.[2] Moving from the powerful and abstract construct of ethnic homogeneity as bearing the promise for unification, this chapter instead considers family unity, facilitated by the quotidian and ubiquitous tools of mobile phones and money, as a force with a demonstrated record showing "acts of unification" on the peninsula.

In North Korean defector communities "small unification" refers to a phenomenon where North Korean defectors provide money to brokers who then facilitate migration of family members out of North Korea, through China and third countries to South Korea and Japan. In the wake of the 1990s famine in North Korea, the number of defections increased, which, in turn, enabled more people inside North Korea, through the ties of recently departed family, to leave via the defector network. Family relations inside North Korea also changed. While some families experienced a breakdown—seen in the emergence of divorce during the famine years[3]—research indicates that adolescents grew more economically responsible in their family units by becoming breadwinners, and ties with extended family strengthened.[4] Many defectors recently settled in South Korea and Japan left the North through the help of previously defected family members. With each arrival, family ties maintained through mobile phones and money played a crucial role.

National Identity and Ethnicity

As Gi-wook Shin observed, the notion of a homogenous ethnic unity, which is a product of particular historical processes, is present on both sides of the divided peninsula.[5] It is easy to find South Koreans, and North Koreans, who readily refer to one another as "brethren" or use the expression "same people (ethnic/race)" *(tokatun minjok)*. Yet ethnic nationalism is not enough to unify the peninsula, and was not a strong enough concept to prevent the Korean War.[6] It is a unifying force conceptually, but ideological nationalism has proved divisive in reality. Ethnic and cultural aspects of nationalism identify kin, but civic and political aspects identify enemies across and within borders. The identification and punishment of seeming insiders (ethnic Koreans) who were actually traitors (ideological outsiders) formed a bloody history before, during, and after the Korean War.[7] To this day legacies exist to identify and punish those who reveal themselves to be ideologically other than what they ought to be.

Regulation over the ideology of North Korea easily leaks over to include regulation of anything or anyone who comes from the North. The ambiguous feeling of compassion for North Koreans and a loathing for their ideology produce a "sticky" emotion that attaches to public sentiment toward North Korean defectors, identifying them as both "sacred and profane."[8] North Koreans are sacred because they are brethren, and in the construction of ethnic nationalism and filial piety they are family. North Koreans are profane because they are so ideologically other, while being disturbingly similar in other ways. Many times during my doctoral fieldwork (2005-2006) in Tokyo and Seoul, I noticed that Koreans (whether South Korean or *Chil'kyop'o*) physically stepped back from me when they learned I did research with defectors. "Isn't it frightening?" they asked.[9] This creation of physical space seemed emblematic of the distance they wish to maintain between the political ideologies of the two Koreas. It marked a fear of contamination by me, being influenced by information I might "leak" on to them and being brought closer to the North through proximity to me, threatening to create an association that would rub off.[10] This space-creating reflex echoes the response one might expect from Syngman Rhee's evocation of communism as a "cholera" that would compromise democracy.[11] To avoid contagion do not go near it and quarantine it.

Intragroup dynamics of censure on both sides of the peninsula sanction "certain unlikable in-group members as primary threats to national identity" and complicate unification through ideological censure.[12] The message of containment and "treatment" that Rhee evoked about the political ideology and social system of the North is still present, for example, in the South Korean government's reeducation program for newly arrived North Korean defectors, and in control over access to information from North Korea. The education program, as well as health and welfare assistance, provided by Hanawon and related facilities in South Korea are truly touching and remarkable.[13] Even the name of the center "One Centre" relates the idea of unity, but North Koreans who leave these facilities identify as defectors (*talbukmin*) and new settlers (*saetoemin*) before they identify as North Korean. Significantly, it is not possible to simply identify as a North Korean (*bukhansaram/bukchosonsaram)* in South Korea without raising suspicions of political allegiance.

Both North and South Korea have endeavored to ensure control over the leakage of information from the other. In the South, the 1948 National Security Act liberally criminalized communist sympathies as pro-North Korean ideology, which posed a threat to the government of the South. Antagonism toward North Korea-related content grew more overt in the 1980s with the Anti-Communism Act. As Danielle Chubb notes, the government discourse at that time was geared toward strengthening anti-communist sentiment, "anti-government elements [were] seen as having communist tendencies and thus labeled as pro-North Korean."[14] Nowadays, in addition to arrests and deportations, anxiety about material deemed pro-North Korean, or ambiguous in sentiment to North Korea, raises the attention of the National Security Services. This has resulted in the monitoring of blogs, emails, and websites, but also in the blocking of websites that are North Korean (hosted by IP addresses in Japan, for example *Uriminjokkiri).*[15] During the Lee Myung-bak administration content removal requests for websites significantly increased, leading some in the international community such as Amnesty International and Reporters without Borders to criticize South Korea as a censorship state.[16]

As Gi-wook Shin observes, the "unification approaches of both Koreas" are "based on the premise that ethnic unity ought to ultimately lead to reunification," but such assumptions are unjustified.[17] The definition of the "fundamental norm and identity associated with the category of the ethnic nation" is a point of conflict as each tries to claim legitimacy and entitlement of the "ethnic territory" currently occupied.[18] However, as Shin concludes, referencing Benedict Anderson, if the nation is constructed, transformation of nationalism can take place through political institutions and social movements, which can construct a new identity or imagined community.[19]

Transformations are taking place in how unification is practiced through defector use of mobile phones to connect with family; they unite with an absent family member through modern means of connection. This indicates timeliness in the development of a new conception of unification where technology offers connection that is more powerful emotionally and practically than ethnicity and nationalism in bringing together two parts of the divided peninsula.

Family

The division of the peninsula has meant the division of families. The problem of divided families has been variously dealt with by both Koreas, but also by the United States and Japan. The vast majority of families were divided during the Korean War, with the remainder being divided in the wake of the Korean War. The first generation has little time remaining. In 1983 KBS set up the "Campaign to Reunite Ten Million Divided Families" spearheaded by Choon-lim Chun, a Korean-Canadian reporter for *The New York Times*. The telethon lasted 453 hours and 45 minutes and resulted in the reunion of 10,000 of the 109,000 families who applied to find their loved ones. The KBS campaign was the first to unite families who were divided within Korea and abroad, with the omission of kin in North Korea.[20] The 1989-1991 reunions were held with Korean-Americans advocating for reunions with family in North Korea. From 1992-1997, North Korea permitted Korean-Americans with family in the North reunion visits. In 2000 there was the historic summit in Pyongyang, which saw the first reunion of families between the two Koreas. Between 2001 and 2007, there were over a dozen reunions held between the two Koreas.

The Divided Families Foundation, a U.S.-based organization spearheading reunions between Korean-Americans and their North Korean families, noted that of the possibly 109,000 to 500,000 Korean-Americans who have family in the North only 80 were reunited in this way. The United States and South Korea grew timid in 2008 about the way reunions were proceeding with Lee Myung-bak putting an end to the visits and the U.S. National Defense Authority Act requiring a report to Congress on those Korean-Americans who have reunions with family in the DPRK. But 2009 saw a thawing of these Cold-War style anxieties and the House Report 111-187 urged the special North Korean human rights envoy to prioritize issues of family unification between Korean-Americans and North Koreans. In 2012, Ambassador Robert King urged those with family ties in North Korea to register with the American Red Cross for assistance connecting to family. In the same year, the Divided Family Foundation sent 588 letters to the DPRK, using addresses provided by the South Korean Ministry of Unification. The reunions are ongoing, but always a political tool used by the governments of North and South Korea.[21]

The primary social institution of the family already demonstrates promise for unification as defectors on the ground in South Korea forge unification practices in daily life, principally through mobile phones and money linking them back to North Korea. When defectors remark that they wish to return to North Korea, when and if the country reunifies, it is not the political ideology or the ethnic homogeneity with which they seek to reunify, but rather with their family and friends remaining there.

It may come as a surprise to learn that in a country that has an international record for crimes against humanity, the people themselves have a "warm heart" (*dattaun maum*). A warm heart and casual banter are ways defectors describe the character of North Korean people. "Even warmer than South Koreans," Kim Eun-hye said to express the spirit of North Koreans to me. She added, "When you get on a bus or trolley, they will ask you, where are you from? Where are you going? How are you doing? That kind of thing. People readily talk to one another in a friendly way."[22]

Family is not only about who is related to whom by blood or marriage, it is also about exchange, insurance of generational descent, and insurance against loss of wealth. The structuralist method of studying kinship, formulated in the work of Levi-Strauss, is about alliances and networks of exchange. In anthropology, kinship is seen as the primary social institution common to virtually all peoples across time and place. Precisely how kinship is defined has cultural variability, but the fact that we all have kinship ties is a unifying feature of humanity.[23] The family unit, being the most primary institution, shapes value formation and economic outcomes, and it influences national institutions.[24] Economists who study the effect of family ties on economies find strong family ties impede economic development. Where family ties are strongest there is a greater tendency to distrust those outside the family unit and maximize material gain within the family institution. Although strong family ties are linked with low political participation and political action, they are positively correlated with happiness and health.[25] They correlate with good codes of conduct within small circles, such as within the family or kin, but are also identified with selfishness outside of the family network.[26]

Ideologically, familialism has shaped North Korea's national self-image. As Bruce Cumings explains, "It has rarely occurred to Asian thinkers to abandon the family as metaphor or reality: only Mao's China during the Great Leap Forward assaulted the family structure, and even then this monumental effort was dropped rather quickly. The family has been the centerpiece of Asian corporatism, the preeminent example of which is interwar Japan and its failed attempt to fashion a 'family state.'"[27] Three images correspond to this corporatism of North Korea: political fatherhood, the body politic, and a great chain (of the organism).[28] This linkage of the governing leadership of Kim Il-sung and Kim Jong-il, and by natural extension, Kim Jung-un, is something that Suk-young Kim also observed in her reading of theater, film, and everyday performative acts in North Korea. Not only was Kim Il-sung a paternal figure, he was a motherly benevolent figure.[29] While North Korean defectors may associate Kim Il-sung with benevolence and charity, and Kim Jong-il with incompetence and frustration, interviews with recent defectors indicate that Kim Jung-un is identified as incapable of his job.[30] The breakdown of the public distribution system in the 1990s and the famine and subsequent economic shocks that followed have led to stronger extended family ties in North Korea.[31]

The family network as the overarching and oldest social institution cannot be overemphasized in the lives of North Koreans or defectors. Family ties have facilitated the movement of defectors through the region, making their lives more resilient and more transnational.[32] Insights from contemporary defector experiences show that this most basic of social institutions signals new conceptualizations of unification. Family ties are maintained across borders because of money and mobile phones, objects which facilitate practices of family unification, and help us to rethink processes of unification on the peninsula.

The "small unification" that is created each time a North Korean defector brings family members South is made possible by the seemingly insignificant, quotidian objects of money and mobile phones. Maintenance of contact across the border is not always with "small unification" in mind. The vast majority of defectors send remittances home, which facilitate better living conditions and opportunities for family who remain in the North. The principal means of getting money into North Korea is through brokers via the use of mobile phones, but mobile phones serve multiple purposes. They ensure timely relay of information about the condition of family and friends, and of other news. Mobile phones and the money they help to transmit to North Korea can help the defection of North Koreans, but by keeping contact and helping family to receive remittances, they encourage some to stay put, opting against defection. In other cases, those who cross to China to earn money discover through phone calls that returning to North Korea will be difficult and, thus, the decision is made to defect to South Korea.[33] Relations between family and friends are brokered through the exchange of money or objects into and throughout North Korea generating and maintaining networks through capital not sanctioned by either the North or South Korean state.

Mobile Phones

Mobile phones, purchased in China and using the Chinese telecom network, are smuggled back into North Korea via a friend or broker and then delivered to family and friends residing in North Korea. If used near the border, these phones can receive signals from Chinese cell phone towers. The telephone number is noted and the phone can be reached from anywhere in the world because it is as if the mobile phone remained in China. Defectors in China, South Korea, Japan, and in other countries are able to maintain contact with family through this means. Thus, when North Koreans arrive in South Korea, even while at the Hanawon Center, they can use local phone boxes or personal mobile phones to contact family in North Korea speaking to them in real time and relaying information directly. Detection equipment is used by the North Korean government to determine who is using a Chinese cell phone,[34] so clandestine, quick, and irregular use is essential to avoid getting caught with these illicit devices. There is no fear of North Korea tapping these phones because they use Chinese telecoms. The risk comes if your conversation is overheard or if your phone rings when the wrong person can overhear it.

Official mobile phones in North Korea, known as Koryolink phones, and unofficial phones from China are transforming the unofficial economy in North Korea.[35] In contemporary Pyongyang about 60 percent of residents between the ages of 20-50 use official North Korean mobile phones, with some residents such as adolescents and merchants identifying mobile phones as an essential item.[36] Mobile phones have existed in North Korea for over a

decade now since the fiber cables were laid during the March of Suffering, but they are still a rare, luxury item. A few years ago the mobile phone rendered a person vulnerable to robbery and suspicion, but the increased presence of the objects has transformed their meaning into a status symbol of the new rich.[37] Koyrolink phones cannot make international calls, they are understood to be under regular surveillance and subject to jamming by the DPRK government if users try to make calls in the border region using a Chinese cell tower, but there are adaptive ways to call internationally. Hyun-Jung Ryu published an MA dissertation at the University of North Korean Studies in 2012 which explained how, with the assistance of brokers based deep within North Korea, a person could call South Korea by linking up the microphone of the Koryolink phone with the earpiece of a smuggled Chinese mobile phone which dials South Korea. The phones are aligned by microphone and earpiece; two brokers are required.[38] With a smuggled Chinese cell phone and access to a cell tower network, calls can be made and received internationally.

When examining the social impact of new information and communication technology there is a tendency to focus on the Internet. But research on poor, low-income countries and places where the Internet is limited indicates that social change in such places happens through mobile phones, which are far more influential than the Internet.[39] Mobile phones offer an economical and efficient means of redistributing money among those who are poor and disadvantaged.[40] New social alternatives become possible.[41] The mobile phone speeds up and makes more reliable former low-tech ways of keeping in touch, and a single phone is usually used by many people. When the first wave of defectors left North Korea in the 1990s their contact with family was almost certainly severed; however with the use of mobile phone relations are maintained. Reuniting can be carried out safely and with greater care through the use of the phone. The mobile phone also provides the option to "reunify" via a short phone call.

The use of mobile phone between defectors and their families assists in social behavior beyond the norm of acceptable, legal behavior in either North or South Korea. The technology cannot be fully monitored or controlled by either country; thus individual family relations are privileged through the modern capital-driven loophole of mobile technological communication, which North Koreans appropriate for their own ends. Perhaps more than ever, contemporary use of mobile phones demonstrates that public space and private dynamics can break free of controls to communicate across the otherwise impassable geopolitical dividing line of North and South Korea.[42] Maintaining contact with people who would otherwise be inaccessible across space and time is a key feature of modern global dynamics, as identified by Giddens.[43] On a micro-scale, unification is currently manifesting as a practice that is virtual and, paradoxically, more real than ever since the partition.

Mobile phones are used in ways particular to the cultural context of North Korea and defectors. Slang is used as a means to shorten speech, speeding up talk time, to avoid getting caught.[44] If the State Security Department does catch someone communicating internationally via mobile phone, they can be punished to discourage others from similar behavior.[45] While there is, indeed, great risk, the ability of the state to achieve surveillance over all communication is shown to be impossible.[46] Mobile phones are used to transfer money and goods, but also information. The mobile phone creates the chance for defectors to send micro-broadcasts, in the form of their individual voices, back into North Korea.

Clandestine radio signals have been sent into North Korea for decades, and since the early 2000s defectors in South Korea have used long and shortwave radio to communicate with North Koreans. Their voice is a means of raising consciousness and democratic empowerment in North Korea. Kim Seong-min founded Free North Korea Radio in 2004. He defected from North Korea in 1996 after being exposed to information in his job in the Korean People's Army. Monitoring foreign broadcasts helped him to learn that North Korea was not quite the country it has presented itself to be. He also recognized the power of the voice, carried in radio broadcasts, to influence the decisions that empower individuals.[47] Free North Korea Radio has been joined by Radio Free Asia, Open Radio for North Korea, Radio Free Chosun, and North Korea Reform Radio, all of which send radio broadcasts into North Korea that are accessible through radios that have not had dials fixed by authorities. A survey conducted by the Korea Press Foundation asked 300 newly arrived defectors about the impact of radio broadcasts in the North. Of the respondents, 4.27 percent had experience listening to them while in the North.[48] As Danielle Chubb observed, "Activists argue that defector broadcasting directly into North Korea is a highly effective form of advocacy. Insofar as it allows North Koreans in Seoul to interface directly with their fellow nationals in North Korea, it is a unique and unprecedented form of activism in the history of the North Korean human rights campaign."[49]

Once having left their home, defectors used to be voiceless to their loved ones left behind. They could not send letters, make calls, or stay in touch over the Internet. They could not even get a spot on the broadcast schedule to send a direct message home.[50] Mobile phones have allowed their voices to target those who matter about topics that matter to them. Through the mobile phone North Korean defectors "voice" themselves and their current lived experience abroad back into North Korea. This achieves greater familial intimacy than radio broadcasts could offer because it is no longer a monologue, no longer selected and acceptable messages, which are broadcast to an audience of listeners, but rather a dialogue between known subjects. The communications happen in real time, unlike pre-recorded broadcasts, and the voice carries emotion and immediacy, as is so often the case when we speak with loved ones. It bypasses the obstacles of state censorship in both Koreas, albeit with great clandestine care, and passes beyond the physical distance that formerly made communication impossible. North Korean defectors and their North Korea-based interlocutors create mini-broadcasts between themselves, bypassing all other media noise.[51] This generates a flow of individual, private narratives of experience that are outside the purview of states and activist networks. It permits the transmission of unalloyed voices into North Korea, but also the transmission of North Korean voices out of their country without defection. Furthermore, the defector diaspora becomes momentarily present in North Korea again through their voice on the mobile phone, and North Koreans can be present in South Korea through the transmission of their voices.[52]

Along with radio broadcasts, DVDs, and thumb drives, the mobile phone offers real-time connections between absent others. While mobile phones and money transfers are typically used to secure the safe passage of would-be defectors, remittances and the quick exchange of information also keep people from making the decision to defect. Would-be migrants to China benefit from remittances that are brought into North Korea, and they do not have to make the risky choice of heading into unknown territory in a new country. Sometimes the

mobile phone is a "third space" where the decision to defect is debated. "She doesn't want to come, she doesn't want to be without her friends," a North Korean defector-friend explained to me over dinner in a Seoul restaurant. A call had come to her mobile in the middle of our meal. An angry, quick conversation ensued in a matter of moments between North and South Korea. Ji-young told me her mother was debating whether to defect, even though the broker had been paid.[53] Yes, she would live better, but she was afraid of being lonely, I was told. A survey conducted by The Database Center for North Korean Human Rights found that 78.1 percent of North Koreans intended their remittances to North Korea to secure the safe passage of family out of North Korea.[54] But as the above phone call shows, this percentage does not necessarily reflect the intent of those back home.

Money

Traders benefit from mobile communication to confirm prices and to receive or send goods using trains in North Korea.[55] Mobile phones are also used as a means of money transfer. Money sent from defectors in South Korea is referred to as the "Mount Halla Stream," which trickles money into North Korea as a mountain lets water flow from its peak.[56] One of the first things North Koreans learn when they arrive in South Korea is how to send money to family back home. Through the mobile phone system an arrangement can be made for remittances. A defector in South Korea contacts a South Korea-based broker, sending money via a South Korean bank account. The South Korean broker then sends the money to a Chinese broker, via mobile phones or Internet banking. The broker in China then sends the money to a contact in North Korea—directly delivering the money or via a remittance house in North Korea.[57] While some sources say this process takes as little as 15-20 minutes,[58] my recent interviews suggest it takes even less time. "They can get the money in five minutes," Kim Sang-won told me, "five minutes."[59] Recipients do not have to reside along the border region; inland transfers are also possible. At each stage there is a ten percent cut from the initial fee sent. "The money is necessary because wages in North Korea are not enough to live off. When I got to South Korea I was shocked to learn you could live off your wages," Kim Eun-hye told me, "it is confusing isn't it? Well, in North Korea you can't even dream of living off your wages, you have to have another job, something on the side."[60]

The Database Center for North Korean Human Rights found that 49.5 percent of North Koreans sent money back to North Korea that year (2010), while 46 percent had not; while only 4.5 percent had no family in North Korea.[61] The amount remitted is significant, particularly for a new settler population. Among those surveyed, 44.2 percent sent about $900, 16 percent sent $900-$2,000, and 12.5 percent sent $2,000-$3,000 or more. Of the amount remitted, 30 percent went to transfer fees, but what remains is still a staggering amount of money by North Korean standards, and it is increasing, with the greatest number of recipients living in the northern mountainous regions of Hamgyunbukdo.[62] This area is where the cellular phone reception is strongest between China and North Korea. Most remittances are facilitated by ethnic Koreans in China (*Chosŏnjŏk*) about 64.8 percent, followed by 16.3 percent facilitated by North Korean defectors, and then 8.2 percent by Han Chinese.[63] The majority of North Koreans send money at least once a year, but some send it upwards of ten times per year, and many report that they will send it again.[64]

Virtually all of the money is going back to family. Among women defectors, 74.2 percent transfer money to family or children in North Korea, or to family in a third country such as China.[65] Remittances contribute to unofficial economic development in North Korea.[66] Sending money back to North Korea is causing some newly settled defectors to struggle with debt in South Korea, leading to stress caused by the expectation to remit.[67] The outflow of defectors and inflow of mobile phones and money reveal the information system inside North Korea to be an "incompletely closed" porous system.[68] North Korea is aware of the remittances and is trying to crack down on them.[69]

In the early history of defection through China, passage to South Korea with the help of a broker could cost upwards of $10,000 for transportation and a fake passport, a cost unimaginably prohibitive for many North Koreans.[70] When the international community put the spotlight on China for *refoulement* of North Korean defectors in the early 2000s, China, in turn, cracked down on those helping refugees through the underground railroad. In time, there were fewer activists in China who could help. However, as increasing numbers of North Koreans settled in the South, they began to work with brokers to help their family make the journey, having taken it themselves and having friends and contacts in the area meant they had some skill in brokering defection.[71] Nowadays the brokered journey can cost anywhere from $2,500-$15,000. Since the influx of settled defectors has led to "small unification" via family-led defections and perhaps because so many defectors are now settling in South Korea, the ROK government reduced the one-time amount of settlement money given to North Korean defectors in 2005, from about nine million *won* to about six million.[72] While North Korean defectors sometimes do struggle economically, there are others who succeed and go on to become surgeons and business owners.

The ROK government estimates that defector remittances back home total approximately $10 million per year.[73] The true amount is difficult to estimate. The Database Center for North Korean Human Rights asked what kind of impact remittance-senders thought their remittances have on North Korea: 49.5 percent said that remittances would make those inside North Korea hanker after a South Korean lifestyle, 15.8 percent reported that it would lead to an increase in defections, and 8.4 percent said it would lead to increased resistance to the North Korean system. Overall, 73 percent of respondents thought the remittances would have some kind of effect on North Korea, while 11.1 percent said it would have no effect whatsoever.[74]

Conclusion

At this point it is not possible to accurately assess the number of official mobile phone users in the country. Some estimates say there are two million subscribers to Koryolink, but the question of users and subscribers is unclear.[75] The number of unofficial Chinese mobile phone users in North Korea also cannot be estimated. There is room to explore, possibly through a survey of defectors in South Korea, Japan, and elsewhere. It would be useful to know how many use mobile phones to contact family in North Korea, how often they contact loved ones, what demographics use the phones, for what duration, and to discuss what topics. Such research will shed more light on this technology as a mode of technologically-driven familial unification.

Despite the barriers of politics and the constraints of states, it is possible to reflect on the role of families, mobile phones, and money in fashioning a new conception of unification in step with contemporary life where most of us are separated from loved ones and yet exist in their lives through technology. The influence of mobile phones on North Korean society indicates hope for a liberalized day-to-day life for ordinary people as use of mobile phones by defectors indicates new practices in step with contemporary global trends of maintaining social ties through technology. This technological practice of connecting with home from afar indicates a new mode of unification currently taking shape on the peninsula. This is a person-to-person, telecommunications-based, virtual unification that bypasses state apparatuses of both North and South Korea, and it is being spearheaded by defectors themselves. The phones "ferry" money back into the unofficial economy of North Korea through a network of folks who opted to leave. The phones transmit the sentiments of defectors and their family across the DMZ, each side voicing itself to the other. There is a new mode of unification taking shape privately, on a day-to-day basis, on the Korean Peninsula.

Endnotes

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5. Gi-wook Shin, *Ethnic Nationalism in Korea*.
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7. Ibid., p. 155.
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9. 무섭지않이에요?
10. This certainly is not representative of all Koreans, I have many colleagues and friends who readily work with defectors and do not identify the work as frightening.
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71. Ibid.
72. As the report notes, this sum was formerly almost 36 million *won*. Crisis Group International, "Strangers at Home: North Korean's in the South," Crisis Group Asia Report N° 208, July 14, 2011 p.16.
73. Ibid., p. 17.
74. Database Center for North Korean Human Rights, 2011, pp. 106-107.
75. Kim Yonho "Cell Phones in North Korea," Voice of America, 2014.

Ethnic Brothers or Migrants: North Korean Defectors in South Korea

Kim Jiyoon

Over the past sixty years, the two Koreas have embarked on completely different paths in almost every respect. One developed into a successful example of democracy with remarkable economic growth, while the other became one of the most oppressive regimes on the planet under a dynastic dictatorship in its third generation. Despite their differences, reunification remains a national goal for both countries. Ethnic identity, connected to the belief that Korea is a single nation destined to be unified, drives this goal. Yet, recent studies indicate the declining importance of ethnic identity among the South Korean people. This chapter, an extension of the discussion on ethnic identity, examines the South Korean public's attitude toward North Korean defectors in South Korea. It first finds that emotional distance between South Koreans and North Korean defectors has not changed much despite their increased encounters. In fact, South Koreans are beginning to see North Korean defectors similarly to how they see migrant groups. Those who do not regard ethnic identity, such as bloodline or nativity, as an important component to being Korean are more likely to have accommodating attitudes toward North Korean defectors as toward other immigrant groups. On the other hand, those with negative opinions on immigrants are more likely to feel greater emotional distance from North Korean defectors. Finally, the perceived security threat level from North Korea also influences one's attitude toward North Korean defectors. As it increases, negative feelings toward defectors also increases, which contributes to the defectors' shaky status in South Korean society.

At the beginning of 2015, the Korean movie market was dominated by the movie *Ode to My Father* (*Kukje Sijang*), a film about the tough life experiences of Korea's war generation. The main character, Duk-soo, survives the Korean War as a child and then experiences the authoritarian government-led developmental period. The movie pays tribute to the generation that laid the foundation of modern South Korea enjoyed by today's youth. It closely follows the format of *Forrest Gump* in that it depicts one man's life against the backdrop of a nation's most important historical events. The movie reaches a climax when the plot arrives at the nationally held television campaign by the Korean Broadcasting System (KBS) in 1983 to reunite families separated during the Korean War. Duk-soo finds his younger sister, who was tragically separated from her mother and siblings when they escaped North Korea to sail for the South. *Ode to My Father* was a tearjerker for most South Koreans. Not only did it detail the hardships endured by the so-called terribly stubborn Korean elderly and how they sacrificed their lives for future generations, it also emphasized the long-lasting creed of "divided, but one Korea." But are we really?

This chapter sheds light on this subject by examining South Korean attitudes toward North Korean defectors as members of one ethnic Korea (as conveyed in *Ode to My Father*). Although the situation is different and many years have passed, North Korean defectors do not differ much from Duk-soo and his family who fled from Hamheung, the northern region of the Korean Peninsula, to Busan, a southern port city, as they sought survival. Nonetheless, the passage of sixty years has brought change. South Korean public attitude toward North Korean defectors is analyzed from an important perspective, ethnic identity. First, feelings toward them through the lens of ethnic identity are discussed. The assertion that defectors must be welcomed to South Korea is largely based on ethnic nationalism; they also belong to the Korean ethnic group. How strongly and in which direction ethnic nationalism affects South Korean perspectives on North Korean defectors is explored. Second, whether or not the South Korean public's opinion on migrant groups is associated with those of North

Korean defectors is investigated. Last, I delve into the North Korea effect on South Korean views of defectors. Even though they departed from the North and are living in the South, the fact that they are from "North Korea" cannot be easily forgotten. When a security threat is perceived, how seriously this affects South Korean attitudes toward North Korean defectors is examined. How South Koreans view defectors is related to how they view the North Korean people and to South Korean attitudes toward reunification.

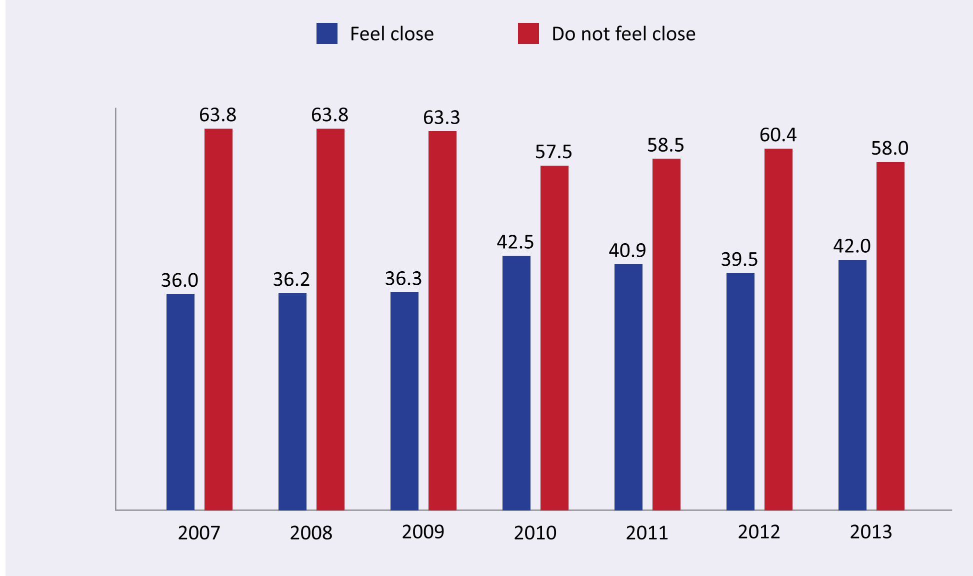
For this study, I use survey data from both the annual survey of the Institute for Peace and Unification Studies at Seoul National University from 2007 to 2013 for the overall trend of attitudes toward North Korean defectors by the South Korean public, and, as the primary source, the Asan Daily Poll conducted on February 14-15, 2014, by the Asan Institute.

Attitudes toward North Korean Defectors and Reunification

According to Ministry of Unification statistics, the number of North Korean defectors in South Korea was 27,518 in 2014. Although the influx slowed down from 2012, South Korea is accepting approximately 1,000 defectors from North Korea annually.[1] After the famine in the late 1990s, an increase in the number of North Koreans leaving the country was noticeable. Of course, the number of North Koreans in South Korea is still very small compared with the number of people arriving from Southeast Asian countries and China, which is around 700,000 and 500,000, respectively. Most South Koreans do not oppose the admission of North Korean defectors in general. As a matter of fact, North Korean defectors were once considered almost as heroes or as champions of freedom. In particular, during the authoritarian regime period, North Korean defectors were greeted with open arms because they symbolically legitimized the government of the South. There was no better propaganda device to prove its legitimacy than defectors. But as democracy consolidated in South Korea, the government found defectors less politically useful. Additionally, as the number of defectors increased, salience by rarity declined and perceptions of North Korean defectors began to change.

The Institute for Peace and Unification Studies at Seoul National University has conducted public opinion surveys on South Korean attitudes toward unification since 2007. They ask respondents how close they feel to North Korean defectors. According to the results, even though South Koreans appreciate the courage it takes to come to South Korea, the public does not feel very close to the defectors. In 2007, 63.8 percent of respondents answered that they did not feel close to them, while only 36 percent of them did. Seven years later, in 2013, the number of respondents who did not feel close to North Korean defectors slightly decreased to 58 percent, while the opposite side increased to 42 percent. Yet, a majority of South Koreans still feel estranged from North Korean defectors.

What is more interesting is the level of intimacy that South Koreans are ready to accept with North Korean defectors. For instance, according to the Unification Attitude Survey in 2013, 51.2 percent of South Koreans stated that they did not mind at all having North Korean defectors in their neighborhood. Only 15.3 percent of respondents hesitated to do so and 33 percent answered "so-so." In the case of co-workers, the number who did not mind working with North Korean defectors at the workplace decreased slightly to 48.4 percent. Yet it is still a plurality. As the relationship becomes more intimate, however, South Koreans display



Source: Institute for Peace and Unification Studies. Unification Attitude Survey. 2007-2013. http://tongil.snu.ac.kr/ipus/.

more discomfort. Only 27.8 percent of South Koreans were fine with North Korean defectors as a business partner, in contrast to 38.9 percent who did not. What South Koreans were least willing to accept was marriage to a North Korean. When asked how they feel about marrying North Korean defectors, only 23.3 percent answered positively, and as many as 49.8 percent stated that they did not want a marital relationship with them. The result shows that South Koreans hold quite an emotional distance from North Korean defectors.[2]

Opinions have changed on the extent to which South Korea should accept incoming North Korean defectors. If the question had been asked twenty years ago, a solid majority would have answered that all the defectors should be admitted to South Korea because they ran away from the oppressive, brutal, and illegitimate North Korean regime to a democratic South Korea seeking freedom. That turns out to be no longer true. Table 1 indicates changing opinion over admitting North Korean defectors into South Korea. In 2007, slightly more than a majority of the public, 52 percent, thought that South Korea had to accept all defectors, 37.2 percent thought that defectors should be selectively admitted, and 10.8 percent thought that we should no longer accept North Korean defectors. The numbers fluctuated afterward and opinions of “admit everyone” and “selectively admit” moved within the margins of error. In 2013, however, the percentage of people who thought all defectors should be admitted hit its lowest point—42.2 percent—and selective admission reached 45.2 percent. The percentage of people who think South Korea should no longer accept North Korean defectors increased to 12.4, which is the highest for the past six years. All in all, almost one-half of South Koreans think that not all North Korean defectors should be given a free pass to South Korea, and quite a consistent number (about ten percent) of the public oppose admission of the defectors altogether.

Table 1. Public Opinion on Admission of North Korean Defectors

	2007	2008	2009	2010	2011	2012	2013
Accept all defectors	52.0	43.6	46.6	43.6	47.5	43.8	42.2
Selectively accept defectors	37.2	46.4	43.1	47.9	43.6	46.2	45.2
Should not accept any more	10.8	9.6	10.3	7.8	8.8	9.9	12.4

Source: Institute for Peace and Unification Studies. Unification Attitude Survey. 2007-2013. http://tongil.snu.ac.kr/ipus/.

Table 2. Public Opinion on Subsidies to North Korean Defectors

	2007	2008	2009	2010	2011	2012	2013
Support increase	59.2	45.6	53.3	55.7	59.7	50.9	49.6
Oppose increase	40.8	54.4	46.7	44.3	40.3	49.1	50.4

Source: Institute for Peace and Unification Studies. Unification Attitude Survey. 2007-2013. http://tongil.snu.ac.kr/ipus/.

These two results lead to another important issue. Currently, North Korean defectors have to go through an investigation process by the South Korean government upon their arrival. After the process, they check into Hanawon, the facility that educates and helps North Korean defectors safely settle down in South Korea. When they exit Hanawon, defectors receive a one-time subsidy and housing assistance from the government. The subsidy is $6,500 per person ($4,000 for an initial settlement and the remaining $2,500 provided in installments). Assistance for a one-person household is around $11,000. In addition to this financial package, defectors receive government-assisted job training. Of course, they are entitled to register for pensions, healthcare, and tuition exemptions for public schools (including national universities).[3] The number of North Korean defectors is still small, and the amount spent on the subsidy is not large. Yet it is still taxpayers' money. When asked whether the South Korean government should increase the subsidy, there was no clear public opinion over time. In 2007, almost 60 percent approved of the increase, but the response was reversed the following year. What is apparent, however, is that public opinion on government aid for North Korean defectors is almost evenly split.

The younger generations were most reluctant to have any type of relationship with North Korean defectors. In particular, those in their twenties were most skeptical of marrying a defector. According to the 2013 survey, only 15.6 percent—the lowest proportion among all age groups—stated that they would not mind marrying a defector. Looking at this from a different angle, the youngest generation responded with the highest figure of 56 percent that they did not want to marry a defector. To South Koreans in their twenties, North Korean defectors are strangers who are supposedly too different to allow for any intimate relationship, and that attitude is growing.

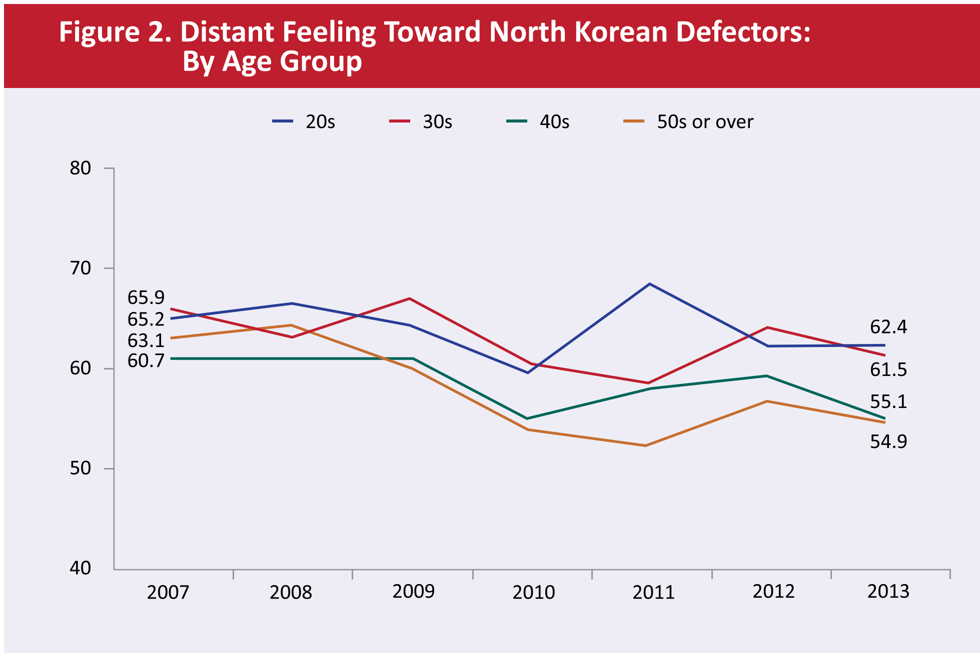
Who Are They to Us?

Previous poll results reveal that a lingering emotional gap exists between South Koreans and North Korean defectors. North Korean defectors have a very complicated and confusing status in South Korea. They are practically migrants because they were not born in South Korea. A primary reason for them to choose the South over the North is to pursue a better life. In fact, defectors are very similar to migrant workers in South Korea in many respects.[4] As mentioned, what makes them most distinguishable from the other migrant groups is the fact that they are from North Korea. This sometimes is advantageous for the defectors because they are treated quite differently from other immigrant groups. They almost automatically receive citizenship upon arrival and even receive government subsidies. The government also provides appropriate job training, making it easier for them to adjust to South Korea. What should especially ease their lot in acclimating to their new home is that North Korea is not simply a neighboring country but is home to ethnic brothers and sisters of South Koreans. Like reunification discourse in South Korea, ethnic ties between the two Koreas have served as justification for South Korea's special treatment of defectors.

South Koreans' attitude toward North Korean defectors has been unilaterally understood from one conventional perspective, ethnic identity. Because civic identity does not require one's inherent nature such as bloodline or nativity, there seldom is commonality South Koreans can share with North Korean defectors. This is an oversimplified sketch of South Korean perceptions of North Korean defectors, however, especially considering the declining importance of ethnic identity among South Koreans. It is uncertain whether ethnic bond is effective in explaining how welcoming South Koreans are toward defectors.[5] In this section, therefore, I analyze the role of ethnic identity in shaping one's perceptions of North Korean defectors. In particular, I delve into the conventional belief that South Koreans welcome North Korean defectors because they belong to the same ethnic group.

I set up three independent variables to be analyzed relating to one's sentiment toward North Korean defectors: strength of ethnic identity, opinions on immigrants, and evaluation of national security. Conventional wisdom tells us that strong ethnic identity should make the South Korean people warmly welcome North Korean defectors. I first examine this premise. Secondly, opinions on immigrants should be used to explore the psychological lens through which South Koreans take in North Korean defectors. As numerous studies on immigrants and ethnic identity indicate, those who have strong ethnic identity tend to be hostile toward immigrants.[6] Thus, those who have negative opinions on immigrants are likely to possess relatively strong ethnic identity. This should lead to a positive attitude toward North Korean defectors if our conventional belief in the role of ethnic identity relating to the defectors is correct. This line of analysis also serves as an indirect investigation of how differently or similarly North Korean defectors and migrants are perceived by South Koreans. Last, I focus on the peculiarity of North Korea, the enemy of the state, and its security threat. The fact the defectors are from North Korea may be an advantage for them to safely land in South Korea thanks to the financial assistance and ethnic bonds they have with a new home. We cannot exclude, however, the possibility that the security threat taints the image of North Korean defectors as well. Of course, if one fully considers North Korean defectors to be South Koreans, the security threat from North Korea should not affect the attitudes toward them. But, if North Korean defectors are not yet regarded as insider members of South Korea, security threats from North Korea may play a role in forming attitudes toward defectors. Table 3 explains the variables to be used for the analysis.

Figure 2. Distant Feeling Toward North Korean Defectors: By Age Group



Source: Institute for Peace and Unification Studies. Unification Attitude Survey. 2007-2013. http://tongil.snu.ac.kr/ipus/.

National Identity and North Korean Defectors

North Korea and reunification are themes widely understood to matter to national identity in South Korea. Of course, North Korea and South Korea went their separate ways in the sixty years since the ceasefire. In addition to their political systems, the two Koreas have different social systems, economic systems, and rule of law. Moreover, these two are practically at war and a military conflict could occur at any point. Nevertheless, the yearning for reunification never disappeared. Last year, President Park Geun-hye created a media frenzy when she stated that "reunification is a bonanza *(taebak)*." Afterward, Park established the Preparatory Council for Reunification under the direct supervision of the president and declared her determination to pursue the goal of reunification. Occasional military provocations by North Korea have never prevented South Korea from citing reunification as an important objective.

A latent rationale for this is the long-lasting belief that Korea is a single nation forged by shared blood and history. For a long time, the story of Dangun—which emphasizes all Koreans are from one ancestry—has been taught in South Korean schools. The clash of the three kingdoms—Baekje, Shilla, and Koguryo—in ancient times was described as an arduous effort to unite the nation. National identity also played an important role in the independence movement against Japanese colonial rule. Well founded or not, the belief that Korea is a single ethnic nation has been a driving force behind reunification.[8]

Essential for national identity is the demarcation of "us" and "them" and how to draw the line. Exclusiveness and inclusiveness is a vital component of national identity, which Anthony Smith categorizes into two categories, "ethnic identity" and "civic identity."[9]

Table 3. Explanation of Variables

Variable	Explanations
Attitude toward North Korean defectors	One's attitude toward North Korean defectors[7] 0 = Most negative, 10 = Most positive
Attitude toward immigrants	One's attitude toward immigrants 0 = Most negative, 10 = Most positive
Degree of ethnic identity 1	A Korean should have the same bloodline 0 = Disagree, 1 = Agree
Degree of ethnic identity 2	A Korean should be born in Korea 0 = Disagree, 1 = Agree
Degree of ethnic identity 3	A Korean should have been living in Korea for most of her/his life 0 = Disagree, 1 = Agree
Evaluation of national security	One's perception of national security 0 = Bad, 1 = Good
Opinion of immigrant issues 1	Immigrants increase crime rate 0 = Disagree, 1 = Agree
Opinion of immigrant issues 2	Immigrants take jobs away from South Koreans 0 = Disagree, 1 = Agree
Opinion of immigrant issues 3	Immigrants undermine Korean values 0 = Disagree, 1 = Agree

Under civic identity, citizens of a nation share the same set of political and legal principles and values. They also respect the system and do their duty as citizens. A nation from the perspective of ethnic identity is virtually an extended family sharing the same bloodline, culture, and history. On which identity a person puts more emphasis by and large determines the extent to which a person puts others in an in-group or out-group. Apparently, it is ethnic identity that has shaped and maintained the Korean reunification agenda for this long. South Koreans are taught that people with the same history and bloodline must form one nation; therefore, reunification with North Korea, the country that frequently commits military provocations, became the ultimate national goal.

Ethnic identity shapes one's assumptions toward North Korean defectors. They are from North Korea, which, together with South Korea, was once was a single nation, and this peculiarity brings ethnic identity to the fore when it comes to defectors. Therefore, it is presumed that those who have a strong ethnic identity will treat North Korean defectors more hospitably than those who do not, perceiving them as part of the Korean ethnic group. After all, North Korean defectors are ethnically in-group, speak the same language, and share the same pre-Korean War history.

In order to test the hypothesis, I examine one's strength of ethnic identity as it relates to one's attitude toward North Korean defectors. To do this I first I generated a variable that measured attitudes toward North Korean defectors. The Asan Daily Poll asks a respondent how he or she thinks about North Korean defectors, responding with a score on a 0 to 10 scale. If a

respondent does not feel at all close to them, the choice is 0 or close to that. If a person feels very close to North Korean defectors, the respondent chooses 10 or close to that. The higher the score, the person is more sympathetic toward North Korean defectors.

To measure ethnic identity I use three variables. In order to be a Korean, it is important to 1) be born in South Korea, 2) have a Korean bloodline, and 3) live in South Korea for most of one's life.[10] Each variable is recoded dichotomously. Those who think being born in South Korea is important for "Koreanness" have their answer coded as 1, otherwise as 0. The two other variables are coded in the same way. If one thinks having a Korean bloodline is important in determining one's Koreanness, the answer is coded 1. If not, it is coded 0, and if a respondent thinks living in South Korea is an indispensible element for being Korean, it is coded 1, otherwise 0.

First, I compare average closeness scores depending on a respondent's answers to ethnic identity questions. To investigate if the differences of average closeness are significant, I run a *t*-test. Table 4 demonstrates the surprising results. In contrast to the initial hypothesis, those possessing a strong ethnic identity overall tend to be *less* sympathetic toward North Korean defectors. For instance, those who think that having a Korean bloodline is important to be Korean feel less close to North Korean defectors (6.019) than those who do not think the same bloodline is an important element (6.649). A *t*-test confirms that the difference between the two groups' means is statistically significant. A similar tendency is found in the case of nativity for Koreanness. Those who think that being born in South Korea is important to being Korean tend to feel less close to North Korean defectors (6.018) than those who do not (6.505). In this case, the *t*-score is high enough to create a *p*-value of 0.006, which implies a statistically significant difference. The only result that does not show statistical significance is the variable of living in South Korea for most of one's life. Yet the direction of the relationship corroborates the two previous tests. Those who do not think long-time residence in South Korea is an important element for being Korean feel closer to North Korean defectors (6.392) than those who do (6.099).

The results reject the hypothesis that ethnic identity makes South Koreans feel close to North Korean defectors. On the contrary, those who have a stronger degree of ethnic identity tend to feel significantly less close to defectors than those who do not. Apparently, those who think bloodlines and nativity in South Korea are crucial to determining Koreanness are significantly more likely to have negative attitudes toward North Koreans. The same propensity was found when I examined South Korean's attitudes toward immigrants in relation to the three ethnic identity elements.[11] This suggests that South Koreans' perceptions of North Korean defectors resemble their perceptions of immigrants. Ethnic identity does not make the lives of North Korean defectors in South Korea any easier. It is, in fact, quite the contrary.

North Korean Defectors: Another Immigrant Group

A growing number of studies have recently attributed the public's attitude toward immigrants to one's national identity.[12] Earlier works on national identity and attitude toward immigrants demonstrate that ethnic identity is particularly inversely related to one's attitude toward

Table 4. Ethnic Identity and Closeness to North Korean Defectors

	No. of observation	Mean of closeness to defectors	Difference in means	*t*-score	*p*-value
Korean bloodline					
not important	302	6.649	0.630	3.762	0.000
important	681	6.019			
Native born in South Korea					
not important	273	6.505	0.488	2.733	0.006
important	560	6.018			
Living in South Korea for most of one's life					
not important	334	6.392	0.293	1.777	0.076
important	654	6.099			

immigrant groups, while civic identity does not always display a significant relationship with it.[13] Ethnic identity puts emphasis on nativity and bloodline, which immigrants can never acquire. Immigrants are consequently left permanently on the outside. In contrast, civic identity emphasizes respect for the country's political, legal, and value systems, which allow more room for immigrants to gain membership in society.

North Korean defectors are people who have "migrated" from North Korea. Most recent defectors ran away from North Korea not because of the oppressive regime, but for economic reasons.[14] Once they came to South Korea, their living conditions and social status were no better than those of groups recognized as immigrants. Politically, economically, and socially, North Korean defectors are a minority just as are other immigrants in South Korean society.

In fact, there was a highly positive correlation in one's perception of immigrants and North Korean defectors. Those who have a positive attitude toward one are likely to hold a positive attitude toward the other. The correlation coefficient between the two is 0.42.

Table 5 is a crosstab of one's attitude toward immigrants and North Korean defectors. This time, I classify attitudes toward the two groups into three categories—positive, neutral, and negative.[15] A clear association is found in the attitudes toward the two groups. Those who have a negative attitude toward immigrants are significantly more likely than those who do not to have negative attitudes toward defectors as well. About 41 percent of respondents who have a negative perception of immigrants also have a negative perception of defectors. Only 38.2 percent of those who are negative toward immigrants have a positive feeling toward defectors; however, if a respondent is positive about immigrants, he or she tends to also be positive about North Korean defectors. About 79 percent of those who have a positive perception of immigrants answer that they feel positively about North Korean defectors.

Next, I compare opinions toward immigrants with attitudes toward North Korean defectors to see if there exists any meaningful relationship. If defectors are considered special, opinions toward immigrants should have no bearing on attitudes toward defectors, or it may even

Table 5. Attitude Toward Immigrants and North Korean Defectors

		North Korean defectors			
		Negative	**Neutral**	**Positive**	**Total**
Immigrants	Negative	54	27	50	131
		41.2	20.6	38.2	100
	Neutral	51	255	109	415
		12.3	61.5	26.3	100
	Positive	26	65	343	434
		6.0	15.0	**79.0**	100
	Total	131	347	502	980
		13.4	35.4	51.2	100

Pearson chi2(4) = 353.1324

Pr = 0.000

work in the opposite direction, i.e., those who are negative toward immigrants feel positively toward North Korean defectors due to ethnic identity. However, if South Koreans simply regard defectors as a migrant group (or close to one), overall opinion on foreign migrants should apply to defectors as well, demonstrating a positive relationship. Three questions relating to migrants are asked in the survey, and the responses are compared with one's attitude toward North Korean defectors. The questions ask whether or not the person agrees with the following statements: 1) migrants increase crime rates, 2) migrants take jobs away from South Koreans, and 3) migrants undermine Korean values.

It turns out that one's opinions on immigrants are quite closely associated with perceptions of defectors. Contrary to initial belief, the more negatively a respondent thinks about immigrants, the more significantly likely he or she will feel less close to North Korean defectors. If a person thinks that migrants increase crime rates, there is less warmth toward defectors (6.019) than is the case for those who do not agree with the statement (6.361). Also, those who think that migrants take jobs away from South Koreans do not feel as close to North Korean defectors (5.761) as those who disagree with the statement (6.339). The most significant difference is found in the responses regarding migrants and Korean values. Those who think that migrants in South Korea disturb Korean values have the lowest score for defectors (5.525). The difference between the two groups is 1.023 in absolute terms, which produces a high *t*-score and confirms that the groups have distinctively different attitudes toward defectors.

The results show that those tolerant of immigrants are tolerant of North Korean defectors as well. The initial hypothesis was that a person who has a strong ethnic identity would feel closer to North Korean defectors due to the idea that North Koreans are co-ethnics, while being more likely to have a negative opinion of immigrants as confirmed in numerous sources.[16] Thus, those who are negative about immigrants should feel close to North Korean defectors because of ethnic identity. The results turn out to be completely the

opposite. Those who have a negative opinion toward immigrants are also less sympathetic to North Korean defectors. Critical for perceptions of both groups is not ethnic identity but "tolerance" of outsiders.

North Korea and Security Threat

Since the division of the peninsula after the Korean War, North Korea and its regime have been the enemies of South Korea, which never recognized North Korea as an independent country. When reunification is discussed in South Korea, it is basically one of unilateral absorption of North Korea by the South. Although there have been some brief periods of reconciliation between the two (e.g., the. early 2000s), relations have always been troubled. North Korea's nuclear tests, shutdown of Geumkang mountain tours, and military provocations in 2010, which led to economic sanctions by South Korea, testify to the current tense relations between the two Koreas.

Although most South Korean condemnations target the North Korean regime when these confrontational incidents occur, the impact of these incidents on attitudes toward North Korean defectors is uncertain. A number of scholarly works on the American public's attitude toward Muslim Americans after 9/11 show that Americans tended to have lingering resentment toward Arab and Muslim Americans during the war on terror. For instance, Davis and Silver find that Americans harbored increased hostility toward Arab-Americans after 9/11.[17] Kam and Kinder note that an increased threat perception strengthens one's sense of ethnocentrism which discriminates in-group from out-groups. That is, when the perceived level of threat is substantial, people tend to be ethnocentric, and this increases hostility toward the perceived enemy—out-groups in many cases.[18] Severely negative attitudes toward Arab-Americans were observed in the immediate aftermath of 9/11, and these perceptions have persisted a while.[19]

If we strictly apply this framework to North Korean defectors, we would expect South Koreans to hold negative attitudes toward the defectors whenever there are military provocations by North Korea. Of course, the defectors are not unambiguously members of an out-group. Ethnically, they can be considered in-group members. If the South Korean public considers North Koreans members of South Korean society, threats from North Korea would not have much impact on people's attitudes toward them. If not, threats from North Korea may affect the public's attitude toward the defectors in the way that American attitudes toward Arab-Americans were affected. In order to examine this relationship, I compare one's perceived security threat with attitudes toward North Korean defectors. Table 6 presents the results. When asked about current national security, 434 respondents positively evaluated national security, while 380 did so negatively. The score for attitudes toward North Korean defectors for those who positively evaluated national security is 6.551, whereas those who had negative evaluations were much colder to defectors (5.837). The difference between the two groups is 0.714, and this is statistically significant. That is, those who more seriously perceive the security threat posed by North Korea feel less close to North Korean defectors than those who do not. Perceived security threat, therefore, is adversely related to attitudes toward defectors and significantly worsens them among South Koreans. The result cannot confidently prove that the defectors are regarded as out-group members, but shows ethnic bloodline is not sufficient to protect them from the taint of North Korea's perceived belligerence.

Table 6. Perceived National Security Situation and Attitude Toward North Korean Defectors

	No. of observation	Mean of closeness to defectors	Difference in means	*t*-score	*p*-value
Agree	434	6.551	0.714	4.161	0.000
Disagree	380	5.837			

Table 7. Opinion on Migrants and Attitude Toward North Korean Defectors

	No. of observation	Mean of closeness to defectors	Difference in means	*t*-score	*p*-value
Immigrants increase crime rates					
Agree	424	6.019	-0.342	-2.046	0.041
Disagree	457	6.361			
Immigrants take jobs away from South Koreans					
Agree	238	5.761	-0.579	-3.169	0.002
Disagree	699	6.339			
Immigrants undermine Korean values					
Agree	278	5.525	-1.023	-5.979	0.000
Disagree	640	6.548			

Conclusion

North Korean defectors were once welcomed with open arms in South Korea. They are truly Korean; they share the same blood and belong to the same ethnic line as South Koreans. Perceptions of North Korean defectors, however, have changed. It is reported that North Korean defectors are most dismayed when being treated as members of just one of many migrant groups.[20] From their perspective, they should be treated differently from other migrants coming into South Korea. After all, the Constitution of South Korea declares the territory of South Korea to consist of the Korean Peninsula and its adjacent islands. Government policy is seen as only a weak acknowledgment of their special status. North Korean defectors receive citizenship upon their arrival and subsidies for settlement in South Korea. This kind of support is completely absent for other immigrant groups. However, perceptions of North Koreans by the South Korean people do not conform to government policy. They began to think of North Korean defectors as just another migrant group. The fading ethnic bond with defectors is not coming from the defectors themselves. Rather, South Koreans no longer feel close to North Korea itself. The division has brought numerous societal changes to the fore. Perhaps it has become impracticable to ask South Koreans to maintain their once-strong ethnic bond with North Koreans. After all, two generations have passed since the two halves of the peninsula became separate nations.

One important implication of this study is the outlook for a unified Korea. North Korean defectors are still a tiny segment of the South Korean population. This implies that they are a group with little impact. Whether embracing them as co-ethnic Koreans or treating them as just another migrant group, the South Korean societal fabric would hardly wrinkle. Once unified, however, South Koreans will have to face a much more sizable and visible presence. Koreans from the north would then comprise one-third of the total population of a unified Korea and could essentially be an independent force in establishing a powerful political bloc. It is uncertain how South Koreans would greet this idea.

President Park was correct to be aware of the South Korean public's dubiousness toward reunification due to economic costs. Numerous studies indicate that the greatest determinant in turning South Koreans against reunification would be the potential economic burden of doing so. It is on this point that Park attempted to persuade the public. Nonetheless, a more fundamental disparity between the North and the South comes from the loss of an ethnic bond, which was previously thought to be the driving force behind the pursuit of reunification. How to deal with this increasing emotional distance should also be a priority for the current and future presidents.

Endnotes

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Japanese National Identity and the Search for Realism Toward North Korea and Russia

Gilbert Rozman

North Korea and Russia are seen as posing an increasingly dangerous military threat as we enter 2015, and the responses of other states to them are widely perceived as realist in nature, prioritizing security and setting aside other concerns. The United States, in turn, is regarded as the leader of the international community, steering the way in realist policies to forge coalitions with allies, partners, and others to diminish and counter these threats. To many observers, Japan under Abe Shinzo is rapidly turning into a realist state as well, prioritizing its alliance with the United States, strengthening defense ties with countries such as Australia and India as it seeks domestic agreement on the right of collective self-defense, and focusing on the expansion of China's military and the nuclear and missile threats of North Korea in rethinking regional security. Yet, however much one agrees that Japan is realist in relations with the United States, the puzzle remains with respect to Japan's recent policies or debates over South Korea, North Korea, and Russia. I concentrate here on the revisionist roots of Japanese policy toward North Korea and Russia, linking them to the much more widely discussed revisionism displayed to South Korea, and assess the evolving balance between realism and revisionism in conservative Japanese thinking, led by Abe, as the 70th anniversary of the end of WWII and 50th anniversary of Japan-ROK normalization of relations put the spotlight in 2015 squarely on various views of history in Northeast Asia.

While Abe is receiving considerable credit for a realist foreign policy, his actions in Northeast Asia are an exception. Policy toward South Korea is hijacked by the "comfort women" issue. Initiatives toward North Korea are centered on the "abductions" issue, and Abe's insistence on pursuing Russia is directed at the "Northern Territories" issue. In each case, a principal theme of Japan's national identity over many years has become the centerpiece in diplomacy. The result is quixotic quests for breakthroughs at the expense of sober calculations by foreign policy experts, coordination with the United States, and indications that favorable outcomes are in sight. The coexistence of as many as three postures of this sort in foreign policy toward one sub-region understandably raises the question of whether there is a common driving force. Given the tension between realism and revisionism in Abe's overall foreign policy,[1] it behooves us to look for the revisionist roots of these three specific approaches, as we reflect on Japanese debates about them. To focus on revisionist themes, however, is not to deny the important realist shift by Japan.[2]

Many agree that the biggest blemish in Abe's foreign policy realism has been the way he has handled South Korea. Despite the reprieve in March 2014 when Barack Obama found a way to bring Abe and Park Geun-hye together with him for a meeting, the identity gap between Japan and South Korea has not narrowed.[3] Indeed, Japan has become obsessed with revising the verdicts on the "comfort women" issue, allowing a revisionist theme to trump any steps to increase trust with a country many consider critical for the defense of Japan. Less attention has been paid to the non-realist factors behind Abe's approaches to North Korea and Russia, which are not in the forefront—in contrast to the debates over South Korea—but do play an important role and are arousing distrust in other countries.

Northeast Asia is plagued by a spike in national identities trumping realist compromises in foreign policy and by a lack of consensus on how to manage North Korea and proceed toward reunification on the peninsula, which is also primarily caused by national identity gaps. What requires more systematic explanation is how the national identity in Japan is affecting its approach to the fundamental regional concerns of Korean reunification and

Northeast Asian regional cooperation and security, involving Russia and China. In 2014, to the dismay of South Koreans and the puzzlement of Americans, Abe set aside triangular coordination to launch negotiations with Kim Jong-un's regime at the expense of relaxing some of Japan's sanctions, and he kept those talks going into 2015 despite the North's delaying tactics. Moreover, in February 2014 Abe was the most prominent ally of the United States in attendance at the Sochi Olympics, and he kept reviving his overtures to Putin through the year in spite of Putin's aggression in Ukraine and the necessity of agreeing with Obama and other G7 leaders on imposing sanctions,[4] albeit the weakest in the group often accompanied by apologetic remarks to Russians about Japan's reluctance.

The year 1945 has different meaning for those who view it as setting the international community on the path of universal respect for human rights and those who consider it the turning point for the rise of communism in Asia in the continuing struggle against Western imperialism and hegemonic interference. Abe's obsession with revisiting the verdicts on 1945, despite his acceptance of the significance of that year in advancing a laudable agenda, has made him the principal force arousing alarm, notably among South Koreans, that Japan is more concerned about declaring its historical righteousness than in affirming the postwar era and universal values. Thus, he is muddying the waters between the polarization of national identities taking place—between Chinese and Russian ideas about history and those of the U.S.-led coalition—, obfuscating for South Koreans, most of all, the clarity of this divide. In the second half of 2014, he and conservatives of like mind put "comfort women" even more in the spotlight than earlier in his tenure as prime minister.[5] In the first half of 2015 attention turned to how he was preparing for the 70th and 50th anniversaries, distracting attention from how Xi and Putin have been preparing and what their thinking will mean for Kim Jung-un as he recalculates his moves.

The year 2015 has special significance for national identities in Northeast Asia. North Korea is not at the margins of what promises to be a whirlwind of celebrations, official statements, and media coverage. Its importance to other states and its own invocation of national identity give it a front row seat. Vladimir Putin has made that clear by inviting Kim Jong-un to Moscow in May to join in the 70th anniversary commemorations, even if Kim at the last moment declined. Xi Jinping may have concentrated on Park Geun-hye in hopes of a joint condemnation of Japan in 2015 to reflect the timing of its defeat, but the partner that is actually credited with working closely with the Chinese Communist Party in the 1940s to defeat Japan and to expel imperialists from Northeast Asia and enable a new order to rise is North Korea. This sets the background for Japan's overtures to Kim Jong-un and Putin, resonating with historical considerations even as they also cannot escape the region's security challenges. Aware of increasing threats from North Korea and a step-up in Russian sorties near Japanese airspace, Japan cannot disregard the new level of danger from the north just as it is repositioning its forces to face China's buildup in the south. Nevertheless, its media keeps putting the spotlight on identity issues.

The realist explanation offered by some Japanese is that Japan's approach deflects the danger of a Sino-Russian alliance. Moreover, they assert that Japan's talks with North Korea do not reduce its vigilance against the North's security threat or its participation in joint defensive measures. With such arguments, they minimize the revisionist motivations behind these initiatives and reject any linkages with Japan's approach to South Korea. In

Japanese media presentations, however, the realist case often is not in the forefront. There is ample evidence to look beyond these explanations to understand Japanese reasoning.

Japanese Realism vs. Revisionism

A closer look at anomalies in how Japanese media discussed international relations at the end of 2014 raises questions about the balance between the successes rightly claimed by realists and the actual impact of revisionism on Japanese thinking and, especially, on how the leadership and its close supporters treated bilateral relations. This can be most clearly seen in triangular relations inclusive of the United States—the indispensable partner in Japan's realist aspirations. Whether one focuses on the triangle with South Korea, North Korea, Russia, or China—Japan's four neighbors—, the lack of balanced analysis and the prevalence of simplistic criticisms of the way the Obama administration was proceeding, cast doubt on the realist thrust of policy. Both media debates and policy rationales were tinged with national identity claims.

Japanese publications are split between the beleaguered progressive media, represented by *Asahi Shimbun*, and the energized conservative media, dominated not only by *Yomiuri Shimbun* but also by the tenacious advocacy of *Sankei Shimbun*. Articles on South Korea and themes such as the "comfort women" have increasingly overlapped between the two conservative newspapers (in 2015 as Abe prepared to visit Washington and to choose the wording for critical statements about history, *Yomiuri* took a more pragmatic turn rather than *Sankei's* intensified confrontational stance),[6] although on Abe's handling of North Korea and Russia *Sankei* took a more realist stance, focusing more on responding to threats and boosting alliance coordination. For a rare realist voice, I turn to *Gaiko*, a bi-monthly journal associated with the Ministry of Foreign Affairs. Leading international affairs experts in Japan are mostly realists, whose articles can be found there and in the daily newspapers from time to time, while most commentators are, arguably, revisionists, whose views are often presented in the *Seiron* column of *Sankei Shimbun* and in journals such as *Bungei Shunju.* Japan's newspapers and monthly journals have since the early postwar era conducted a running battle over national identity, and it is not diminishing.

At the end of 2014 *Bungei Shunju* issued *Nihon no ronten*, its annual coverage of the burning issues facing Japan. Realism was reflected in a call to rush the new security law, due to the fact Japan is squeezed by various crises. The realist theme was also evident in an article on how to get Komeito to agree to collective self-defense. Yet, the bulk of coverage either straddled revisionism and realism or stood squarely on the side of revisionism. Straddling were articles arousing a sense of alarm without equal signs of confidence in U.S. leadership and its alliance-building activities. One pointed to the failure of Obama's foreign policy inviting the expansion of the Islamic State of Iraq and Syria (ISIS). Another noted that the battle for hegemony on the Eurasian mainland is beginning. A third warned of the nightmare of a new cold war with China and Russia on one side in light of the empire strategy of Putin. They make the realist case that Japan faces regional crises and needs to develop its military, along with the message that the United States is falling short in its responsibilities, leaving Japan in need of more autonomy. This also conveys the message that Japan is too dependent on the United States and needs more self-defense, which fits well into realist arguments but also opens the door to revisionist ones, which demand that

the national identity of Japan and its defense be more autonomous from its ally. Another message is that China's foreign policy driven by a vision of the "China Dream" is posing more than a realist threat.

The revisionist themes are prominent in this annual book. One article insists that *Asahi Shimbun* has been discredited for its coverage of the "comfort women" and more. There is an exchange of two views, one of which asserts that visits to the Yasukuni Shrine are appropriate while the other says that they are not until the issue of Class-A war criminals is resolved. One article looks back to the roots of the Tokyo Tribunal's pursuit of war responsibility to the Versailles Conference. The overall message here and in the conservative press is: Japan has been left disgraced by the way its history of the 1930s-40s has been treated at home and abroad; a new cold war is unfolding, but unlike the earlier one, Japan has ample room to maneuver; the United States is declining and its conduct of international relations is troubled and unreliable, but a close alliance is necessary; China's national identity drives its aggression and poses the primary threat; South Korea is hopeless as an ally and not so strong that it has to be taken seriously in realist calculations. In short, Japan can have both realism and revisionism without any need to sacrifice one for the other.

Japan faces distinct history challenges in South Korea, China, and Russia, and even the United States, all rooted in its era of imperialism. In 2014 the focus was South Korea; in 2015 the main danger comes from China and, if ties between Abe and Putin weaken, Russia too as the 70th anniversary looms; as increasingly recognized in Japan, the battlefront of the future is moving to the United States, which together with the international community represents the ultimate, decisive testing grounds. In the background is the rise of "hate South Korea" in public discourse rather than a clear-headed focus on the menace from North Korea, on the attack launched on the world order from Russia, and even on the urgency of strengthening the triangular security framework with the United States and South Korea. This rhetoric distracts from strategic thinking to meet today's challenges, as seen in the three cases below.

Abe's Pursuit of Kim Jong-un

North Korea is a strategic concern, raising fundamental questions of national interest in both South Korea and Japan, the two states under the greatest threat, as it also does for China, Russia, and the United States. It is of doubtless significance for national security, the regional balance of power, and concerns about weapons of mass destruction (WMD) proliferation and international peace. Yet, another dimension in how states, among them Japan, perceive North Korea, is often overlooked: It is a national identity concern not only for fellow Koreans socialized to recall a united peninsula, which Park is reinforcing in her ongoing campaign in search of reunification, but also, to a lesser but still meaningful degree, for Japanese, and for Chinese, Russians, and even Americans.[7] Ignoring the national identity dimension by only paying attention to security may steer diplomats and analysts along the wrong path.

To some, North Korea represents unparalleled infamy in the struggle for human dignity against totalitarian abuses of all types of individual freedom, but to others it represents historical righteousness in the struggle between communist liberation and imperialism. The United Nations Commission on Human Rights and its endorsement by the General

Assembly gave a boost to the former theme, as did President Park Geun-hye's decision to keep the North's human rights in the spotlight in contrast to President Roh Moo-hyun's willingness to marginalize discussion of human rights in pursuit of other objectives. Yet, in this year marking the 70th anniversary of the end of WWII and the 50th anniversary of the normalization of diplomatic relations between Japan and South Korea, we should not overlook the salience of the latter theme. After all, the historical dimension of national identity concentrating on developments from the 1940s and 1950s has been resurgent in Northeast Asia. This is true of China and Russia, where sympathy for North Korea's reasoning about history remains deeply embedded, but it also applies to Japan and South Korea, which cannot avoid considering North Korea not just through a realist lens as a security threat and a force in the regional balance of power, but also as a factor in their internal struggles to reconstruct national identity and in their intensifying competition to win support in the United States and to redefine how their region is seen.

China has led the way, even before Xi Jinping made rejuvenation of the Chinese nation the essence of the "China Dream," in looking back to a millennia of sinocentrism and an interlude of humiliation more than forward to an international or a regional community with any semblance of common values. Vladimir Putin has made a more assertive push for history at the center of national identity with themes such as Novorossiya, Crimea as inherently Russian, and the revival of the Cold War.[8] Yet, Abe Shinzo and Park Geun-hye are obsessed with each other's historical memory, which have ramifications not only for Japan-South Korea bilateral relations, but also for how each side sees North Korea. In this broader perspective, the specific themes dividing Tokyo and Seoul, such as "comfort women" and the Yasukuni Shrine, serve as symbols of a more wide-ranging division.

North Korea represents a serious challenge to Japan, not only as the gravest military threat but also as the sole state that has not reached any kind of settlement over the conduct of Japan to 1945. It evokes triangular reasoning in the context of troubled relations between Japan and South Korea and of potential reunification. Fearing an upsurge of national identity targeting Japan in a unified Korea, Japanese are wary of unification, at least on terms that Japan does not help to dictate. This is one reason for a unilateral initiative to the North. Even a process of reconciliation could leave Japan feeling more isolated, especially because of the heightened sense of distrust over South Korean emotionalism toward Japan. The worse the relationship with Seoul, the more important is pursuit of Pyongyang. Thus, even as progress remains slow or non-existent on the "abductions" issue, the Abe administration is hesitant to abandon the talks, for example by outsourcing its policy to Seoul or to Seoul and Washington.

Another reason for pursuing North Korea and exaggerating its prospects is to foster the impression, especially at home, that Japan is a diplomatic great power, not just a marginal factor, as seemed to be the case during the Six-Party Talks. Showcasing the autonomous nature of its foreign policy on a matter of strategic importance bolsters Japan's self-confidence, which is useful for Abe's revisionist agenda at home and for separating Japanese national identity from U.S. identity or U.S.-led internationalism.[9] The same logic applies even more to Japan's pursuit of Russia. These initiatives raise fewer doubts when couched as narrow quests for resolution of a single longstanding identity concern, such as abductions or the Northern Territories. But when evidence of a serious chance for a breakthrough on the identity concern is not forthcoming, the initiatives have a life of their own—even in the face of realist reasons to desist.

The Moscow-Pyongyang axis drew close attention in the fall of 2014 with visits to Russia from the North Korean foreign minister and then from a special messenger for Kim Jong-un. Putin invited Kim Jong-un to the 70th anniversary celebrations in May. Two new Russian projects—the Khasan-Rason railway and the Rason wharf—were ready for utilization. Russia was beginning a project to improve the railroad from a coalfield to a port in return for rare metals. For Kim, ties to Putin were seen as a way to put pressure on China, while for Putin it was regarded as a card to be used against the United States.[10] South Korea and Japan were being put under pressure too. The closer relationship of Moscow and Pyongyang was seen as based on the absence of Russian concern about any military threat from the North, i.e., it was making use of the alarm elsewhere, and the North's all-out support for Russia's move into Ukraine, i.e., making use of its isolated situation.[11] These were countries turning to each other to reinforce their belligerent attitudes toward others born of national identities of entitlement to expanded territorial control. Their desperation created an opening that might allow others to resolve national identity concerns of their own: Japan, the Northern Territories and abductions obsessions, but also the renewal of a great power identity separate from the United States and defiant of China; and South Korea, reunification, allowing it to become a new center of Northeast Asia able to balance great powers and express its identity separate from U.S. and Chinese needs.

Blaming Obama for being weak, distracted, or insufficiently strategic serves thinking that falls short of realism in Japan. His handling of North Korea and of Russia as well as his failure to do more to pressure Seoul in its dispute with Tokyo is an excuse to deviate from realist policies sought by the Obama administration. Strategic patience may be advisable given the need for multilateralism with allies (notably Tokyo and Seoul) and partners of diverse views and the continued prospect of China cooperating on North Korea, but it fuels doubts and leaves an opening for Tokyo to disguise policies chosen for other reasons as consistent with shared realism.

Abe's Disregard of Park

In 2012 Japanese grew alarmed about the intensification of South Korean moves on matters of national identity, including actions by Korean-Americans. The community of Korean-Americans in Virginia pushed for renaming the Japan Sea in textbooks as the East Sea or with dual names, which was viewed as connected to the intensifying struggle over Takeshima/Dokdo that President Lee Myung-bak visited in August 2012. It was part of a broader foreign public relations push to criticize Japan, including on the "comfort women" issue, visits to the Yasukuni Shrine, and history textbooks. For *Sankei Shimbun*, this meant that South Korea was joining Russia, China, and North Korea, as territorial disputes were beginning to merge. The paper faulted the DPJ government in Japan in 2012 for weakness, not resolutely protecting Japan's own national interests.[12] The attitude that Seoul was inspiring Moscow and Beijing and that the national identity struggle with Seoul is a critical test of a "normal Japan" overcoming governmental weakness set the tone for Abe's approach to follow.

Sankei Shimbun has insisted, especially in a series in August and September 2014, that a "history war" is in progress, with South Korea the principal opponent and the United States the principal battleground.[13] Japan's government is under attack—in states, in courts, in Congress, and (less often stated directly) in the executive branch. Washington think tank

seminars are not immune from charges of abetting the war.[14] This series left no doubt that the "comfort women" issue is the defining theme, that *Asahi Shimbun* and statements by the Japanese government in the first half of the 1990s contributed greatly to the distorted view of the country, which has lingered for two decades and deepened distrust of Japan in the United States. Recent articles in *The Washington Post* and *The New York Times* are viewed as furthering China's goal of splitting Japan and the United States. The stakes in this war could not be any higher, readers are told. Japan's fate hangs in the balance. The state and people must draw together and counterattack.[15] The impression is left that Korean-Americans and Chinese-Americans, working with the South Korea and Chinese governments, are intensifying their unending efforts to distort Japan. They have had success in Congress made possible by the weak resistance of Japan's ambassadors and leaders in Tokyo. For *Sankei* the war extends to issues such as the Nanjing Massacre, cruel treatment of U.S. POWs, unit 731's biological warfare, and sex slaves, and the anti-Japan propaganda is being broadened by organizations tied to these two states.[16]

South Korea's attitude toward Japan should be considered in regional context. It is deferential to China, whose support of North Korea and use of economic levers to keep other countries in check are viewed with great nervousness. It is careful also not to offend Russia, whose ties with North Korea are again suspect. Although the United States is less thick-skinned about criticism, dependence on it is greatest, and the memory of tensions under Roh Moo-hyun must make leaders circumspect. Any venting of anger against North Korea has to be kept in the context of a single nation temporarily divided, necessitating sympathy for its population. That leaves Japan as the only, ready outlet for growing frustration as dreams over two decades of Korea's resurgence—democratically from the late 1980s as the champion of values for its region, economically from the early 1990s for replacing Japan as the dynamo that would champion Asian values and steer China's growth, and diplomatically from the late 1990s as the leader in bringing "sunshine" to North Korea, and by extension the region—have been dashed. South Korea needs to be deferential to others despite long-shot proposals such as its Northeast Asia Peace and Security Initiative. Japan is the one country whose lack of respect for South Korean attitudes is intolerable for reasons of national identity as constructed over at least a century, especially for the past half-century since the humiliating normalization of relations serving pragmatic needs, but failing to satisfy a quest for closure to the period of Japanese imperialism. This is the narrative that permeates conservative Japanese writings on the South.

The competition in the United States with Japan over symbols of identity defies any realist explanation. It weakens the triangular alliance framework most desirable for countering North Korea's rapid military build-up. At the same time, it damages the prospects for a united front to shape China's rise in a less aggressive direction. By highlighting the issue of the "East Sea," it distracts fruitlessly from a clear focus on how Japan's revisionist identity quest interferes with a shared realist agenda. In 2014 Koreans were right to affirm, as did *Asahi Shimbun*, that discrediting one source on the "comfort women" did not alter the core of the evidence, but there is a dearth of forward-looking thinking to convince Japanese that a solution is in sight.[17]

South Korea and Japan have each alienated those in the other country who are most amenable to finding a forward-looking approach to their problems. Both countries have premised policies in Northeast Asia on wishful thinking with little prospect of success. In doing so,

each boosts public belief that their country is more powerful than it really is and that reliance on each other and on the United States can be less than it really needs to be. They make it seem, especially in 2014, that national identity objectives can be pursued without paying a price in realist foreign policy.

The 50th anniversary reinforces the significance of the 70th for Japan-ROK relations. As an *Asahi Shimbun* editorial noted, historical memory is the main factor stalling Japan's relations with China and South Korea. Given Abe's views, the West is confused about who is challenging the postwar international order: Is it China? Is it Japan? China and South Korea were being driven closer with further potential in the anniversary year as the historical issue flares up again. In 1995, the editorial recalls, a Sino-South Korean summit targeted Japan after some members of Japan's cabinet repeated doubtful declarations about history. While earlier leaders of Japan have repeatedly won international understanding with their apologies and remorse, the burden in 2015 again falls on Japan to pursue a far-reaching dialogue, *Asahi* added.[18] This was not the prevailing view in Tokyo, given the mainstream identity discourse.

Abe's Pursuit of Putin

As Abe has resumed his pursuit of Putin since September 2014, uncertainty long prevailed over what conditions he would require for going forward with a summit in Japan in 2015. Realists looked closely at the situation in Ukraine to make sure that Putin was honoring his commitment in Minsk to stabilize the situation in the Donbas region without contributing to further unrest. They also kept a close eye on the U.S. reaction, advising against an invitation clearly opposed by the Obama administration as a blow to the unity of the G7 in keeping pressure on Putin. There is another condition, which the Japanese media and public were watching with the most care, i.e., whether Putin was showing any sign of compromise on the disputed islands, which for Japanese means not only explaining to the Russian people that his predecessors had agreed to return two, but also that he is looking to a solution for at least one of the other two, larger islands. Should none of those conditions be met and Abe decide on a visit anyway, this would give rise to analysis of his reasoning. In Japan, the visit is supposed to be about a deal on the islands, obscuring other issues.

If Abe is pursuing Putin as well as Kim Jong-un to leave a historical legacy as the one who resolved a pressing national identity concern, which requires in the one case a return of more than two islands and in the other an accounting of the fate of the abductees and the return of any who are alive as well as of spouses trapped in North Korea after accompanying their mates there, then one may suppose that he does not have to pay much of a price in realist terms. Yet, few expect solutions along these lines. If Abe goes forward without the promise of such a legacy, then there is bound to be a search for his motives. Claims that they are realist in nature—that he is splitting Russia from China or reducing the threat from North Korea—are unlikely to be taken seriously. That would lead analysts to look further into Abe's revisionist thinking beyond restoring Japan's honor by reassessing the history of the war era.

Putin's eagerness to visit Japan needs little explanation. In this way, he would drive a wedge between Obama and an ally, buttress fading claims to multipolarity in Asia instead of one-sided dependence on China, and, presumably, revive hopes that Japan is interested in an

energy deal beneficial to his plan to develop the Russian Far East. Yet, geopolitically, he has little to gain from a close ally of the United States now that he has swung his weight behind China and needs that country more. After oil prices crashed and the ruble tanked, economically, Putin also could expect little investment from Japan. In contrast to the major gains anticipated from China in 2004 when a compromise was reached in their final territorial dispute, which two well-censored media made no effort to dissect, Russia can expect little in return for what would be a wrenching decision for the Russian public at a time of heightened territorial nationalism and an arrangement wide open for scrutiny. Why would he make a deal fraught with such negative potential? Rather, he would hope to visit Japan with only vague statements. This harsh reality was largely overlooked in the Japanese media.

If Abe understands Putin's situation and appreciates the reality that talk of personal chemistry between the two is just for show, then what accounts for his pursuit? One possibility is that in 2014 and again in 2015 he was seeking to boost his image as an activist leader and his country's image as a great power for short-term purposes. An impression is left that Russia gains more than it actually does by dealing with Japan or that Japan is doing more than it really is in countering China. In concentrating on what Russia gains from Japan, in contrast to Russian sources stressing only what Japan gains from Russia, false impressions are spread of Abe's importance. At the same time, Japan's ability to pursue a separate agenda from the United States can be useful for Abe's revisionist agenda of differentiating Japan more clearly from its ally. The more personal stature he builds as a foreign policy leader, the more room he has to move on a revisionist agenda against U.S. objections and, ultimately, targeting the United States on history. As in the case of South Korea, revisionism is driving Abe's agenda to Russia and to North Korea in the face of doubts from realist voices.

Japan and Russia are seeking in bilateral diplomacy across Northeast Asia to make themselves appear more powerful and less dependent than they really are, as both face downgrading in status in the face of economic troubles, the rise of China, and the polarization of the region. Each is striving to remain relevant on the Korean Peninsula, having gained and then lost a foothold in the Six-Party Talks. In 2014 Japan used the abductions issue and Russia used North Korean anger at China to activate diplomacy with North Korea, each overstating the likely impact in the face of serious doubts by others. Tokyo and Moscow make it seem as if they have a lot to offer each other, but by the end of 2014 it was clear that they expect little from each other geopolitically or economically. As leaders intensify national identity spikes, the chances of a pragmatic deal that challenges the identity of each are fading. With each leader focusing on WWII in a narrow fashion, their clashing interpretations of that era rise more to the surface. They think the other will deal in part because they have an exaggerated view of their own significance and underestimate the other's national identity intensity, as if it recognizes its weakness and needs an agreement.

As early as January 2012, according to a Japanese article, Russia's response to the confessions of Kim Jong-nam, Kim Jong-il's eldest son, was interpreted as a rebuke to China, which is seen as the protector of Kim Jong-nam, and a play for influence in North Korea to replace China. Citing a 2011 meeting in Pyongyang between Mikhail Fradkov, the chief of Russian foreign intelligence, and Kim Jong-un as well as his father, the article contrasts Russia's marginal role in the Six-Party Talks to its new interest in becoming a

major player. It forgave massive debts from the Soviet period, setting aside $1 billion for investing in linking Russia to South Korea via the North, and offered to assist Japan in restarting talks on abductions with North Korea.[19] This notion that Russia opposes China in North Korea and seeks to work closer with Japan suggests a realist opening for Japan in its struggle versus China, but the article observes that Kim Il-sung's legacy is to reject reform and opening, leaving unclear what Russia actually expects to accomplish by embracing the new heir to the throne.

At the time of Abe's visit to the Sochi Olympics, *Yomiuri Shimbun* foresaw Japanese success in preempting a Sino-Russian joint remembrance in 2015 targeted against Japan.[20] Noting that Western leaders had not attended due to human rights issues, the editorial suggested that historical memories matter more to Japan. While trust between leaders could lead to an agreement on the islands and support for Putin's national priority to develop the Far East and East Siberia, the editorial looked ahead to a summit that would accomplish even more in influencing Russia's worldview. In 2014 officials kept putting more emphasis on a breakthrough with Russia than with South Korea. While realist reasons (forestalling a Sino-Russian alliance) played a role and economic reasons were occasionally cited, revisionist thinking, arguably, was a bigger factor. Park Geun-hye was perceived as a barrier to Japan's revisionist quest, while Vladimir Putin was eyed as a promising target open to finding common cause in a personal relationship with Abe with values overtones—but also viewed as a possible threat who could join with Xi Jinping in demonizing Japanese revisionism. In March and April, as Putin's aggression alienated him from the West and Obama's intervention brought Abe and Park together, realism appeared to be gaining ground in Japan. But in the fall as Abe prepared to meet Putin in Beijing and Park insisted on progress on the "comfort women" issue Abe refused to allow, revisionism prevailed. After all, conservatives regarded this issue as a stain on Japan's honor, considering the entire world (with the United States foremost) as the battlefront for Japan.[21]

The Seoul-Tokyo-Washington political axis is newly clarified of late with negative effects. In Seoul, ties to Japanese progressives are of reduced value as conservatives solidify control and blame progressives and past moderate LDP leaders for sending the wrong messages to Seoul. Failing to reach an understanding with the DPJ when it was in power in 2009-12 has left Seoul with an uncompromising image in Japan of no value in resuming talks.[22] In Tokyo, wariness of Obama and conspicuous attempts to go around him in pursuit of congressional conservatives have a chilling effect on relations. The Yasukuni Shrine visit of Abe set in motion a year of lingering tensions, when even some strategists associated with past Republican administrations were suspect because of their wariness of Japanese revisionism as a barrier to a realist foreign policy. In all three capitals, especially in Washington, foreign policy experts have appealed for keeping the big strategic picture in the forefront to little avail.

On December 26, 2014, *Sankei Shimbun* reviewed policies toward Europe, noting that as U.S. international influence is in relative decline, Japan is striving to narrow the distance with Europe, which shares the same values, but Ukraine has thrown a wrench into Abe's efforts. Abe has sought to make the case that China is not a distant country to Europe, which is easier to grasp when parallels are raised between the situation in Ukraine and that in the East China Sea—both threats to international society. Abe also has sought to counter

campaigns by China and South Korea, timed for the 70th anniversary, against Japan by convincing international opinion that Japan is a peaceful country. Yet, at the same time, in an effort to keep Russia from leaning excessively to China, Abe is insisting on the value of his personal relations with Putin and on Japan's autonomous diplomacy. With vice-ministerial level talks set to resume with Russia in February, the paper cited hopes that the economic crisis in Russia raises the possibility of it drawing closer to Japan and agreeing to a territorial compromise in return for economic assistance. In this confusing situation mixing concerns over history, territory, and security, Japan is intensifying interest in Europe, but *Sankei* makes no mention of wider coordination under U.S. leadership.[23]

South Korean Realism vs. Revisionism

On November 9, 2014, *Sankei Shimbun* juxtaposed Chinese newspaper reports from the previous day that China had won in the showdown with Japan, securing in the four-point agreement on November 7 the two concessions it had sought on the islands and Yasukuni, with a report on the November 7 comments by Evan Medeiros that the United States had played an important role in preparing the environment for the agreement, especially for the plan for a crisis management mechanism to deal with unforeseen events in the East China Sea. It specifically cited U.S. concern about the impact of worsening Sino-Japanese and Japanese-South Korean relations on joint responses to North Korea, while showcasing Medeiros's claim for a large U.S. role.[24]

On January 4, 2015, *Yomiuri Shimbun* clearly made the case that U.S. power and leadership are on the decline, the world is falling into chaos, and the role of Japan and the EU is growing, describing Obama as a "lame duck" whose position has been weakened further by his own hesitancy and the losses in the mid-term elections. Although the United States remains the only superpower, Japan must do more to fill the gap to maintain order in an increasingly unruly world, readers are told, but the editorial concludes by proposing it intensify cooperation with Germany, India, and Brazil to expand the Security Council. This totally unrealistic twist undercuts any semblance of a serious response to the anarchic trends identified as transforming the world.

Conclusion

Japan's conservative media have smelled blood, going on the attack with nary a sign of constraint from the second half of 2014. The initiative is in their hands, backed by their confidence that the prime minister and his cabinet are leading the way and by their perception that the worsening security environment, the distractions facing Obama and his weakness, and the disarray of Japanese progressives provide them with a golden opportunity to pursue a revisionist agenda along with a realist one. To date, attention has centered on Abe's defiant approach to historical symbols, which omits the broader context of diversified diplomacy with revisionist aims in dealing with the entire region of Northeast Asia, reaching to the United States and China. If in the early months of 2015 more caution was evident, notably in *Yomiuri Shimbun*, as Abe faced a troubled reception in Washington, the overall pattern remained.

South Koreans depict Japanese foreign policy as unbalanced, not based on realism in dealing with North Korea, China, and South Korea itself. Japanese portray the recent foreign policy

of South Korea as no less unbalanced, also not founded on realism in dealing with China and, of course, Japan itself.[25] Given the response to Russia in 2014, observers in the West cast doubt on the realist nature of the foreign policies of both states. (South Korea has not imposed sanctions and has been hesitant to criticize Russia despite its alliance). The overall impression is that, however realist Japan and South Korea are in strengthening their alliances with the United States in the face of perceived threats in their region, they are driven by other motives in formulating their policies in the Northeast Asian region, where North Korea stands at the center, Russia looms in the background, and they perceive each other more through a historical prism than a realist calculus. Japanese perceptions of South Korea's dearth of realism in foreign policy serve as justification for Japan's own incorporation of revisionist goals into debates on South Korea, North Korea, and Russia. Security in Northeast Asia and Korean reunification are seen through the lens of identity gaps and aspirations to reconstruct Japan's identity.[26]

Those who have striven to carefully manage Japan and South Korea's relations with each other and the triangle with the United States and Russia have found themselves marginalized in critical decisions over the past few years. Experts on relations with Seoul cannot budge the conservative mainstream from its obsessions, and experts on Moscow have been at a loss to steer policy away from the territorial obsession, which is no less illusionary. While many see the pursuit of North Korea as rather harmless, if improbable, moves to solve the abductees issue, and the cost in coordination with Washington and Seoul needs to be considered. Yet, the failure of the appeals to Moscow and Pyongyang and the compelling realist case for trying harder with Seoul mean that, despite the static from quixotic diplomacy, in the second half of 2015 Abe has a chance with U.S. encouragement, to overcome the revisionist moves of 2014.

Endnotes

1. Gilbert Rozman, "Realism versus Revisionism in Abe's Foreign Policy in 2014," *The Asan Forum*, Vol. 3, No. 1 (Jan.-Feb. 2015).
2. The annual public opinion survey based on October polling was reported in *Sankei Shimbun* on December 21, 2014, p. 3. Most unpopular is North Korea at 88 percent, China is next at 83 percent, Russia trails with 76 percent, only a slight increase of 1.6 percent from the year before in spite of its aggression in Ukraine, and South Korea stands at 66 percent, climbing from 58 percent over the past year. More detail is found in the Naikaku seifu kohoshitsu, *Yoron chosa*, December 2014.
3. For conservatives, 2014 stands as a great turning point when Japan at last counterattacked against slurs on its reputation and self-loathing, seen in the January 3, 2015 *Sankei Shimbun*, p. 8. They see South Korea as in the forefront of the surge in seeing foreign relations through a revisionist lens, blaming it for pro-China and anti-U.S. views that make any realist approach to it fruitless; thus leading to a revisionist one. Others who blame Abe point to an opportunity that was lost in 2012, which Abe had no interest in pursuing. See *Nihon Keizai Shimbun*, January 11, 2015, p. 15.
4. For detailed coverage of Japanese articles reporting on Abe's overtures to Russia and to North Korea, see "Country Report: Japan," bi-monthly in *The Asan Forum*.
5. Gilbert Rozman, "Review Article: Civilizational Polarization and Japan," *The Asan Forum*, Vol. 2, No. 5 (Sept.-Oct. 2014)
6. "Country Report: Japan," *The Asan Forum*, Vol. 3, No. 2 (2015).
7. I explored some national identity perspectives on North Korea in Gilbert Rozman, *Strategic Thinking about the Korean Nuclear Crisis: Four Parties Caught between North Korea and the United States* (New York: Palgrave Macmillan, 2007, rev. ed. 2011).

8. Gilbert Rozman, *The Sino-Russian Challenge to the World Order: National Identities, Bilateral Relations, and East vs. West in the 2010s* (Washington, DC and Stanford, CA: Woodrow Wilson Center Press and Stanford University Press, 2014).
9. As seen in Sakurai Yoshiko's January 29, 2015 article in *Shukan Shincho*, pp. 136-37, the right wing in Japan is turning its anger against the United States, insisting that it is completely siding with China and South Korea on the "comfort women" issue, the Yasukuni Shrine, and other historical matters.
10. *Yomiuri Shimbun*, November 18, 2014, p. 7.
11. *Asahi Shimbun*, November 15, 2014, p. 9.
12. Shimojo Masao, "Nihonkai kosho mondai de Kankoku o damaraseru," *Seiron*, April 2012, pp. 119-28.
13. *Sankei Shimbun*, September 1, 2014, p. 1.
14. *Sankei Shimbun*, August 30, 2014, p. 3.
15. *Sankei Shimbun*, September 3, 2014, p. 3.
16. *Sankei Shimbun*, August 31, 2014, p. 3.
17. *Asahi Shimbun*, August 28, 2014, p. 3.
18. *Asahi Shimbun*, December 9, 2014, p. 14.
19. Gomi Yoji and Sato Masaru, "Kim Jong-nam no 'kokuhakuhon' kara yomitoku Kitachosen no yugata," *Seiron*, April 2012, pp. 92-103.
20. *Yomiuri Shimbun*, February 11, 2014, p. 3.
21. *Sankei Shimbun*, September 28, 2014, p. 3.
22. *Yomiuri Shimbun*, August 7, 2014, p. 7.
23. *Sankei Shimbun*, December 26, 2014, p. 5.
24. *Sankei Shimbun*, November 9, 2014, p. 2.
25. These views are reported extensively in "Country Report: South Korea and Country Report: Japan," *The Asan Forum*, from its first issue in the summer of 2013.
26. Gilbert Rozman, ed., *East Asian National Identities: Common Roots and Chinese Exceptionalism* (Washington, DC and Stanford, CA: Woodrow Wilson Center Press and Stanford University Press, 2012); Gilbert Rozman, ed., *National Identities and Bilateral Relations: Widening Gaps in East Asia and Chinese Demonization of the United States* (Washington, DC and Stanford, CA: Woodrow Wilson Center Press and Stanford University Press, 2013).

DEVELOPMENTAL ASSISTANCE BY SOUTH KOREA AND JAPAN

Introduction

The states of Southeast Asia are on the front lines of competition not only in regard to the balance of military and political power, as analyzed in Section I, but also with respect to their economic orientation. China understands this well with its initiatives to join in FTAs as well as the Regional Comprehensive Economic Partnership (RCEP), to build infrastructure, and to forge a maritime belt. Its economic clout is being utilized to reorient the region around China through trade, transportation, financial institutions, and reliance on development assistance. Japan has responded with greater emphasis on Southeast Asia, as it and the United States strive to complete an agreement for TPP with a number of the states in this region. How Japan uses official development assistance (ODA) is of increasing interest after Abe intensified diplomacy in the area and the competition with China has grown fiercer. In recent years South Korea also has strengthened development assistance to Southeast Asia. It too depends heavily on transport through the South China Sea, joins in ASEAN + 3 as a partner with the ten members of ASEAN, and has a large stake in the competition over this region. It seeks to become a model in the international community. Whether in sharing knowledge, providing assistance focused less on one's own interests and more on the interests of the recipients, or seeking wide-ranging benefits for ASEAN, development assistance warrants increased attention in current conditions.

The three chapters of Section III analyze development assistance and related economic ties to Southeast Asia from Japan and South Korea. The chapter by Kwak Sungil systematically examines South Korea's ODA and economic outreach. The one by Lim Wonhyuk concentrates on South Korea's knowledge sharing programs. They range from an assessment of best practices to close scrutiny of the specifics of assistance programs to an overview of overall objectives and how they are being pursued. Finally, the chapter by Kikuchi Tsutomu looks more broadly at Japan's ODA in the context of its "rebalancing" to Southeast Asia. All three chapters center on Southeast Asian states as objects of evolving policies, at a time Northeast and Southeast Asia are increasingly connected and the competition to help shape the orientation in Southeast Asian states is intensifying. Seoul and especially Tokyo strive not only to help states to grow their economies and reduce poverty, but to boost their own economies and foster a liberal, regional economic order. Tokyo's assistance is on a much larger scale, has proceeded over a far longer time, and reflects a more far-reaching debate about security and regional transformation.

As a rare example of a country that moved from poor recipient of ODA to what some consider to be a model donor of ODA, South Korea warrants close scrutiny. Only in 2000 was it dropped from the DAC (Development Assistance Committee) list of ODA recipients, and only as recently as November 2009 was it able to join the OECD's DAC as an international donor member. In 2012, Korea's ODA exceeded $1.5 billion for the first time. The ODA to Gross National Income (GNI) ratio stood at 0.14 percent. In 2013, the figure had climbed to $1.75 billion, a 9.9 percent increase over 2012. Korea still has to increase its assistance, given the fact that the average for DAC members is 0.30 percent of GNI. Its government has a plan to narrow the gap and meet this responsibility to international society. In the meantime, Korea has been reviewing its entire ODA system and recognizes the need for an integrated strategy, a coordinating system, and a strong results-based management system. Findings from the review and discussions about improving the system are reflected in our coverage.

Kwak reviews the history of Korean ODA, listing priority partner countries while noting some limitations on its implementation. He analyzes its ODA system, presenting a chart of bureaucratic arrangements. Then he differentiates types of assistance, using a table to present figures from 2007-13. Kwak also breaks down the ODA by region, country, sector, and income group. He points to many limitations on the implementation of ODA by Korean agencies, while identifying specific characteristics and challenges in ODA for Southeast Asia and proposing steps that could produce better results. He expresses concern that the average size of a project is larger than for nearly all countries and this may suggest showing off. In covering Southeast Asia, he compares Korea's ODA with that of other donors, listing country-by-country figures. Kwak also points to Korea's ODA per country over time with details for type of aid and type of finance. One problem flagged by Kwak is fragmentation. Another is the self-serving nature of ODA, examined through comparison of foreign direct investment (FDI) and ODA figures as well as bilateral trade volumes. Concern has been raised about the high level of aid for trade in Korean assistance. Readers can get a clear sense of issues on the minds of Koreans involved in providing such assistance.

Lim describes the Knowledge Sharing Program as a policy-oriented initiative, in which South Korea shares its development experience and knowledge to support the institutional and capacity building of partner countries. He looks at the origin in 2004 and the evolution of the program since then and assesses its accomplishments and challenges. Lim writes that South Korea can use its leadership role among developing countries and its successful experience of industrialization and democratization in guiding the international development agenda by carrying out development cooperation projects that support the sustainable development of partner countries based on institution and capacity building. In 2008, systematic reform of the program was made with a focus on mutual and collaborative knowledge sharing. The regional focus was Asia, especially Southeast Asia. Among the ten ASEAN members, the six low or lower middle income countries were among the most active participants. Vietnam, in particular, was involved for every year except in 2005. Southeast Asian countries have a great deal of interest in learning about how South Korea managed to escape from "the middle-income trap" and how they could formulate a development strategy in their own context, Lim concludes. His chapter analyzes how South Korea strives to disseminate that learning in the region. It complements the Kwak paper while also emphasizing efforts to make South Korea's development assistance more effective, especially by better responding to the expressed needs of the recipient countries. Given the more limited resources Seoul provides to these countries, this unique initiative both meets a need and demonstrates its determination to earn recognition as a responsible power in the global community.

Themes covered in these chapters include the history of ODA from South Korea and Japan, the linkages of ODA to trade and FDI, the breakdown of types of ODA, and the objectives of these states in providing ODA. Yet, other themes are not far from the surface. Given the early 2015 new Japanese approach to ODA to allow support that has security implications, one may wonder if ODA can be used for joint production of arms and other direct military objectives. The answer is that it can now be used for disaster relief, law enforcement capacity building, search and recovery, humanitarian assistance, and other soft security purposes that may involve coast guard vessels and training officers. Japan's ODA is

being "securitized" in ways that Korea's is not. Another timely query, as the Chinese-led Asian Infrastructure Investment Bank (AIIB) was attracting South Korea and many other countries to join, is how might this infrastructure bank affect ODA. Korean ODA has been independent of Japan's ODA and would remain separate from the Chinese project too, although Korean capital would become part of the AIIB. TPP could have an impact, e.g. in assistance to Vietnam, as both Japan and South Korea see it as more important, if one assumes that TPP will be launched and Korea will soon join it. Already Vietnam is a prime target of both countries' ODA. The juxtaposition of coverage of ODA in Japan and South Korea should draw attention to the value of directly comparing their programs.

Korea’s Knowledge Sharing Program (KSP)

Lim Wonhyuk

Korea's Knowledge Sharing Program (KSP), launched in 2004, is a policy-oriented development cooperation program in which Korea shares its development experience and knowledge to support the institutional and capacity building of partner countries through a series of collaborative research works, policy consultations, and technical assistance, on policy issues identified by the partner countries. KSP seeks to go beyond one-time, one-sided knowledge transfer and deliver development effectiveness through cross-country peer learning and within-country coalition building. It represents a key element of Korea's knowledge-intensive development cooperation program.

This chapter looks at the origin and evolution of Korea's KSP and assesses its accomplishments and challenges. Section 1 looks at the background of KSP, within the broad context of Korea's development cooperation program and changing international development landscape. Section 2 highlights the key design features of KSP. Section 3 looks at the governance and implementation of KSP. Section 4 assesses the accomplishments and challenges of KSP. Section 5 adds conclusions.

Background

Korea's development cooperation effort took off when the Korea Development Institute (KDI) launched the International Development Exchange Program (IDEP) in 1982. Subsequently, the Economic Development Cooperation Fund (EDCF) and the Korea International Cooperation Agency (KOICA) were established in 1987 and 1991 to manage the provision of concessional loans and grants, respectively, under the supervision of the Ministry of Strategy and Finance and the Ministry of Foreign Affairs.[1] However, Korea's piecemeal and spray-gun approach to aid and development lacked direction and coordination. Korea's development cooperation program also did not adequately consider the socioeconomic conditions and needs of partner countries. In light of such shortcomings, the government searched for better ways to meet their policy priorities, taking into account Korea's comparative advantage. The goal was to reap synergies among development cooperation programs carried out by various institutions and to enhance Korea's role as a responsible member of the international community. In response to these challenges, the Ministry of Strategy and Finance (then known as the Ministry of Finance and Economy) launched the KSP in 2004, with KDI playing a critical role.[2]

By sharing Korea's experience and knowledge in industrialization and democratization with partner countries and by supporting their development efforts, KSP is expected to contribute to international development and enhance Korea's prosperity and security. Practical policy consultations based on Korea's successful transformation from an impoverished colony to an industrialized and democratic nation have credibility among developing partner countries. This is especially true in comparison with advice offered by advanced industrial nations, which may not reflect the development issues of today, and private consulting companies, which may lack policy experience based on tangible outcomes.[3]

In 2007, Korea set an ambitious goal of raising its ODA from 0.07 percent of gross national income (GNI) to 0.25 percent by 2015. However, the amount of ODA in absolute terms is still far from being in line with those of advanced economies with a much longer history of development assistance. To maximize development impact, Korea should focus on

integrating knowledge-intensive development cooperation programs such as KSP with other existing programs to strengthen its comparative advantage. Policy consultations through KSP should be coordinated with infrastructure projects supported by EDCF and human resource development projects supported by KOICA to maximize development effectiveness.[4]

Internationally, knowledge-intensive development cooperation projects have been in the spotlight since the Cold War ended and globalization accelerated in the early 1990s. As factors of production such as capital and labor are able to move more freely, the role of knowledge has grown in development. The weakening of political ideologies since the end of the Cold War has also facilitated discussions on what really works for development. Developing countries seek to find partners that can share experiences and knowledge on how to achieve sustainable development through collaborative exchanges. The proverbial story of teaching people how to fish instead of giving them fish has often been used as a parable for better and effective development cooperation. However, teaching people how to fish gives a misleading view of what is required for effective knowledge generation and exchange. What is required instead is working together to find effective ways to catch fish in a local context. Co-creating knowledge that is tailored to suit the local conditions of a partner country can have much greater acceptance and impact than one-way knowledge transfer or a one-size-fits-all approach to development.

When carrying out knowledge-intensive development programs, one must note that knowledge is evolving and is flowing in many directions, and not one way from the North to the South through knowledge transfers. The Brazilian Agricultural Research Corporation (Empresa Brasileira de Pesquisa Agropecuária, Embrapa) has been engaged with Ghana and Mozambique in sharing knowledge on developing agricultural technology for dry climates, which was developed from Brazil's own experiences, in cooperation with Japan.[5] China is also actively involved in sharing its rural development experience with African countries such as Tanzania. The two most notable examples of knowledge flows from the South to the North are micro finance[6] and conditional cash transfer (CCT) programs.[7]

Academically, there have been active efforts in search of a new paradigm in development economics based on actual knowledge acquired from experience.[8] The poor growth records of countries that adopted neoliberal policies, combined with the global financial crisis of 2008, have dealt a severe blow to the credibility of the Washington consensus (focused on stabilization, privatization, and liberalization).[9] Also, because the United Nations' Millennium Development Goals (MDGs) put much emphasis on human development such as education and health while tending to overlook the importance of infrastructure, trade, and industrialization, new thinking in development has been driving a shift toward a new paradigm that focuses on the virtuous cycle between human development and economic growth.[10]

There is a growing consensus on the need to look beyond the development perspectives of donors adopted by the OECD Development Assistance Committee (DAC) member countries, as the G20, whose members include many emerging countries, gains prominence in the international arena.[11] In particular, China, India, and Brazil emphasize sharing development knowledge and cooperation between South-South countries. This is expected to increase demand for policy consultation projects. Indeed, when Korea held the presidency of the G20 Summit in 2010, it put the agenda of "growth-centered development" on the table, naming knowledge sharing as one of the nine pillars of the Seoul Development Consensus.[12]

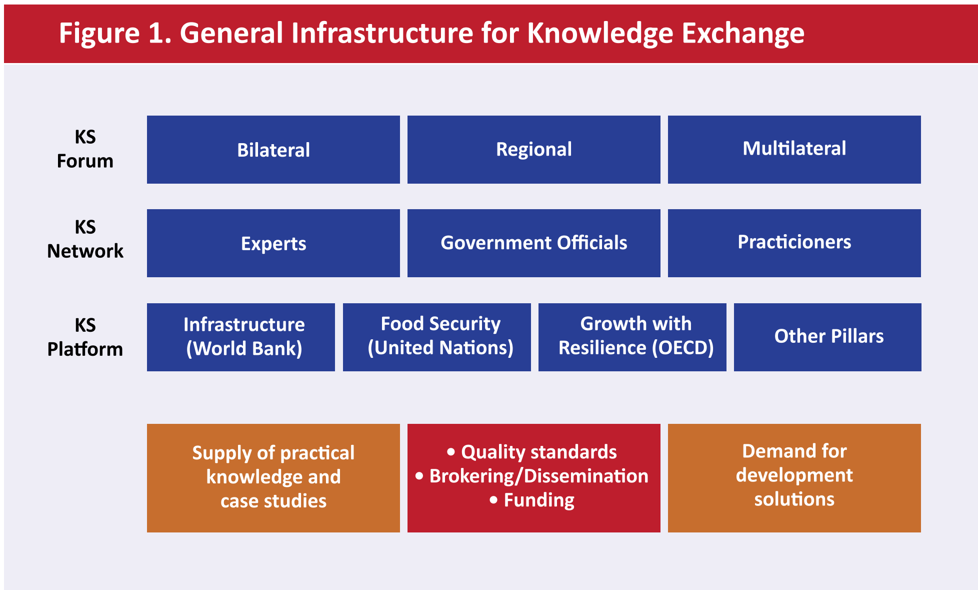
These developments at home and abroad serve as the background of KSP, in which Korea shares its development experience and knowledge to support the institutional and capacity building of partners. KSP is comprised of three parts: 1) the systemization and modularization of Korea's development experiences into case studies; 2) policy consultation through knowledge sharing with partner countries; and 3) joint consulting with multilateral development banks for developing countries. The first part looks at Korea's major policy experiences, such as the Five-Year Economic Development Plan and *Saemaul Undong* (New Village Movement). The policy experiences are analyzed in terms of their background, policy formulation, implementation mechanism, and outcome. Systemized case studies are further modularized by sector and topic; so they can be utilized as benchmarks by policymakers and experts in partner countries in establishing specific institutions, organizations, or projects. For example, Korea's "Export Promotion Policy" has been prepared as a systemized case study, and "Establishment of the Export-Import Bank" has been modularized to document Korea's export promotion experience. The modularization of Korea's development experience traces back to a policy's inception, recapitulating the rationale for its introduction, its main content, and the way it was implemented. The case studies also evaluate a policy's outcome and seek to draw lessons and insights from a global comparative perspective. These include literature reviews, surveys, and in-depth interviews with the policy practitioners and experts who played a key role in its implementation.[13]

With a demand-driven approach in mind, the Policy Consultation Program initiated in 2004 matches policymakers and experts on a given topic in Korea with their counterparts in partner countries in a series of collaborative research studies, consultations, and technical assistance and training, held alternatively in Korea and in the partner country. In principle, for low- and lower middle-income partner countries, Korea bears all the direct costs associated with the activities as part of its development cooperation efforts. For upper middle-income and high-income countries, Korea shares all direct costs with the partner countries.[14]

The third and final component of KSP includes joint consulting with multilateral development banks such as the World Bank, the Asia Development Bank, and the Africa Development Bank. Through partnership with multilateral development banks, Korea can benefit from comparative perspectives and enhance the global impact of its development cooperation efforts.[15]

Design Features of KSP

Most of the knowledge-intensive development cooperation projects of the international agencies can be categorized into three groups: technical assistance/cooperation, study tours, and policy dialogue. In the case of technical assistance, experts are sent to a partner country and conduct pilot studies in the field, after which recommendations are drawn to complete the project. A set of policy recommendations is then submitted to the partner country. However, this mode of delivering policy recommendations has drawbacks, in that it is limited in fostering ownership within the partner country as well as in building capacity to convert these theory-based recommendations into actionable policies. During study tours, policy practitioners and experts of developing countries are given tours of industrial sites and relevant institutions, which may help give participants a different perspective. But unless the participants take specific actions to change, study tours have little chance of contributing to



institution building. Bilateral and multilateral dialogue allow policymakers to have in-depth discussions and to build networks, but the actual outcome of these exchanges is still left as mid- and long-term tasks.[16] All of these methods suffer from the one-sided and/or one-time nature of interaction.

What would then be an effective way to promote knowledge exchange for development? Imagine a two-tiered structure for knowledge exchange consisting of "Wikipedia" and "Facebook," where: 1) Wikipedia represents the general infrastructure to share knowledge, and 2) Facebook provides customized consultation for knowledge exchange between participants.

(1) General infrastructure for knowledge exchange requires:

Knowledge exchange platform: This is a search-and-match platform that provides practical information on development solutions and case studies. A system operator should manage this platform and work with governments and international organizations to enrich its content and functionality. The operator should take stock of existing platforms that facilitate the exchange of development experience and knowledge and create a "map" with a view toward integrating them. The knowledge exchange platform could be organized by sector with international organisations playing a supportive role, e.g., the World Bank on infrastructure, the UN on food security, and the OECD on growth with resilience. A common quality standard should be applied to make the knowledge exchange platform(s) readily accessible.

Knowledge exchange network: This is a network of government officials, experts, and practitioners with an intimate knowledge of development challenges. They should work with their counterparts in partner countries to discover jointly what works in the local context. This could complement a "Gray Peace Corps," proposed by Jagdish Bhagwati, which would hire large numbers of doctors, engineers, and scientists from aging industrial nations to deal with skill shortages in developing countries.[17]

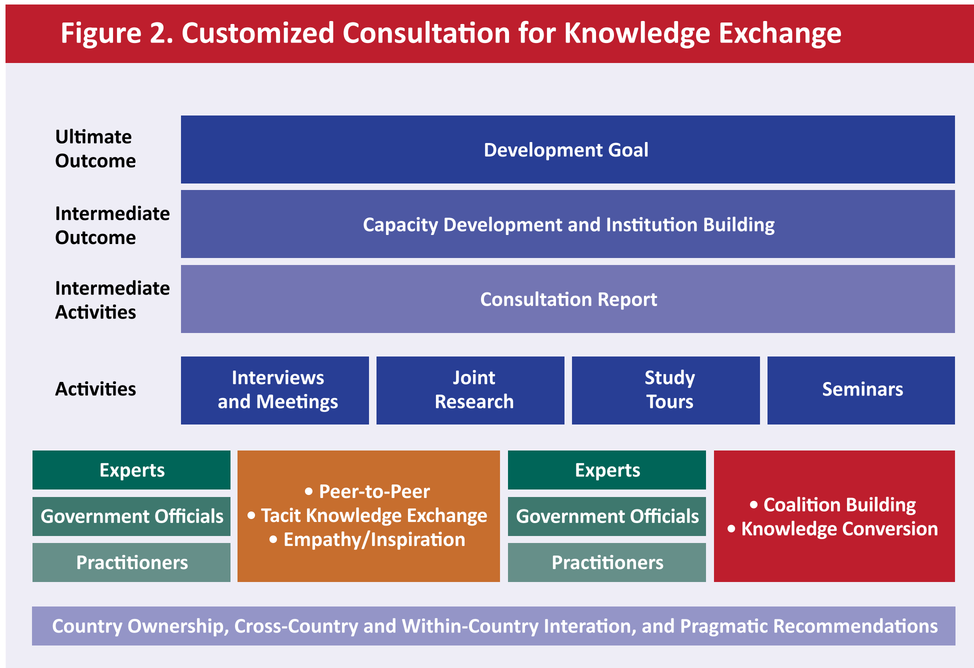


Figure 2. Customized Consultation for Knowledge Exchange

Knowledge exchange forum: This is a regularly held policy dialogue to share knowledge on policy challenges. Figure 1 illustrates the general infrastructure of knowledge exchange.

(2) Customized consultation for knowledge exchange:

This aims to contribute to capacity development and institution building by addressing specific policy challenges. Activities include interviews and meetings, joint research and dialogue, study tours, and seminars, with a view toward building cross-country and within-country partnerships. The emphasis here is on horizontal or peer-to-peer interaction as it not only facilitates tacit knowledge exchange but also creates empathy and inspiration. This helps to build cross-country partnerships. For effective implementation, coalition building among government officials, experts, and practitioners is also important. This is the vertical or within-country reform partnership aspect. Figure 2 depicts customized consultation for knowledge exchange.

To optimize the search-and-match mechanism between demand and supply and to maximize development effectiveness through knowledge sharing, a two-stage process could be envisioned in which a centralized platform would provide practical information on development case studies in the first stage and development partners would get together to craft tailor-made cooperation programs in the second stage. To deal with resource constraints, international support should be provided so that low- and middle-income countries can share their experience and knowledge with their peers, for instance, through triangular cooperation managed by multilateral development banks.

For this interactive knowledge sharing platform to work, it is imperative that "customers" be able to select from a broad menu of options offered by "providers" to pinpoint the specific

expertise they need. This platform may be built by aggregating existing development platforms operated by international organizations, national governments, and think tanks, but, to be effective, it should be based on close interaction between "customers" and "providers." For instance, a developing country interested in obtaining practical advice on operating a free economic zone (FEZ) should be able to compare and contrast various case studies on FEZs offered by other countries. Once this customer country finds the best match for its needs, it should be able to contact the provider country and work together to craft a tailor-made cooperation program, with support from international organizations if necessary. For instance, a country like Ghana may feel that it has a great deal to learn from Malaysia, an ethnically diverse, medium-sized country that has successfully diversified and upgraded its economic structure,[18] and may so may want contact Malaysia for practical advice on FEZs through bilateral or trilateral cooperation.

In the case of KSP, under its objective of institution building and capacity building, experts and policy practitioners of partner countries are matched with their respective Korean experts. This close collaboration allows for active dialogue and research conducted both in Korea and its partner countries, where the final policy recommendations are co-authored. Therefore, the chance of the recommendations being implemented in policymaking is higher, especially when this is supported with financial assistance via the EDCF loans or KOICA grants to assist in implementing recommended development strategies. Study tours and on-site visits are planned under KSP, taking into consideration the needs of partner countries when determining the area and sector to be visited. This helps to build mid- and long-term working relationships between the participants of partner countries and of the organizations that they visit to produce practical outcomes in institution building. For example, site tours would be conducted at the Small and Medium Business Corporation and the SME Clusters if this were a KSP policy topic. Moreover, other teams of experts would go to the Korea Energy Management Corporation (KEMCO) if the topic were the "improvement of energy efficiency." Likewise, a team of policymakers would visit the Korea Institute of Science and Technology (KIST) and the Daeduk Innopolis, a cluster of technology-oriented R&D centers and venture companies, to demonstrate the importance of institution and capacity building. These kinds of activities are relatively manageable under KSP because the participants are current policy practitioners and experts from Korea and its partner countries, ensuring that knowledge learned in the process can be applied in practice.

KSP has five main features. First, it is a policy-based development cooperation program that applies Korea's own experience in offering practical alternatives to partner countries. To this end, former high-level policymakers and experts, as well as current practitioners from the public and private sector, participate in the KSP.[19] Second, it is a demand-driven program in which the development concerns and needs of high-level policymakers and current policy practitioners of partner countries are taken into consideration. Third, it is a capacity building program, aimed at enhancing the policymaking and implementing capabilities of the participants through sectoral research, consultation, and training. Fourth, it is a comprehensive program that seeks to help a partner country achieve its development goals. Instead of merely offering a blueprint for development or directional policy advice, it tries to assist in developing and implementing result-driven policies. Lastly, it is a flexible program in which projects can be developed into multi-year cooperation programs, if needed.

In the case of the Dominican Republic, a 2008 KSP project focused on "export promotion" and "export capacity building," followed by projects on "Improving the Export Infrastructure and Electric Power System." Relations were strengthened through development efforts. For the first time in Central and South America, the Korean Export-Import Bank assisted in helping to formulate a country's national development strategy. This provided a solid basis for further cooperation. The Korea Electric Power Corporation (KEPCO), in cooperation with its counterpart in the Dominican Republic (Corporación Dominicana de Empresas Eléctricas Estatales, CDEEE), became involved in a electric power distribution project. In 2010, collaborative research was carried out on credit assessment and risk management to assist the establishment of an export-import bank in the future.[20]

As seen in the case of the Dominican Republic, KSP can offer policy alternatives and it can also complement EDCF loans or other technical assistance projects carried out by KOICA to further assist developing countries to achieve tangible development outcomes. However, efforts to complement other loan-based projects should be approached with care; trust should be forged with the government of partner countries before discussing concessional or commercial loans projects. Failure to do so may undermine the effectiveness of KSP in providing policy consultations.

Governance and Implementation

KSP activities are carried out by the Ministry of Strategy and Finance (MOSF), Korea Development Institute (KDI), and other organizations including various private and public organizations and academia. MOSF acts as the supervisory ministry and commissions policy-oriented cooperative projects to KDI each year. Development partner countries are selected by the MOSF based on its own international economic cooperation policies and the potential of partner countries for economic cooperation. For policy consultation projects under KSP, the KDI Center for International Development (CID) mainly carries out the program in cooperation with the MOSF. KDI formulates the plans and detailed guidelines on research topics, consultations, and training activities. KDI carries out a large number of KSP projects, and also invites other organizations to participate through an open bidding process. If an external organization is contracted, then KDI appoints a Program Manager (PM) and a Program Officer (PO) from KDI to manage the project. The Program Manager plays a pivotal role in coordinating and setting research topics and in recruiting a team of experts for policy consultation. A Program Officer acts as a liaison and facilitates communications between Korean organizations and their counterparts of the partner country, ensuring the project runs smoothly.

In addition to the PM and PO, each country's policy consultation team is comprised of a Principal Investigator (PI), a senior-level policymaker (or senior advisor) and other experts. Depending on the number of policy topics, the team is assigned four to six Korean experts and paired with an equal number of consultants from the partner country to form a one-on-one collaborative partnership. In addition to conducting their own research, the PI is expected to provide leadership in supervising and coordinating the work of the team members by deliberating on policy research topics with the policy coordinator from the partner country. The PI also presents the final policy recommendations of KSP research to

government officials and to the public of the partner country. Candidates for the position of PI must have extensive professional knowledge, policy experience, and international-oriented perspectives. In selecting PIs, KDI and other cooperating agencies involved in KSP must take into consideration the candidate's expertise, integrity, and international experience.

Policy experts from each team (by sector) are responsible for conducting pilot studies, drafting policy recommendations, carrying out consultation activities, and participating in various seminars and workshops as discussants and presenters. The basic requirement is to have at least five years of relevant experience. High-level policymakers are recruited as senior advisors to KSP programs to enhance the validity of policy recommendations and to strengthen relationships with high-level policymakers of partner countries. A senior advisor must have served in one of the following capacities: high-level policymaker, ambassador, head of an organization, or director of an international organization. Candidates for the role of Senior Advisor recommended by one of the KSP organizations are reviewed by MOSF, which finalizes the appointment after consultation with the implementing agency.

Local consultants of a partner country are asked to provide materials and relevant information on a given topic and can co-author the final recommendations with their Korean counterparts. Their involvement and that of policy practitioners are essential to sharing knowledge and making it more than a one-way transfer of knowledge. Their participation and identification of research issues allow for gaining contextual knowledge about partner countries. For instance, in the KSP for Turkey on building "Models for National technology and Innovation Capacity Development," local Turkish consultants were actively involved in researching and writing the final report. Organizations that implement KSP work together with the EXIM Bank of Korea and KOICA to conduct a preliminary country study and to secure support for their activities with the help of local representative offices in the partner country. Country experts from international organizations such as the World Bank and IMF become involved in policy consultations. International and KSP experts exchange views on a partner country. KSP also looks for ways to maximize the effectiveness of local activities through collaboration with diplomatic offices and field offices of KOICA and to coordinate assistance efforts by eliminating duplicative work.

KSP begins by identifying potential development partner countries one year before the fiscal year starts. KSP Index and qualitative variables are used by KDI to determine the suitability of potential partner countries, and then a written, pre-demand identification survey is conducted. The KDI Index quantitatively assesses five variables of a country including education level (primary and secondary admission rates), population, natural resources (weight given in the world's natural resources export ranking), political environment, and GDP growth to determine the growth potential of a candidate partner country. A qualitative assessment of it is also conducted to assess the willingness of the country to participate in KSP and the strategic importance of it to Korea. Also the results of high-level diplomatic efforts such as summit meetings are taken into consideration. They can provide the most effective means for assessing the policy agenda of top decision-makers and the level of willingness or interest of a potential partner country to participate in KSP.

After a pool of potential development partner countries is considered, dialogue is initiated through diplomatic channels. In most cases, surveys are sent via the Korean embassy

Table 1. Distribution of KSP Bilateral Policy Consultations by Topic

Policy Areas	Number of Specific Topics	Percent
Industrialization and Investment	88	14.5
Science, Technology, and Innovation	86	14.2
Macroeconomic Policy and Development Strategy	83	13.7
Financial Policy	63	10.4
International Trade	58	9.6
Sustainable Growth and Land Development	56	9.2
Public Finance and SOE Management	54	8.9
Human Resource Development	46	7.6
Entrepreneurship (including SMEs)	33	5.4
Agriculture and Fishery	25	4.1
Others	14	2.3
Total	**606**	**100.0**

to an agency/organization in a potential partner country responsible for development cooperation, which would then be sent to relevant government ministries and agencies. They are consolidated to prepare a collective response based on the policy priorities of the country. After the demand survey forms are returned to KDI through diplomatic channels, development partner countries for KSP are selected on the basis of content and strategic importance to Korea.

Once a country has been selected as a development partner country, determining its policy needs and researching them for policy consultation is required because it may have too many needs to be considered or the issues may not be suitable for policy consultation purposes. In addition to helping to determine policy topics, country studies are conducted to gather background information. Reviewed in the process are the Country Assistance Strategy (CAS) reports or Country Partnership Strategy (CPS) reports prepared by Multilateral Development Banks (MDBs), country reports prepared by international organizations such as the IMF and United Nations Development Programme (UNDP), and economic white papers issued by the governments of partner countries.

Country-by-country KSP policy consultations begin once the preparatory work has been completed, including the development partner country selection assessment, the demand identification survey, and the final selection process and finalization of policy topics (identification of workable topics, and country studies). KSP bilateral consultation projects proceed in six stages: two visits by a group of experts/policy practitioners of a partner country to Korea, three visits to the partner country at two-month intervals, and one dissemination seminar and program evaluation in Korea.

Table 2. Distribution of KSP Bilateral Policy Consultations by Region

	Asia	CIS and Europe	Middle East	Africa	Latin America	Total
2004	1	1	0	0	0	2
2005	1	0	1	0	0	2
2006	3	0	0	1	0	4
2007	1	2	1	1	0	5
2008	1	2	2	2	1	8
2009	3	3	2	2	1	11
2010	5	3	3	2	2	15
2011	8	2	2	7	7	26
2012	10	3	5	7	8	33
2013	19	5	4	7	10	35

Accomplishments and Challenges

It is not easy to evaluate the outcomes of knowledge exchange projects such as KSP. First, one must evaluate if the research, policy consultation, and training programs were appropriately carried out and the final report issued. Second, one must look at whether policy recommendations made in the final report are linked with intermediate outcomes related to institution and capacity building. Lastly, one must evaluate if the goals in the final report were achieved, For example, if a KSP on export promotion recommends the establishment of a system for public-private cooperation such as monthly export promotion policy meetings and an export-import bank, one must determine first if these recommendations have been implemented and then if their implementation led to an increase in exports. Setting the counterfactual scenario and controlling all other variables to evaluate the effectiveness of a knowledge-sharing project is nearly impossible. Thus, in general, output and intermediate outcomes are evaluated instead. If tangible outputs such as policy recommendation reports or intermediate outcomes of building infrastructure and capacity are used in evaluation, then KSP has had many achievements since its 2004 launch. As Table 1 shows, from 2004 through 2013, KSP bilateral consultations were carried out in 46 partner countries over a wide range of policy areas, from industrial and investment policy to human resource development.

As Table 2 shows, the KSP, regional focus was Asia, especially Southeast Asia. Among the ten ASEAN members, the six low- or lower middle-income countries (Cambodia, Indonesia, Laos, Myanmar, Philippines, and Vietnam) were among the most active participants in KSP projects. Vietnam, in particular, was involved in KSP for every year except in 2005. Southeast Asian countries have a great deal of interest in learning about how Korea managed to escape from "the middle-income trap" and how they could formulate a development strategy in their own context.

In the case of Vietnam, the knowledge sharing program covered macroeconomic stabilization, the industrial structure, the trade system, and the reform of public enterprises. In 2009

Vietnam was selected as Korea's first strategy development partner country (SDPC), by which comprehensive policy consultations on topics related to Vietnam's ninth 5-Year Economic Plan were planned. Korea pledged multi-year support in establishing a planning system for credit guarantee and export finance and for building a system for macro-forecasting and early-warning measures.

For Indonesia, consultations covered topics related to finance, public expenditure, and energy. In 2005 and 2006, it covered the development of a bond market. Since 2009, knowledge sharing has been carried out in the areas of financial supervision and capital market development, modernization of budget planning, and water resource management. KSP stresses the importance of sound infrastructure, a strong credit evaluation system, and establishment of auditing and accounting standards to achieve sustainable financial development. Mid- and long-term policy training of prudential regulators has been carried out.

In the case of Cambodia, policy consultations covered such topics as investment finance, industry and trade promotion, microfinance, and securities. The final recommendations of the 2009 KSP on microfinance and public-private partnership (PPP) were enthusiastically received by the Cambodian government. The 2010 KSP consultations on upgrading the industrial structure were in line with its national industrialization policy. In addition, policy training on establishing industrial standards based on the outcome of the previous KSP recommendations has been planned.

Countries outside Southeast Asia have also benefited from KSP projects. In the case of Uzbekistan, policy consultations covered industrial and innovation policies. The 2004 KSP focused on development of the manufacturing sector and export promotion;—building a special economic zone was recommended. Also, the 2007 propriety report explored possible candidate sites for special economic zones. When the Uzbekistan government decided to build a Free Industrial Economic Zone (FIEZ) in the Navoy region, KSP consultations on the establishment and management of the FIEZ were carried out. A delegation headed by the Uzbekistan vice minister of External Economy visited Korea's free industrial economic zones, had consultations related to the Masan Export Free region, and secured support from the Korean private sector through KSP.

As mentioned, knowledge sharing on export promotion with the Dominican Republic was initiated in 2008. It adopted a system for public-private collaboration based on Korea's monthly export promotion meetings, and other projects have been carried out, such as building infrastructure for exports by the EDCF and improving power cable distribution by the Korea Electric Power Corporation. There is an ongoing project on policy support and training on establishing an Export-Import Bank. For Azerbaijan, several policy topics were assessed and discussed on developing a WTO accession strategy in terms of a negotiating plan and sectoral follow-up response measures. For Ukraine, KSP covered the topic of formulating a mid- and long-term economic development strategy in 2008 when Ukraine was hit by the global financial crisis. KSP has also been sharing Korea's experience in overcoming the financial crisis of 1997-98, when it enhanced its adaptability and flexibility to reflect the current international financial environment in real time.

KSP worked with Algeria on establishing a credit card payment system, which received high praise from the Ministry of Finance and Bank of Algeria. The 2007 Kuwait KSP, which focused on the establishment of Kuwait's 5-Year Economic Plan and Implementation, was

well received by the Kuwaiti government. Lastly, the 2010 consultations with the Mongolian government on the theme of public-private partnerships included a preliminary feasibility test on the deposit insurance system, which played a major role in building a statutory and institutional framework.

Conclusion

A great deal has been learned by trial and error since KSP was launched in 2004. The biggest obstacle in the early days was overcoming the tendency to transfer Korea's experience in a haphazard, uni-directional way rather than sharing knowledge that can be adapted to meet a partner country's policy needs. Other early problems were the recruitment and management of a team of experts including high-level officials, the cooperation of local counterparts and experts from partner countries, and the coordination with other development cooperation projects being carried out by Korea. To avoid indiscriminately transferring Korea's experience, the project of systemizing and modularizing its development experience is being implemented. In 2008, systematic reform of KSP was made with a focus on mutual and collaborative knowledge sharing. High-level policymakers able to genuinely contribute to the policy consultations were recruited under KSP. Their roles were clearly defined to cooperate with the other experts on the team. Changes have allowed more policy practitioners and experts to participate during training sessions and ensured that the policy topics covered in the research, consultation, and training were better aligned with their needs. KSP has also sought to improve coordination with other development cooperation projects carried out by the EDCF and KOICA. In 2011, a joint research program with an international organization was launched to enhance the effectiveness of policy consultations and to benefit from different international perspectives. As KSP continually improved, it has gained international attention for achieving tangible outcomes in supporting the building of infrastructure and capacity of partner countries.

With the end of the Cold War and the acceleration of globalization, knowledge-intensive development cooperation projects such as KSP have been attracting the spotlight. Against this background, Korea has been carrying out KSP and strengthening its cooperative relationships with the international community through joint research works, consultations, and international conferences. It has actively led discussions on the formulation of a development agenda for shared growth as host of the 2010 G20 Summit. Knowledge sharing has been established as one of the nine pillars of the G20 Seoul Development Consensus.

The G20 level knowledge sharing agenda has focused on the issues of meeting knowledge supply-demand, implementation, quality, and funding, which have been discussed with international organizations such as the UNDP, OECD, TT-SSC (Task Team on South-South Cooperation), World Bank, and members of the G20. The rationale is that developing countries may face difficulties in their search for knowledge on a country's development experience unless the knowledge is systematically delivered. Even if such knowledge is found, a developing country finds it difficult to secure the financial resources for policy consultations. Financial support is essential to gaining high-quality knowledge, and for systematically organizing a country's development experience. Systemized policy case studies must then be shared with countries that need the expertise through knowledge platforms, human networks, and policy forums while ensuring the implementation of such a knowledge sharing mechanism. Different countries, including Korea, China, Indonesia, and

Mexico, can draw on their own development experience of establishing special economic zones through a knowledge sharing platform. A developing country seeking to build special economic zones can go through the different experiences and case studies and form a partnership with the country that seems to have the most relevant policy experience.

Policy projects have been researched and documented in case studies through the systemization and modularization of Korea's development experience. They are transmitted by current and previous policy practitioners and experts, and draw on diverse experience through various policy forums with international organizations. This gives KSP a unique advantage in contributing to the G20 knowledge sharing agenda.[21] Its collaborative approach to research activities is gaining international attention as a means to overcome the limitations of a single knowledge sharing cooperation project. Korea can use its leadership role among developing countries and its successful experience of industrialization and democratization in guiding the international development agenda by carrying out development cooperation projects that support the sustainable development of partner countries based on institution and capacity building. Continuous effort must be made in guiding the international development agenda in this direction for the effective formulation of a successor to the Millennium Development Goals for the years beyond 2015.

Endnotes

1. In international development cooperation, Korea has been playing the role of recipient as well as donor for 30 years. With support from USAID, Korea initiated its first development cooperation project, a 1963 training program for developing countries, in 1963. Two years later the government continued this effort, and in 1967 it started dispatching technical experts overseas. However, only after the 1980s did Korea establish dedicated institutions for facilitating knowledge sharing and ODA, such as concessional loans and grants.
2. For an overview of KSP with case studies on its impact in the Dominican Republic and Mongolia, see the KSP home page at http://ksp.kdi.re.kr/ as well as KDI's Center for International Development (CID) home page at http://cid.kdi.re.kr/cid_eng/main/main.jsp. See also Lim Wonhyuk, et al., *Using Knowledge Exchange for Capacity Development: What Works in Global Practice?* (Washington, DC: World Bank, 2011), http://cid.kdi.re.kr/cid_eng/public/report_view.jsp?pageNo=1&pub_no=12146. Also see Ministry of Strategy and Finance, Korea Development Institute, and Korea Exim Bank, *A Ten-Year History of KSP* (2015).
3. Il SaKong and Youngsun Koh, eds, *The Korean Economy: Six Decades of Growth and Development* (Seoul: KDI, 2010), at: http://www.kdi.re.kr/kdi_eng/database/report_read05.jsp?1=1&pub_no=11571; Lim, Wonhyuk, Yoon Jung Kim, Jang Saeng Kim, and Minah Kang, "Knowledge Sharing Platform and Network for the G20," in Lim Wonhyuk, et al., *Using Knowledge Exchange for Capacity Development* (Seoul: KDI, 2010), at: http://cid.kdi.re.kr/cid_eng/public/report_view.jsp?pageNo=1&pub_no=11608.
4. Of course, KSP, EDCF, KOICA are not the only players in the field of policy consultation, infrastructure building, and human resource development, respectively. Considering Korea's comparative advantage in development cooperation, a country partnership strategy (CPS) that simultaneously links policy consultation, infrastructure building, and human resource development can be expected to produce the maximum result.
5. Embrapa shares its knowledge of transforming the Cerrado region into farmland with Africa. Africa possesses 600 million hectares of uncultivated but potentially utilizable land, which accounts for 60 percentage of the world's uncultivated arable land. Michael Morris, Hans P. Binswanger-Mkhize, and Derek R. Byerlee, *Awakening Africa's Sleeping Giant* (Washington, DC: World Bank, 2009).
6. Bill Clinton mentioned the Grameen Bank's micro finance case as a practical way to improve finance targeting the poor in the United States. Muhammad Yunus, founder of the Grameen Bank, received the Nobel Peace Prize for his role in poverty reduction through micro finance. Muhammad Yunus, *Banker to the Poor: Micro-Lending and the Battle Against World Poverty* (New York: Public Affairs, 2003).

7. New York City's "Opportunity New York City Family Rewards Program" benchmarked the conditional cash transfer (CCT) programs of Central America. Ariel Fiszbein, Norbert Rüdiger Schady, and Francisco H. G. Ferreira. *Conditional Cash Transfers: Reducing Present and Future Poverty* (Washington, DC: World Bank, 2009).
8. The first generation development paradigm argued for a government-led, import-substitution industrialization. The second generation supported market-led liberalization. David L. Lindauer and Lant Pritchett. "What's the Big Idea? The Third Generation of Policies for Economic Growth," *Economia* (Fall 2002), pp.1-28, have argued for a third development paradigm based on actual development experience.
9. Disappointing performance records of Central America, Africa, and East Europe can be contrasted with the East Asian countries of Korea, Singapore, Taiwan, Hong Kong, and China, which utilized public-private interactions based on a market economy foundation to pursue export-oriented industrialization and human resources development, and thereby achievinge rapid shared growth. Dani Rodrik, "Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's *Economic Growth in the 1990s: Learning from a Decade of Reform," Journal of Economic Literature*, Vol. 44 (December 2006), pp. 973-987; and World Bank, *The East Asian Miracle: Economic Growth and Public Policy* (New York: Oxford University Press, 1993).
10. The Millennium Development Goals are to: eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability, and develop a global partnership for development. For more information on the virtuous cycle of economic growth and human development, Gustav Ranis, Frances Stewart, and Alejandro Ramirez,. "Economic Growth and Human Development," *World Development*, 2000, vol. 28 (2), pp.197-219.
11. Differences between the aid-centered development discourse of the G8 and the growth-centered development agenda are discussed in detail by Homi Kharas, "Bringing Development into the G20: Overarching Themes," in Colin I. Bradford and Wonhyuk Lim, eds., *Toward the Consolidation of the G20: From Crisis Committee* to Global Steering Committee (Seoul: KDI and Brookings, 2010), pp. 214-25. In the early 1990s, 93 percent of the world's poor resided in the low-income countries, partially providing a rationale for an aid-centered development approach. However, as latecomers such as China and India have emerged as middle-income countries, by 2007-08, 72 percent of the world's poor reside in the middle-income countries, which prefer an approached centered on knowledge sharing, trade, and investment. Andy Sumner, "Global Poverty and the New Bottom Billion: What if Three-Quarters of the World's Poor Live in Middle-Income Countries?" (Brighton, UK: Institute of Development Studies, 2010).
12. These pillars are infrastructure, human resource development, trade, private investment and job creation, growth with resilience, domestic resources mobilization, food security, financial inclusion, and knowledge sharing. Alan L. Winters, Wonhyuk Lim, Lucia Hanmer, and Sidney Augustin, "Economic Growth in Low Income Countries: How the G20 Can Help to Raise and Sustain It," (Seoul: KDI, 2010), http://cid.kdi.re.kr/cid_eng/public/report_view.jsp?pageNo=1&pub_no=11569.
13. The program to systemize Korea's development experience was initiated in 2007 and finished rather prematurely in 2009. The program to modularize Korea's development experience began in 2010. For the Systemization Program, the initial plan, drafted in 2008, sought to "systemize" Korea's 50 major policy experiences over the next five years. However, due to budget constraints among other things, only five case studies were completed in 2009. The Systemization Program was then replaced by the Modularization Program geared towards specific institutions, organizations, and projects in 2010. Under the new Modularization Program, a plan has been set out to complete 100 micro case studies within three years of its launch. These case studies are available at: https://www.kdevelopedia.org/.
14. In this sense, the KSP Policy Consultation Program may not be categorized as an ODA project. The OECD defines flows of official financing administered by donor government agencies of all levels to developing countries and to multilateral institutions as ODA if they meet the following three criteria: 1) objective—: the promotion of the economic development and welfare of developing countries, 2) condition—: concessional in character with a grant element of at least 0.25 percent, 3) recipients:— developing countries listed on the DAC List of ODA Recipients and multilateral institutions whose main beneficiaries are developing countries listed on the DAC List of ODA Recipients. The grant element is defined as the difference between the face value of the loan and the present value of debt service to be made by the borrower (at a fixed discount rate of 10 percent), expressed as a percentage of the face value of the loan. This ODA definition is about to be changed to better capture the grant element.

15. Joint consulting with multilateral development banks was launched in 2011. Korea should take caution in conducting such joint activities, because the international organizations' approaches to development problems may be different and there may be disagreements on who gets how much credit (or blame) for the result.
16. For international organizations (e.g., the OECD,) whose members are united by certain goals, peer review or mutual assessment among the members can be used as a catalyst for institutional reform.
17. Abhijit Vinayak Banerjee, *Making Aid Work* (Cambridge, MA: The MIT Press, 2007), p. 96.
18. Clemens Breisinger, Xinshen Diao, James Thurlow, Bingxin Yu, and Shashidhara Kolavalli,. "Accelerating Growth and Structural Transformation: Ghana's Options for Reaching Middle-Income Country Status," IFPRI Discussion Paper 00750 (Washington, DC: International Food Policy Research Institute, 2008).
19. Japan has also been actively engaged in knowledge sharing, and introduced the Japanese model of quality and productivity improvement, *kaizen*, to Ethiopia and other African countries. See, for example, GRIPS Development Forum, ed. *Introducing KAIZEN in Africa*. Tokyo: GRIPS, 2009. Japan has tended to emphasize practitioner-level technical cooperation. By contrast, Korea has tried to promote high-level interaction as well as practioner-level peer learning to maximize the effectiveness of its policy-oriented development cooperation efforts. Typically, a former Minister or Vice Minister travels with a KSP delegation as a senior advisor, and participates in high-level talks with a Minister-level official of a partner country to learn about the country's high-priority concerns and to communicate the main findings of the KSP report.
20. Lim, Wonhyuk,. "Joint Discovery and Upgrading of Comparative Advantage: Lessons from Korea's Development Experience," in Fardoust Shahrokh, Yongbeom Kim, and Claudia Sepulveda, eds., *Postcrisis Growth and Development: A Development Agenda for the G-20* (Washington, DC: The World Bank, 2011), pp. 173-226, at: http://siteresources.worldbank.org/DEC/Resources/PCGD_173-238.pdf.
21. Bradford, Colin I., and Wonhyuk Lim, eds., *Toward the Consolidation of the G20: From Crisis Committee to Global Steering Committee* (Seoul: KDI and Brookings, 2010), at: http://cid.kdi.re.kr/cid_eng/public/report_view.jsp?pageNo=1&pub_no=11568.

South Korea's Development Assistance and Economic Outreach Toward Southeast Asia

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Recently South Korea has robustly increased its Official Development Assistance (ODA) budget despite the global financial crisis of 2009. It has risen approximately nine times from $0.21 billion in 2000 to $1.76 billion in 2013. Korea receives a great deal of attention from practitioners and scholars as a model; it was a very poor recipient country in the 1950s and 1960s and managed to become a rare case of successful economic development among newly independent countries receiving ODA.

Explaining whether the purpose of aid centers on the donor's interests or the recipient's needs may reflect the quality of aid. A few studies have explored the determinants of Korea's ODA, concluding that Korea is motivated by its own economic needs (thus Korea's giving behavior is in the donor's best interest[1] not the recipients' needs). There has been a misunderstanding of Korean ODA, which focuses on constructing infrastructure with tied aid. To dispel this misunderstanding, I explore the direct relationship between Korean foreign direct investment (FDI) and ODA as well as between bilateral trade volumes and ODA to Southeast Asia. Since Southeast Asia is where many Korean firms and economic activities are located and where a great share of ODA is sent, it provides a good test of the motivations behind ODA. Moreover, considering that the Korean government increases the share of aid for trade, it may be hard to say that Korean ODA only pursues economic interests because international trade can stimulate the economic growth of developing countries.

I first present a brief history of Korea's ODA and ODA policy and then provide an overview of current Korean ODA. This is followed by a summary of the features of Korean ODA for Southeast Asia. In the next section, I analyze the relationship between Korean ODA for Southeast Asia and economic activities of Korea. Finally, I offer some concluding remarks and discuss policy implications.

History of Korea's ODA and ODA Policy

The Korean War devastated Korea, leaving it one of the poorest countries in the world. For a time, the only source of capital was ODA. In the 1950s the main targets of assistance were humanitarian relief and military support. In the 1960s a large influx of foreign investment led to economic growth even as ODA continued. As a result, the economic structure of Korea was dramatically transformed. The type of ODA to Korea was expanded from grants for reconstruction to concessional loans, thus promoting industrial development. In the 1970s and 1980s, readjustment program loans or sector-wide loans contributed to reforming the overall industrial structure. As the Korean economy was becoming more robust, ODA sources became more diversified.

Korea became a donor in the 1960s. One step in that direction occurred in 1963, when Korea hosted a U.S.-funded training program for public officials from developing countries. In 1977, Korea provided $2 million in equipment from its own budget for the first time. In 1987, it launched the Economic Development Cooperation Fund (EDCF), offering concessional loans for developing countries. In 1991, Korea began to provide grants through the establishment of the Korea International Cooperation Agency (KOICA). In 2000, it was dropped from the DAC (Development Assistance Committee) list of ODA recipients. Indeed, it was able to join the Organisation for Economic Co-operation and Development's (OECD) DAC as an international donor member in November 2009.

Joining the DAC was a turning point in Korea's ODA system. It enacted the Framework Act on International Development Cooperation and devised the Strategic Plan for International Development Cooperation[2] and the mid-term ODA policy for 2011-2015. Through these actions, Korea reviewed its entire ODA system and recognized the need for an integrated strategy, and a coordinated, results-based management system. Recognizing the problem of fragmentation in the ODA system, it sought to conduct ODA in a harmonized manner among multiple agents and in recognition of various types of ODA. To do so, the government established the Committee for International Development Cooperation (CIDC) under the prime minister's office. The government also prepared Country Partnership Strategies (CPS) for selected priority partner countries. CPS provides unitary guidance for all ODA executing ministries and agencies and serves as a basic guideline for delivering aid to priority countries, for which two or three core sectors are identified to "select and focus" principles to enhance aid effectiveness.[3] Korea had two unpublished lists of priority countries selected by KOICA and EDCF. Before joining the DAC, the lists were integrated into a single list of 26 countries, as shown in Table 1. Five countries in Southeast Asia are on this priority list. Grants and concessional loans are concentrated in these countries.

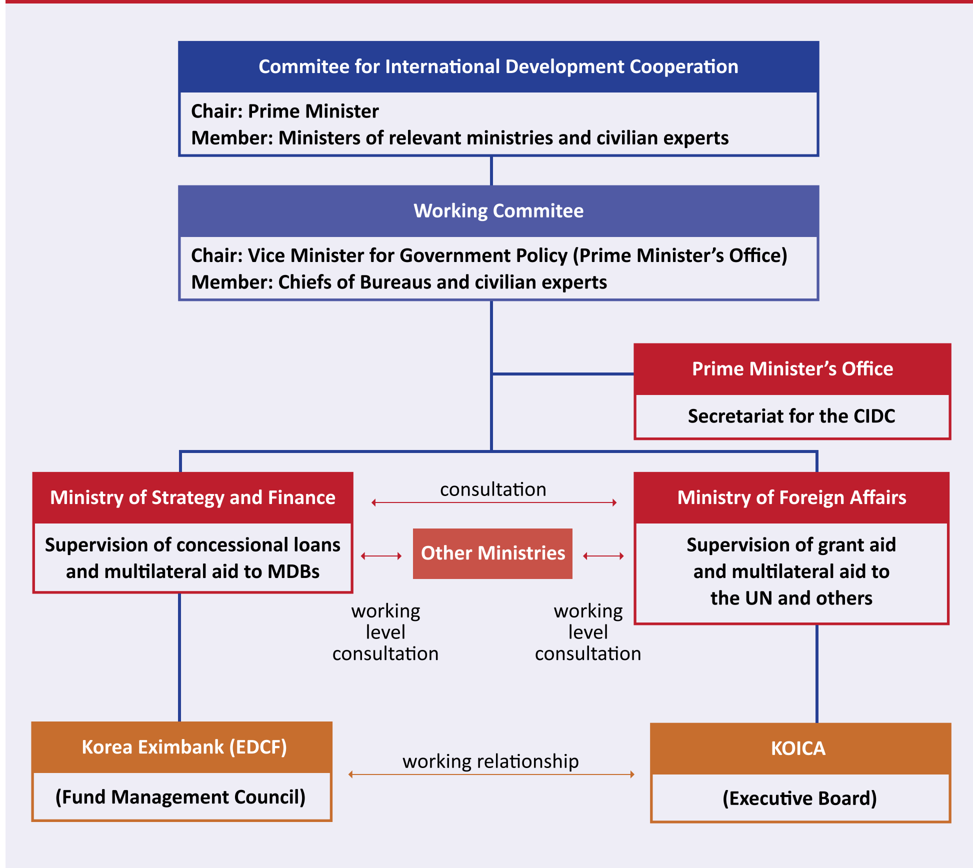
The efforts above have surely improved the ODA system of Korea. However, there still exist many limitations on the implementation of ODA by the agencies. This chapter identifies specific characteristics and challenges in ODA for Southeast Asia and proposes steps that could produce better results.

Table 1. Korea's List of Priority Partner Countries

Asia and Commonwealth of Independent States	Africa	Latin America
• Azerbaijan • Bangladesh • Cambodia • Indonesia • Laos • Mongolia • Nepal • Pakistan • Philippines • Solomon Islands • Sri Lanka • Timor Leste • Uzbekistan • Vietnam	• Cameroon • Democratic Republic of Congo • Ethiopia • Ghana • Mozambique • Nigeria • Rwanda • Uganda	• Bolivia • Colombia • Paraguay • Peru

Source: Park et al. (2013), p. 28.[4]

Figure 1. Korea's ODA System



Source: ODA Korea, http://www.odakorea.go.kr [accessed January 2014].

Korea's ODA System

Korea's ODA institutional framework consists of a coordinating body, supervising ministries, and executing ministries and agencies, as shown in Figure 1. There are still unsolved questions within its internal structure, e.g., the widely-recognized problem of fragmentation. To cope with this weakness, the MOSF (Ministry of Strategy and Finance) and MOFA (Ministry of Foreign Affairs) co-chair the Inter-Agency EDCF Committee and the Inter-Agency Grants Committee. In order to build a regional network and strengthen the linkage between concessional loans and grants, the KOICA-EDCF Senior Officers' Meeting is held regularly.

The CIDC, as a coordinating body, deliberates and decides overall ODA policies for greater policy coherence and systematic delivery of aid programs. MOSF and MOFA, which supervise concessional loans and grants, respectively, draft the mid-term ODA policy and the annual implementation plan, which are ultimately approved by the CIDC. KOICA and the Korea Eximbank implement grant aid and concessional loans respectively, and other ministries also play a role in the delivery of Korea's ODA, especially for grant aid and technical cooperation.

Table 2. Overview of Korea's Current ODA Provision (Unit: $ million, %)

	2007	2008	2009	2010	2011	2012	2013	Growth rate	Share
ODA	696 (53%)	802 (15%)	816 (2%)	1174 (44%)	1325 (13%)	1597 (21%)	1755 (10%)	14.3%	100.0%
ODA/GNI (%)	0.07	0.09	0.1	0.12	0.12	0.14	0.13	-	-
Bilateral Cooperation	491 (31%)	539 (10%)	581 (8%)	901 (55%)	990 (10%)	1183 (19%)	1310 (11%)	13.3%	74.6%
Grants	358 (38%)	369 (3%)	367 (-1%)	574 (56%)	575 (0%)	715 (24%)	809 (13%)	12.1%	(61.8%)
Concessional Loans	132 (13%)	171 (30%)	214 (25%)	327 (53%)	415 (27%)	468 (13%)	501 (7%)	15.3%	(38.2%)
Multilateral Cooperation	206 (161%)	263 (28%)	235 (-11%)	273 (16%)	335 (23%)	414 (24%)	446 (8%)	17.8%	25.4%

Note: 1. Current amounts of disbursement.
2. Increasing rate year-on-year is presented in ( ).
3. Growth rate represents compound average growth rate from 2010 to 2013 after joining DAC.
4. The last column represents the share to total ODA.

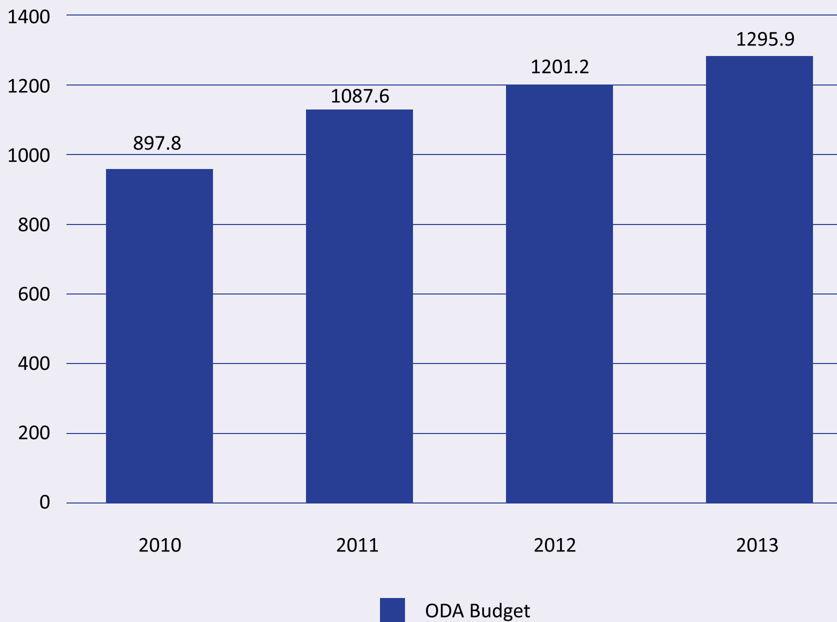
Source: OECD QWIDS, http://stats.oecd.org/qwids/popularqueries.html

Overview of Korean ODA

Korea, as an emerging donor, has continuously increased the total amount of ODA in order to contribute to the growth of developing countries. The amount has grown from $0.11 billion in 1991 to $1.75 billion in 2013 (Table 2). In particular, ODA soared in 2005 to $0.75 billion, 0.1 percent of the GNI. This sudden increase is attributed to support for the recovery of postwar Afghanistan and Iraq. In 2006, ODA (disbursement) decreased by 39.5 percent to $0.45 billion. In 2007, however, the amount grew by 52.8 percent to $0.69 billion, which is 0.07 percent of the gross national income (GNI). This increase is attributed to an increase in multilateral ODA through investment in the regional development bank. ODA grew by 15.2 percent in 2008. In 2009 it grew slightly by 1.7 percent to reach approximately $0.816 billion. The increase was due to the exchange rate applied,[5] while the decrease had mainly resulted from the reduction of investment in the Inter-American Development Bank (IDB). Korea's ODA in 2010 was $1.17 billion, which is attributed to an increase in disbursement of bilateral concessional loans since 2006. In 2011, both bilateral concessional loans and multilateral ODA support of the regional development bank and multilateral organizations were the main contributors to the increase. In 2012 Korea's ODA exceeded $1.5 billion for the first time. The ODA to GNI ratio now stood at 0.14 percent.

In 2013, the figure had climbed to $1.75 billion, a 9.9 percent increase over 2012. Bilateral and multilateral aid both rose. After these continuous increases, Korea ranked as the 16th largest donor among the 27 members of the OECD DAC, followed by Belgium. The ODA to GNI ratio (0.13 percent) had slightly declined, however, as the GNI increased by 15.9 percent year-on-year due to a reform of the national account. Korea still has to increase its assistance, given the fact that the average aid ratio for DAC members is 0.30 percent of GNI. The

Figure 2. Bilateral ODA Budget (Unit: $ million)



Source: Korea Congressional Budget Office.
Note: Mutilateral ODA budget is excluded.

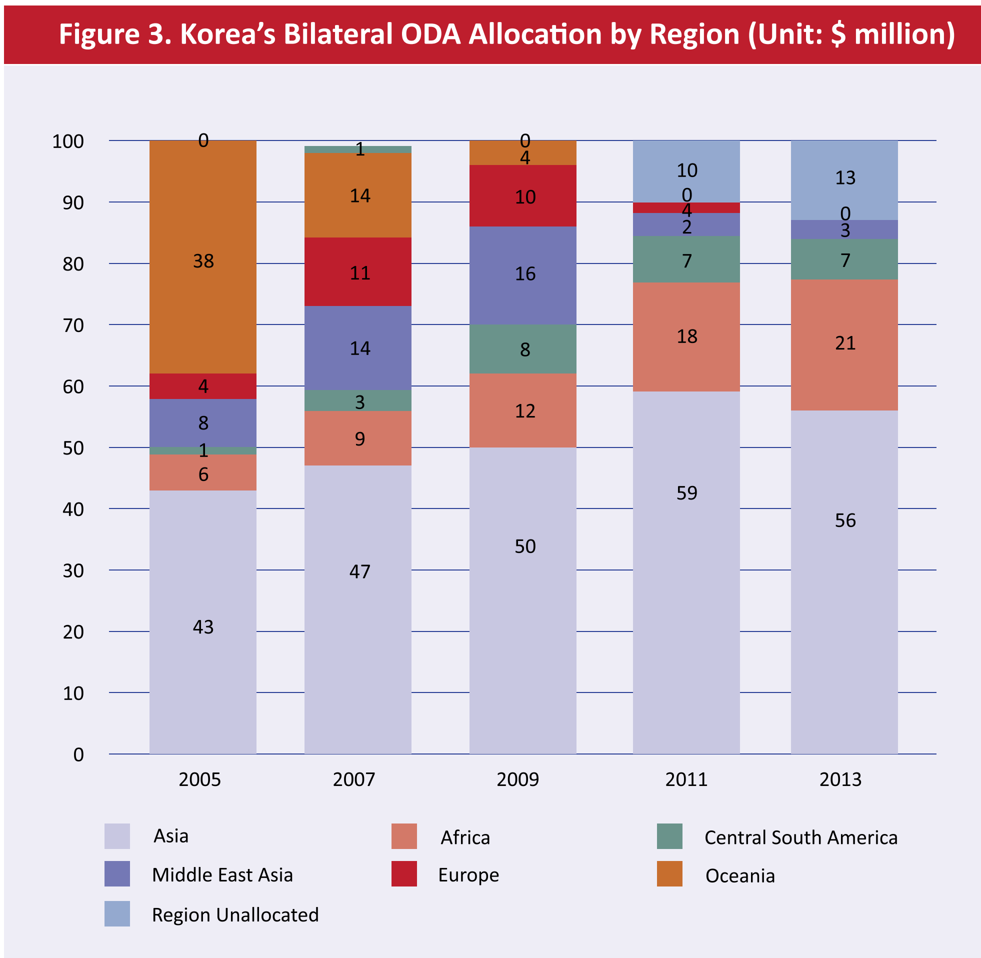
Table 3. Bilateral ODA Budget (Unit: $ million)

	2012	2013
MOSF	594.9	643.4
MOFA	488.6	517.3
MEST	36.7	47.5
RDA	11.0	12.6
MFAFF	11.5	13.6
MHW	9.7	11.5
MOE	6.6	9.2
Etc.	42.1	40.9
Total	**1,201.2**	**1,295.9**

Source: Collaboration of listed Ministries.

Note: Ministry of Education, Science and Technology (MEST); Rural Development Administration (RDA); Ministry for Food, Agriculture, Forestry and Fisheries (MFAFF), Ministry of Health and Welfare (MHW), Ministry of Environment (MOE)

Figure 3. Korea's Bilateral ODA Allocation by Region (Unit: $ million)

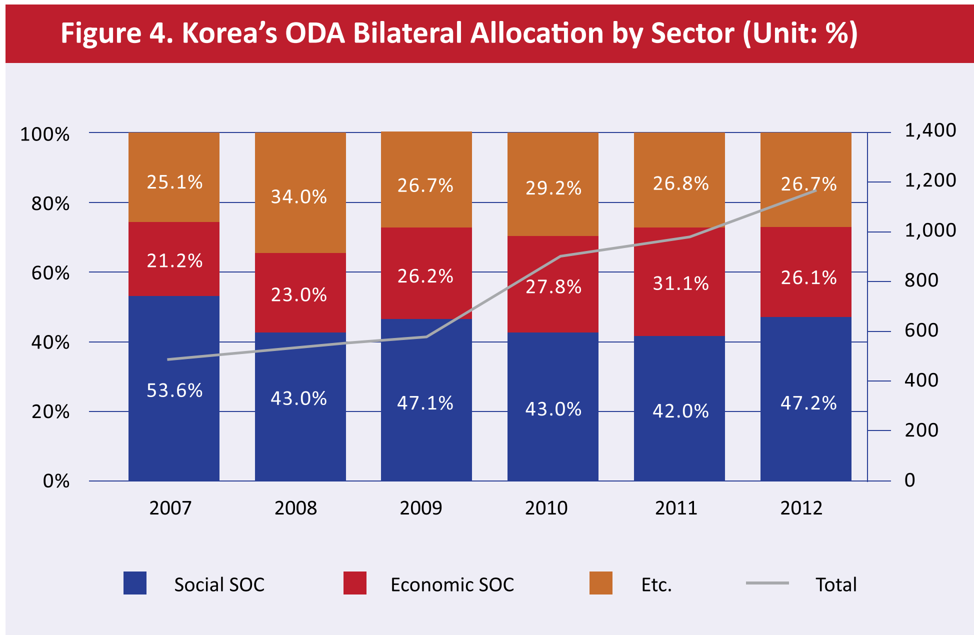


Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

government has a plan to narrow the gap and meet this responsibility to international society,[6] as seen in the mid-term ODA policy for 2011-2015.[7] In addition, the Korean government has kept the ratio between bilateral and multilateral ODA (7:3) and between grants and concessional loans (6:4) as "Strategies for Advancement of International Development Cooperation" proposed in 2010. It is time to think about whether maintaining this ratio is good for improving the effectiveness of ODA because the donor shopping phenomenon is pervasive across recipient countries. As the amount of disbursement increases, the size of the budget for ODA also increases. After joining the OECD DAC in 2010, the size of the budget increased from $0.89 billion to $1.29 billion (grants $0.68 billion/concession loans $0.61 billion) in 2013. Most of the budget has been concentrated in MOSF/EDCF (40 percent) and MOFA/KOICA (48 percent). Only five ministries had over $9 million of ODA in 2013.

Figure 3 and Table 4 show the geographic distribution of Korea's bilateral ODA and top five recipients. The largest share of aid goes to Asia, and increases over time. Korea's economic relationships are closest with recipients in Asia, where there are 14 priority partner countries, especially in ASEAN with its growing demand for infrastructure. In addition, the Korean government believes that its development experience is relevant for Asian recipient countries.

Figure 4. Korea's ODA Bilateral Allocation by Sector (Unit: %)



Source: KoreaExim Bank ODA Stat (net disbursement)

Table 4. Top 5 Recipients of Korean Bilateral Aid (Unit: $ million)

Rank	2011			2013		
	Loans	**Grants**	**Total**	**Loans**	**Grants**	**Total**
1	Vietnam (109.4)	Mongolia (32.6)	Vietnam (139.5)	Vietnam (206.5)	Afghanistan (122.4)	Vietnam (242.5)
2	Bangladesh (70.8)	Vietnam (30.1)	Bangladesh (80.0)	Mozambique (53.5)	Vietnam (35.9)	Afghanistan (122.4)
3	Cambodia (39.1)	Afghanistan (28.0)	Cambodia (62.2)	Tanzania (46.2)	Philippines (33.2)	Cambodia (63.8)
4	Sri Lanka (31.9)	Philippines (25.8)	Sri Lanka (43.4)	Sri Lanka (36.5)	Cambodia (32.6)	Mozambique (57.1)
5	Jordan (26.9)	Cambodia (23.1)	Philippines (35.7)	Pakistan (32.1)	Mongolia (30.4)	Tanzania (56.9)

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

The second largest group of recipient countries is located in Africa. Aid is still concentrated in the Asia-Pacific region, but support for Africa reached more than 6 percent of total aid in 2005 and 21 percent of total aid in 2013. Korea continues to diversify the regional allocation of aid. This change can be observed in Table 4. In 2011, the top five recipient countries were in Asia, but Mozambique and Tanzania made this list in 2013. Considering grant provision alone, Asian countries are still the only ones on this list.

Table 5. Korea's Loan to Grant Ratio (Unit: %)

(Loan/ grant)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	45.6	45.2	36.9	46.3	58.3	57.0	72.2	65.5	61.9
Asia	97.0	47.6	55.4	55.9	78.0	76.1	107.1	87.4	77.9
Africa	0.0	0.0	0.0	0.0	0.0	37.6	47.1	90.5	102.2
Central South America	-25.0	1450.0	750.0	225.0	370.0	16.4	32.7	26.2	42.6
Middle East Asia	116.7	84.6	34.6	41.9	37.7	21.4	192.9	100.0	48.1
Europe	33.3	56.3	48.6	94.3	75.0	550.0	185.7	220.0	100.0
Oceania	14.9	10.8	1.4	36.4	0.0	0.0	-20.0	-25.0	-25.0

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Concessional loans, as noted in Table 5, have continually garnered an increasing share of total aid, from 45 percent in 2005 to 61.9 percent in 2013. For Asia, the percentages at first glance do not seem to demonstrate an inverse-U shape. Until 2011, the figure increased, but it has declined recently due to a growth in aid shopping by recipient countries in Southeast Asia since they prefer grants to concessional loans. For Africa, the share of concessional loans is much greater than that of grants because large infrastructure projects are being delivered to that continent.

The Korean government allocates more than 70 percent of its aid to social and economic infrastructure and services (Figure 4). The share of economic infrastructure and the services sector noticeably increased after it joined OECD DAC in 2009, while the share of social infrastructure and the services sector decreased until 2011. In 2012 the trends were reversed.

Aid for transportation and storage had the largest share of allocations (17.8 percent) in 2012. Education was second. Table 6 shows that aid for social infrastructure was $0.56 billion, while $0.31 billion was provided for economic infrastructure. Multisector and production sector aid reached 9.8 percent and 8.1 percent, respectively, of total aid. Over 3 percent of total aid went to support the rebuilding of Iraq before falling back to around 1 percent.

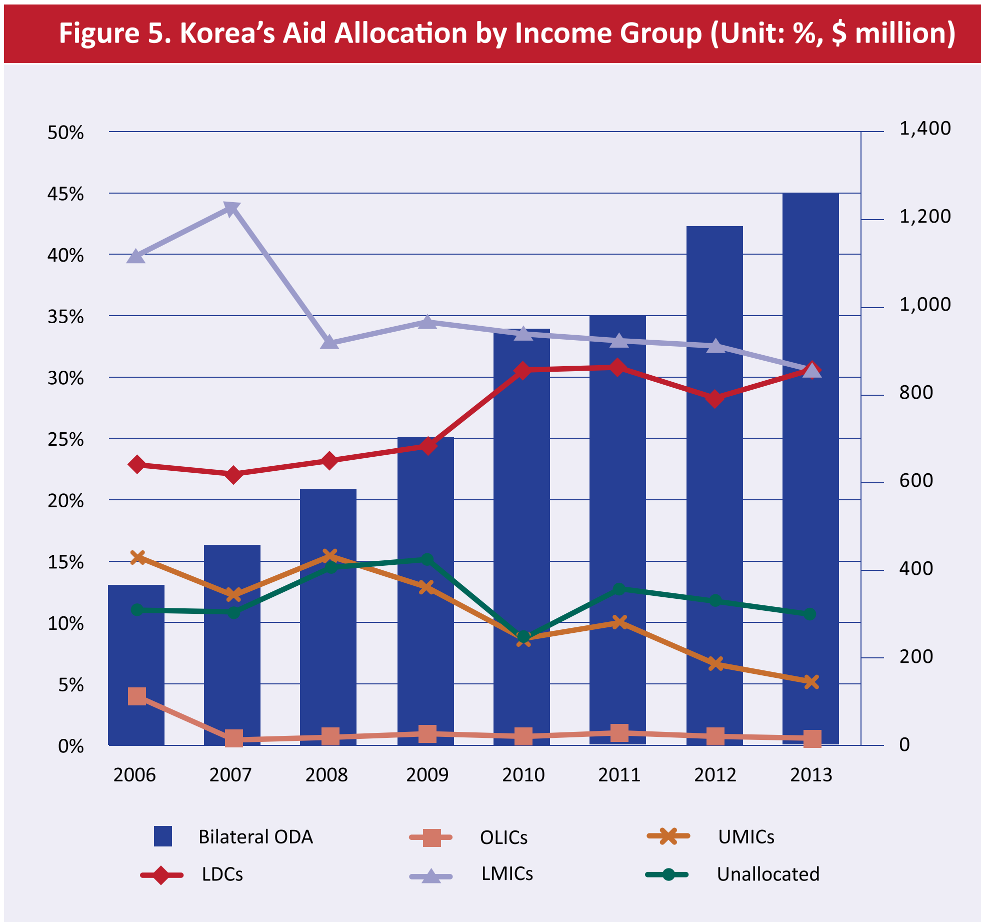
Aid allocation to less developed countries (LDCs) has dramatically increased from $89.83 million in 2006 to $494.96 million in 2013, a 5.5-fold increase. As of 2013, 30.8 percent of Korea's bilateral ODA was delivered to LDCs. The overall ODA volume for LDCs and other low-income countries (OLICs) has been trending higher from 27.1 percent to 31.4 percent in 2013. In terms of absolute numbers, ODA volume for LDCs was the fastest-growing among all income groups.

Table 6. Aid Provision of Korea by Sector

Sector		2009		2012	
		Amount	Share	Amount	Share
Social SOC	Education	69.5	12.0%	205.0	17.3%
	Health	91.0	15.7%	120.2	10.2%
	Population	3.3	0.6%	7.3	0.6%
	Water and Sanitation	41.3	7.1%	118.4	10.0%
	Government and Civil Society	61.2	10.5%	90.7	7.7%
	Other Social Infrastructure and Services	7.1	1.2%	16.6	1.4%
	Subtotal	273.5	47.1%	558.2	47.2%
Economic SOC	Transport and Storage	77.4	13.3%	210.3	17.8%
	Communication	59.5	10.2%	47.4	4.0%
	Energy Generation and Supply	14.1	2.4%	48.0	4.1%
	Banking and Financial Services	0.9	0.2%	1.5	0.1%
	Business and Other Services	0.5	0.1%	1.6	0.1%
	Subtotal	152.5	26.2%	308.8	26.1%
Etc.	Production	59.9	10.3%	95.7	8.1%
	Multisector/Cross-Cutting	37.6	6.5%	115.6	9.8%
	Commodity Aid and General Program Assistance	0.1	0.0%	2.0	0.2%
	Action Relating to Debt	..		..	
	Humanitarian Aid	16.8	2.9%	16.4	1.4%
	Administrative Cost of Donors	27.8	4.8%	59.4	5.0%
	NGO Support	7.8	1.3%	1.2	0.1%
	Unallocated	5.3	0.9%	26.0	2.2%
	Subtotal	155.2	26.7%	316.2	26.7%
Total		**581.1**	**100%**	**1183.2**	**100%**

Source: KoreaExim Bank ODA Stat (net disbursement).

Figure 5. Korea's Aid Allocation by Income Group (Unit: %, $ million)



Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).
Note: 1. Each number represents the total amount of disbursement in terms of the 2012 constant price.
2. "LDCs, OLICs, LMICs, UMICs, HICs, Unallocated" represent respectively the least development, other low income, low middle income, upper middle income, high income, and unallocated by income.

Challenges of Korean ODA Provision

Although the total size of ODA has recently increased, it is small compared to other OECD countries (Table 7); however, the average amount of each project-type assistance is greater than that for other major donors except Belgium and the EU. This means that Korea still prefers to show off by carrying forward big projects. It should concentrate on qualitative indicators, not showy quantitative ones.

The Korean government should also clarify the objectives and raise public awareness of ODA. According to a survey conducted by the Korea Institute for International Economic Policy (KIEP) in 2014, 75.4 percent of the sample reported never having heard about Millennium Development Goals, and 22.4 percent indicated that they had heard about them but did not know exactly the content of these goals. Moreover, 78.6 percent reported that they are not familiar with the fact that Korea is a member of the DAC.

Table 7. Size of Project-Type Intervention by Korea (Unit: $ million, ea)

	2010			2012		
	Grant total	Average	Case number	Grant total	Average	Case number
Austria	51.85	0.36	144	40.16	0.28	143
Belgium	202.71	**5.63**	36	50.9	**2.83**	18
Denmark	842.24	1.56	540	644.4	1.33	484
France	330.7	1.35	245	330.06	1.39	238
Germany	1,770.53	1.46	1,216	2,080.96	1.41	1,475
Italy	122.24	0.12	998	179.63	0.16	1,113
Netherlands	564.28	0.64	876	1,009.21	2.65	381
Norway	892.56	0.82	1,089	860.7	0.75	1,146
Portugal				7.83	0.07	113
Sweden	609.27	1.42	430	576.72	1.12	515
Switzerland	336.74	0.56	604	352.31	0.46	759
United Kingdom	1,142.27	0.57	1,994	1,304.97	0.48	2,738
Finland	215.56	0.35	611	129.39	0.3	431
Greece				0	0	1
Spain	1,537.88	0.24	6,418	537.44	0.17	3,104
Canada	378.71	0.36	1,051	369.7	0.51	729
United States	19,334.09	1.3	14,901	12,924.25	1.11	11,635
Japan	3,652.30	0.5	7,265	3,508.94	0.28	12,408
Korea	435.44	**4.44**	98	154.74	**2.54**	61
Australia	293.09	1.05	278			
New Zealand	74.36	0.46	163	43.62	0.78	56
EU Institutions	5,230.65	**7.74**	676	5,726.44	**11.08**	517
Total	**38,017.45**	**0.96**	**39,633**	**30,832.4**	**0.81**	**38,065**

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Table 8. Aid from Major Donors to Southeast Asia (2013) (Unit: $ million)

2013	US	Japan	Australia
Cambodia	76.92	141.49	71.95
Indonesia	152.16	-820.93	549.33
Laos	9.41	75.96	49.22
Myanmar	81.2	2,528.32	70.01
Philippines	154.2	-401.5	143.3
Thailand	56.84	-193.05	6.16
Timor-Leste	21.12	22.17	108.57
Vietnam	107.65	1,306.89	147.17
Total	**659.5**	**2659.35**	**1145.71**
Standard Deviation	**(54.02)**	**(1077)**	**(170.8)**

Note: Each number represents the amount of net disbursement in terms of 2013 current price.

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Table 9. Official Development Assistance from Donors for Southeast Asia (Unit: $ million)

	2007	2008	2009	2010	2011	2012	2013
Cambodia	752.45	787.32	778.44	770.57	774.62	807.41	830.61
Indonesia	1,009.9	1,296.4	1,185.4	1,484.8	411.73	67.81	-107.4
Laos	451.59	524.62	457.94	437.55	382.26	408.92	435.53
Malaysia	287.06	180.45	155.74	0.17	31.23	15.37	-157
Myanmar	220.38	561.11	383.14	376.13	367.04	504.05	4,479.8
Philippines	745.61	15.06	366.99	552.88	-178.9	5.12	97.21
Thailand	-480.2	-784.3	-89.49	-14.28	-150.7	-134.8	-70.5
Timor-Leste	324.17	306.67	248.48	316.94	274.07	283.07	266.67
Vietnam	2,865.3	2,712	3,998.2	3,080.9	3,509.8	4,115.8	4,355.3
Total	6,176.3	5,599.3	7,484.9	7,005.7	5,421.2	6,072.7	10,130

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Note: Each number represents the amount of net disbursement in terms of 2012 constant price.

Table 10. Korea's Aid Allocation by Country in Southeast Asia (Unit: $ million, %)

Southeast Asia	Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
All Recipients (A)	788.57	444.18	649.67	868.88	980.62	1234.61	1315.14	1597.5	1685.12
Recipient in Asia (B)	393	222.06	279.98	304.73	376.69	617.77	620.69	679.92	740.83
Cambodia	18.63	13.49	32.92	37.54	20.5	39.3	61.79	56.15	58.12
Indonesia	19.2	18.44	26.86	20.51	33.4	25.7	24.12	37.23	30.24
Laos	10.24	13.22	16.7	12.53	30.2	29.2	33.24	23.52	25.99
Malaysia	0.68	1.08	0.61	1.32	1.29	1.82	1.84	0.43	0.13
Myanmar	8.5	8.32	0.47	4.73	2.34	3.42	4.78	6.04	11.25
Philippines	7.88	6.89	26.28	22.92	26.5	31.1	35.44	31.33	41.03
Thailand	3.95	2.17	2.01	2	2.79	2.62	4.44	2.89	3.21
Timor-Leste	0.31	0.56	1.27	2.36	2.13	1.91	6.97	7.55	3.46
Vietnam	16.03	9.83	23.02	57.64	69.1	101	138.5	200.3	225.2
Recipient in Southeast Asia (C)	85.42	74	130.14	161.6	188	236	311.1	365.5	398.6
B/A	49.8%	50.0%	43.1%	35.1%	38.4%	50.0%	47.2%	42.6%	44.0%
C/A	10.8%	16.7%	20.0%	18.6%	19.2%	19.1%	23.7%	22.9%	23.7%
C/B	21.7%	33.3%	46.5%	53.0%	49.9%	38.2%	50.1%	53.8%	53.8%

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Note: 1. Each number represents the amount of net disbursement in terms of 2012 constant price.
2. Recipient in Asia includes all countries located in the Middle East Asia, South and Central Asia, and Far East Asia.

In addition, to reduce the inefficiency of the dual-aid delivering agency system such as KOICA and EDCF giving similar projects to the same recipient countries,[8] the government could establish a control tower with practical power to make separate agencies exchange related information and link their projects.

ODA to Southeast Asia

Australia provides the largest amount of grants to Southeast Asian countries. Indonesia has been the most favored recipient because it is important for their national security. Excluding Indonesia, the standard deviation of Australian ODA to Southeast Asia countries is 51.2, which is the smallest among the donor states of the United States, Japan, and Australia. This indicates that Australia treats most recipients in Southeast Asia alike. As seen in Table 8, Japan selects a few targeted countries and provides the most resources to them. In 2013 Japan gave $2.5 billion to Myanmar and $1.3 billion to Vietnam. Japan was paid back by Indonesia, Thailand, and the Philippines. Among the three donors, only Japan provided concessional loans to the recipients, with Myanmar receiving $20.4 billion in 2013.

Because countries in Southeast Asia are at various stages of development, recipient countries were given different amounts of ODA by donors (Table 9). We can observe that Indonesia, Malaysia, and Thailand, as their income grew, paid back the concessional loans. Myanmar, the largest emerging recipient in this region, was provided $4.48 billion in 2013—an additional $3.96 billion more than the previous year, as the United States and the EU lifted economic sanctions. The second largest recipient was Vietnam, which received $4.36 billion. As it moved to successfully reform its economic and social systems, ODA to that nation continually increased.

Table 10 represents Korea's aid allocation by country in Southeast Asia. Korea has historically had a close relationship with Asian countries given its cultural familiarity and geographic proximity. Thus, approximately 50 percent of bilateral ODA was given to Asia after joining DAC, though the figure was reduced to 44 percent in 2013. In that year approximately 23.75 percent of bilateral ODA (A) was provided only to Southeast Asian countries (C). Given that bilateral ODA for the nine recipients in Southeast Asia soared from $85 million in 2005 to $398 million in 2013, one can see that they were the major beneficiaries of Korea, garnering more than half of Korea's ODA in 2013.

Korea mostly provided experts and technical assistance type of ODA to Southeast Asia in 2013 due to the region's increase in knowledge sharing programs.[9] As seen in Table 11, Cambodia and Vietnam received most funding for knowledge sharing programs. South Korea preferred project-type interventions, which it has traditionally provided, but it rarely provided budget support and pooled funds. In terms of amounts provided to recipients, however, project-type intervention was dominant, as shown in Table 11. While the average value per instance of experts and technical assistance was approximately $17,000, the average for projects was around $1 million. The Korean government, because it has little experience in the provision of various types of ODA, should investigate from the experience of other advanced donors which type of provision is more effective in enhancing the wellbeing of people in recipient countries.

Table 11. Korea's Type of Aid to Southeast Asia (2013) (Unit: $ million, ea)													
	Budget Support		Core contributions and pooled programs and funds		Project-type interventions		Experts and other technical assistance		Scholarships and student costs in donor countries		Total	
	Amt.	Ea	Amt.	Ea	Amt.	Ea	Amt.	Ea	Amt.	Ea	Amt.	Ea
Cambodia	0		1.551	5	51.49	62	9.51	736	1.28	20	63.85	823
Indonesia	0		0	0	31.29	53	7.26	378	0.60	16	39.17	447
Laos	0		0.385	3	19.66	29	5.79	307	1.28	12	27.12	351
Malaysia	0		0	0	0		0.09	11	0.04	4	0.139	15
Myanmar	0		0.046	1	10.05	36	4.28	202	0.41	11	14.8	250
Philippines	0		4.1	11	33.12	48	6.84	462	0.51	12	44.59	533
Thailand	0		0.046	1	0		3.19	122	0.10	7	3.34	130
Timor-Leste	0		0	0	2.96	11	0.61	51	0.02	2	3.602	64
Vietnam	19.62	2	0.38	3	209.47	93	12.22	669	0.75	16	242.5	783
Total	**19.62**	**2**	**6.51**	**24**	**358.06**	**332**	**49.83**	**2938**	**5.04**	**100**	**439.1**	**3396**

Note: Each number of "Amt" represents the amount of disbursement in terms of current price. "EA" represents the number of cases provided.

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Korea provided 3,297 grants to recipient countries in Southeast Asia, as shown in Table 12. The average amount per grant was $49,000. Loans are distinct from grants. The loan provisions, particularly investment-related loans to developing countries, have been related to ODA "selection and focus principles." As seen in column (3) of Table 12, South Korea provided large investments to both Indonesia and Vietnam in 2013. Comparing the size of concessional loans in column (2) with investments in (3), however, one can see that only Vietnam received both in large amounts, even though both countries have strong economic relationships with South Korea.

Table 13 shows the share of untied aid provided to Southeast Asian countries from donors. Most advanced donors reported a relatively high share of untied aid to total over 75 percent. Japan gave Myanmar a commitment of $4,862 million, 99 percent of it untied. In general, Japan was notorious for providing large amounts of tied aid to promote its firms. Based on Table 13, the share of its untied aid is much greater than other donors. South Korea still provides a large amount of tied aid: only 52.6 percent of Korean aid to Southeast Asia was untied in 2013. This is much lower than the figure for aid from Australia, which provided a similar dollar amount of aid for this region.

Table 12. Finance Type of Korea's Aid and Investment to Southeast Asia (2013) (Unit: $ million, ea)

Recipient	(1) Aid grant excluding debt reorganization		(2) Aid loan excluding debt reorganization		(3) Investment-related loan to developing countries		(4) Loan to national private investor	
	Total Amount	Cases	Total Amount	Cases	Total Amount	Cases	Total Amount	Cases
Cambodia	32.63	810	31.21	13	27.65	1		
Indonesia	24.28	430	14.89	17	770.74	4	77.2	3
Laos	13.33	344	13.79	7				
Malaysia	0.14	15			5	1		
Myanmar	14.8	242	0	8				
Philippines	33.36	522	11.22	11	23.2	2		
Thailand	3.34	130			49.2	3		
Timor-Leste	3.6	64						
Vietnam	35.95	740	206.51	43	1,035.10	6	10.5	3
Total	161.44	3,297	277.62	99	1,910.89	17	87.7	6
Thailand	3.34	130			49.2	3		
Timor-Leste	3.6	64						
Vietnam	35.95	740	206.51	43	1,035.10	6	10.5	3
Total	**161.44**	**3,297**	**277.62**	**99**	**1,910.89**	**17**	**87.7**	**6**

Note: Each number represents the amount of gross disbursement in terms of current price.

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

In Southeast Asia, five types of financial assistance can be broadly distinguished: grants, interest subsidies, loans, equity, and debt relief (Table 14). The largest share of financial assistance is in the form of loans, which from all DAC donors total $8.04 billion. Japan and Korea account for approximately 93 percent of the total loans in this region. Japan is the largest provider of loans in Southeast Asia, and Korea is a far second in terms of size. In addition, Japan and France provided approximately $3.7 billion in debt relief. Australia's grant-making was the largest, providing $1.18 billion for developing countries in Southeast Asia. Following Australia, Japan and the United States provided $0.83 and $0.77 billion dollars, respectively. Even though Korea's total financial assistance to Southeast Asia was the second largest, it provided a very negligible $0.16 billion in grants in contrast to $2.27 billion in loans.

Table 13. Share of Untied Aid to Southeast Asia from Korea (2013) (Unit: $ million, %)

	Korea		Japan		Australia		United States	
	Commit-ment	Untied Share	Commit-ment	Untied Share	Commit-ment	Untied Share	Commit-ment	Untied Share
Cambodia	85.4	63.9%	245.2	79.7%	72.0	97.9%	73.2	71.4%
Indonesia	114.2	46.9%	606.9	81.7%	549.3	99.2%	689.2	89.9%
Laos	24.6	60.6%	160.2	75.8%	49.2	99.7%	8.4	70.8%
Malaysia	0.1	13.3%	11.1	6.3%	2.4	100.0%	4.0	72.6%
Myanmar	179.2	18.2%	4862.2	99.0%	70.0	98.3%	90.6	63.9%
Philippines	140.8	69.6%	865.0	17.4%	143.3	95.4%	190.3	55.8%
Thailand	3.3	18.5%	51.8	5.1%	6.2	100.0%	77.3	68.0%
Timor-Leste	12.5	92.8%	44.0	72.9%	108.6	98.4%	38.6	36.3%
Vietnam	264.6	64.3%	2432.8	75.9%	147.2	99.9%	107.7	61.1%
Total	**824.7**	**52.8%**	**9279.2**	**82.5%**	**1148.1**	**98.6%**	**1279.3**	**76.3%**

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

The purposes of assistance differ greatly, as seen in the comparison of Korea and Australia in Table 15. Korea focused on industrial development and economic infrastructure, while Australia concentrated on social infrastructure and multi-sector development. Korea's provision of ODA is much more likely to be directly related to economic activities than Australia's. Most loans from Korea are related to investment used for production sector development.

In 2013, about 24.6 percent of total bilateral ODA was targeted to economic infrastructure and services development, with a sectoral focus on energy generation and supply (49.4 percent), road transport (31 percent), and communications (16.4 percent) in Vietnam and Indonesia (Table 16). In fact, the largest share of the total bilateral ODA provided to Southeast Asia was intended for industrial development. About 93.4 percent of the total bilateral ODA was targeted for this purpose in 2013. Only 4.5 percent of it was used for agricultural development in 2013. The main recipient countries were Vietnam and Indonesia; both have strong economic relationships with Korea.

Korea's ODA and Economic Activities in Southeast Asia

Comparing Korea's ODA and FDI trends can provide insight regarding whether Korea's aid matches its economic interests. Figure 6 shows overall trends of Korea's ODA and its FDI. ODA is relatively steadily increasing, while FDI has variability. However, it appears that both have strong, rising trends.

Table 14. DAC Member's Type of Financial Assistance in Southeast Asia (Unit: $ million, %)

Donor	Grant		Interest Subsidy		Loan		Equity		Debt Relief	
Australia	**1186.0**	**24.33%**			20.1	0.25%	0.0	0.00%	8.5	0.22%
Austria	4.9	0.10%	**6.3**	**30.61%**	0.0	0.00%	0.0	0.00%	34.9	0.91%
Belgium	35.2	0.72%	2.8	13.67%	17.7	0.22%	10.6	16.90%	2.5	0.07%
Canada	140.2	2.88%			0.0	0.00%	0.0	0.00%	0.0	0.00%
Denmark	80.6	1.65%	0.8	3.66%	0.0	0.00%	2.1	3.43%	52.6	1.37%
EU Institutions	292.2	6.00%			20.0	0.25%	0.0	0.00%	0.0	0.00%
Finland	43.4	0.89%	**7.8**	**37.68%**	0.0	0.00%	0.0	0.00%	0.0	0.00%
France	148.0	3.04%			252.5	3.14%	0.0	0.00%	**588.6**	**15.3%**
Germany	352.1	7.22%			140.1	1.74%	5.8	9.22%	0.0	0.00%
Greece	0.1	0.00%			0.0	0.00%	0.0	0.00%	0.0	0.00%
Ireland	24.8	0.51%			0.0	0.00%	0.0	0.00%	0.0	0.00%
Italy	12.5	0.26%			9.3	0.12%	0.0	0.00%	4.1	0.11%
Japan	**828.0**	**16.99%**			**5295.5**	**65.87%**	0.0	0.00%	**3110.7**	**80.7%**
Korea	161.4	3.31%			**2276.2**	**28.31%**	0.0	0.00%	0.0	0.00%
Luxembourg	33.4	0.68%			0.0	0.00%	0.0	0.00%	0.0	0.00%
Netherlands	51.3	1.05%			0.0	0.00%	0.0	0.00%	2.7	0.07%
New Zealand	44.9	0.92%			0.0	0.00%	0.0	0.00%	0.0	0.00%
Norway	123.8	2.54%			0.0	0.00%	**21.3**	**33.99%**	0.0	0.00%
Portugal	17.7	0.36%			0.0	0.00%	0.0	0.00%	0.0	0.00%
Spain	18.2	0.37%			3.4	0.04%	0.0	0.00%	0.0	0.00%
Sweden	120.9	2.48%			0.0	0.00%	0.0	0.00%	0.0	0.00%
Switzerland	114.6	2.35%			0.0	0.00%	**11.5**	**18.40%**	0.0	0.00%
United Kingdom	262.3	5.38%	3.0	14.37%	0.0	0.00%	**11.3**	**18.06%**	42.2	1.09%
United States	**777.1**	**15.94%**			5.0	0.06%	0.0	0.00%	4.4	0.11%
Total	**4873.7**		**20.6**		**8039.8**		**62.6**		**3851.1**	

Note: 1. Each number represents the amount of gross disbursement in terms of current price.
2. 0.0 indicates a small number.
3. Loans include concessional loans, investment-related loan, and so on.

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Table 15. Major Donors' Allocation by Purpose in Southeast Asia (2013) (Unit: $ million)

	Japan	Korea	Australia	France	United States	DAC total
Action relating to debt	**3110.70**		**8.48**	**589.17**	**4.40**	**3851.68**
Administrative cost of donors			0.00	12.17		27.87
Commodity Aid and General Program Assistance	2581.07		7.77	0.77	1.28	2614.06
Economic Infrastructure	2221.81	**599.21**	95.80	106.44	85.63	**3348.97**
Humanitarian Aid	153.19	7.19	90.21	2.60	102.13	688.06
Multi-sector/ Cross-cutting	95.89	9.57	231.57	22.26	25.11	494.39
Social Infrastructure	621.60	178.98	**620.40**	**148.25**	**443.12**	**2917.27**
Unallocated	0.00	33.54	15.18	6.60	3.93	150.57
Environment	232.04	23.97	38.44	62.60	97.25	579.35
Production	217.89	**1585.19**	71.56	38.28	23.64	2140.45
Total	**9234.20**	**2437.65**	**1179.39**	**989.15**	**786.49**	**16812.67**

Note: Each number represents the amount of gross disbursement in terms of current price.

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html.

Among the priority partner countries of Korea,[10] the level of correlation differs. First, for Cambodia and Indonesia, Korea's FDI and ODA are very weakly related, with correlations respectively of 0.2208 and 0.2632. FDI to Laos and the Philippines recently recorded peaks around $1 billion before falling, though Korea's aid for Laos is a negligible $20-30 million. With correlation coefficients of 0.6332 and 0.6160, respectively, they have a relatively strong linear relationship. However, since the size of the ODA is small compared to the FDI, it is hard to say that the ODA could have a strong relationship with the FDI. A unique case is Vietnam; both series show increasing trends, and the size of aid and FDI are also large. The correlation coefficient is 0.5202, which is not large. From these data, it is hard to observe that all of Korea's aid is given to satisfy economic interests, which could be represented by FDI. Figure 7 shows the different aspects present in each trend.

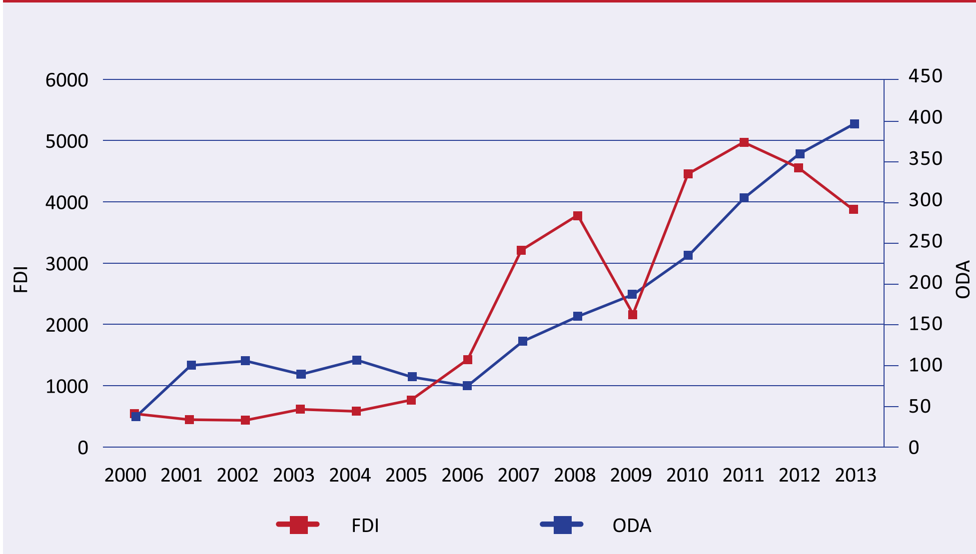
Trade is another important economic indicator that is useful to explain the depth of bilateral economic relationships (Table 17). In Cambodia and Vietnam, strong correlations between Korea's ODA and trade volume were found. Though Cambodia has a weak relationship with Korea in terms of FDI, it has a relatively strong correlation of 0.819 between trade and given

Table 16. Korea's Allocation by Purpose (2013) (Unit: $ million)

Country	Economic Infrastructure & Services	Humanitarian Aid	Multi-Sector	Social Infrastructure & Services	Unallocated	Environment	Production Sector	Total
Cambodia	23.85	0.1	1.80	33.68	0.33	0.05	32.0	91.83
Indonesia	148.73	0.2	0.11	22.55	27.66	2.52	685.0	886.8
Laos	8.75		1.66	14.86			1.9	27.17
Malaysia	0.015			0.077	5		0	5.09
Myanmar	2.17	0.038	1.08	5.47	0.53	0.011	5.5	14.82
Philippines	21.92	6.79	1.19	11.66		0.106	26.0	67.69
Thailand	11.73			2.31	0	0.16	38.0	52.21
Timor-Leste	0.52		1.06	1.86		0.064	0.1	3.61
Vietnam	381.51	0.054	2.65	86.48		21.04	796.0	1,288.0
Total	**599.21**	**7.18**	**9.57**	**178.98**	**33.53**	**23.97**	**1,584.5**	**2,437**

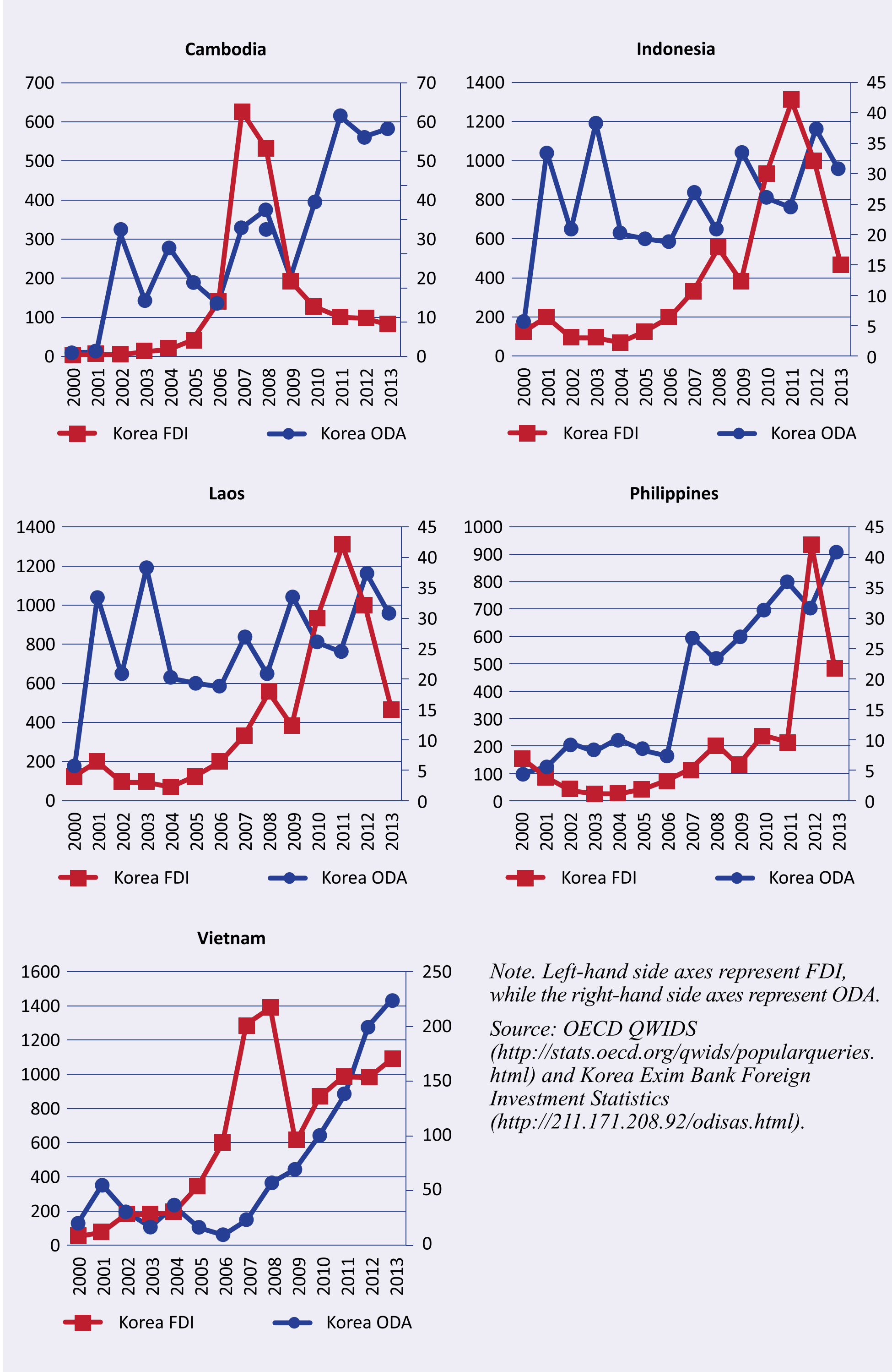
Note: Each number represents the amount of disbursement in terms of current price.
Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Figure 6. Korea's ODA and FDI to Southeast Asia (Unit: $ million)



Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html) and Korea Exim Bank Foreign Investment Statistics (http://211.171.208.92/odisas.html).

Figure 7. Korea's OFDI and ODA Trends to Southeast Asia (Unit: $ million)



Note. Left-hand side axes represent FDI, while the right-hand side axes represent ODA.

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html) and Korea Exim Bank Foreign Investment Statistics (http://211.171.208.92/odisas.html).

Table 17. Bilateral Trade Volume with Korea and ODA (Unit: $ million)

	Cambodia		Indonesia		Laos		Philippines		Vietnam	
	Trade	ODA	Trade	ODA	Trade	ODA	Trade	ODA	Trade	ODA
2008	236.6	37.5			106.1	12.5			9048.7	57.6
2009	218.7	20.5			73.3	30.2			9054.1	69.1
2010	272.6	39.3	22.2	25.7	132.2	29.2	6283.5	31.1	12849.9	101.0
2011	347.4	61.8	30383.7	24.1	158.8	33.2	6911.8	35.4	18042.7	138.5
2012	482.6	56.2	27019.9	37.2	176.4	23.5	7604.5	31.3	21116.2	200.3
2013	469.6	58.1	23014.8	30.2	199.5	26.0	7600.8	41.0		
Correlation	**0.819**		**0.316**		**0.115**		**0.484**		**0.980**	

Source: KITA Korea trade data (http://stat.kita.net/stat/istat/asean) and OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

ODA. Vietnam also has a strong correlation of 0.98. Korea's ODA decisions may be more determined by the information about bilateral trade volume than about FDI. As the size of FDI provided by South Korea is relatively small, the Korean government relies on the more accessible information about bilateral trade volume.

This is the pattern we find for Southeast Asia. The ratio of total aid for trade to total bilateral ODA remains around 0.35 to 0.40. Given that the Korean government increases the total bilateral ODA by 15.6 percent per year on average, aid for trade has a similar annual growth rate. The government focuses on support for transportation and storage, which are directly related to international trade. Given that South Korea provided $1.32 billion for bilateral ODA in 2013, about 40 percent of the total resources concentrated on aid for trade. Since South Korea has experienced economic development through international trade, it is an appropriate approach for it to provide aid for trade to developing countries.

Table 19 shows that the Korean government gives more aid for trade to LDCs and lower middle income country groups than to other income groups. The amount for LDCs increased about 2.5 times from 2009 to 2013. The average annual growth rate of total aid for trade was 16.5 percent, as the average annual growth rates for LDCs and LMICs were 26 percent and 20.8 percent respectively. The size of aid for trade to recipients in Southeast Asia increased about 2.7 times from 2009 to 2013. Its share of overall aid for trade changed from 30.3 percent in 2009 to 45.1 percent in 2013. The share of aid for trade for Southeast Asia is much greater than that for other regions. This may be related to the expansion of economic relations, particularly in trade volume rather than investment.

As seen in Table 19, most ODA is classified as aid for trade. Table 20 shows key sectors of Korean aid for trade to Southeast Asia. During the last five years the economic infrastructure sector comprised 83.5 percent of Korean aid for trade, and building capacity for production, especially in agriculture and fishing, had 11.7 percent. Most resources were used for

Table 18. Korea's Aid for Trade (Unit: $ million)

	2009	2010	2011	2012	2013	CAGR
Transport & Storage	107.4	134.4	240.1	222.4	246.1	23.0%
Communications	76.8	70.9	44.8	52.3	43.7	-13.2%
Energy	22.7	73.3	40.5	54.2	104.0	46.3%
Banking & Financial Services	0.9	2.1	1.5	1.5	1.4	10.2%
Business & Other Services	0.7	2.5	1.9	1.6	3.1	47.3%
Agriculture, Forestry, Fishing	48.9	53.3	56.7	72.0	96.2	18.4%
Industry	14.4	10.2	10.5	14.1	16.2	3.0%
Mineral Resources & Mining	0.4	1.2	1.3	0.7	1.1	27.1%
Construction	0.2	2.0	1.8	1.5	1.5	67.6%
Trade Policies & Regulations	10.2	2.1	7.3	8.0	7.8	-6.5%
Tourism	0.4	0.3	0.4	1.2	1.0	24.3%
Total Aid for Trade (a)	**283.0**	**352.4**	**406.7**	**429.5**	**522.0**	**16.5%**
Total Bilateral ODA (b)	**739.4**	**981.7**	**1026.9**	**1232.2**	**1320.0**	**15.6%**
(a)/(b)	**0.38**	**0.36**	**0.40**	**0.35**	**0.40**	

Note: Net disbursement in terms of 2012 constant price.

Source: OECD QWID(http://stats.oecd.org/qwids/popularqueries.html).

construction of road transport and Information and Communication Technology (ICT). In order to contribute to economic development in developing countries in Southeast Asia, Korean ODA has to focus on building their trade capacity as well as their hardware. Korea has accumulated great experience in this sector, which is being shared with others. The role of the private sector and external factors such as low oil prices in the 1980s were very important in accomplishing economic growth in Korea, and it overcame many later difficulties such as the economic crises in 1997 and 2008. Korean small and medium enterprises (SMEs) have successfully been involved in global value chains (GVCs) relying on government support in the 1980s and 1990s, an experience that can be transmitted to developing countries.

Conclusion

Although South Korea has a relatively short history as a donor, many foreign scholars and practitioners are interested in its ODA since it has experience as a recipient country. However, the literature of Korean ODA has been very limited because authors cannot access information on Korean ODA. This chapter has explored Korea's ODA system, in particular its ODA to Southeast Asia. From the tables and figures describing its current ODA to this region, we find the following three main characteristics: first, Korean aid focuses on building

Table 19. Aid for Trade Activities of South Korea (Unit: $ million, %)

Aid for Trade by Income Groups	2009	2010	2011	2012	2013
LDCs	82.2	140.1	200.2	183	207.5
OLICs	1.5	4.7	1.9	2.7	2.6
LMICs	130.1	174.1	194	214.6	276.8
UMICst	59.4	31.1	19.6	18	23.4
MADCT	0	0	0	0	0
Part I Unallocated by income	9.8	2.3	4.6	11.1	11.7
Total Aid for Trade to all bilateral recipients (a)	**283**	**352.4**	**420.3**	**429.5**	**522**
Recipients Only in Southeast Asia					
Cambodia	8.7	21.7	35	21.7	26.8
Indonesia	17.7	13.9	9	14.4	12.8
Laos	5.4	5.6	10.5	7.9	10.2
Malaysia	0.2	0.3	0.3	0.2	0.1
Myanmar (Burma)	2.2	1.6	2.6	4.2	7.4
Philippines	24.1	25.9	25.2	19	23.8
Thailand	0.7	0.7	2.1	1.3	0.8
Timor-Leste	0.2	1.2	1.7	0.7	0.6
Vietnam	26.6	59.3	93.6	114.1	152.8
Total Aid for Trade to Southeast Asian recipients (b)	**85.9**	**130.2**	**180.1**	**183.4**	**235.2**
(b)/(a)	**30.30%**	**37.00%**	**42.80%**	**42.70%**	**45.10%**

Note: 1. Following DAC list of recipients, LDCs, OLICs, LMICs, UMICs, and MADCT represent Least Developed, Other Low Income, Low Middle Income, Upper Middle Income, More Advanced Developing Countries and Territories respectively.
2. Net disbursement in terms of 2012 constant price.
3. Bold typed countries are Korea's priority partners.

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

Table 20. Key Sectors of Korean Aid for Trade to Southeast Asia (Unit: $ million, %)

	2009	2010	2011	2012	2013	Total
Transport & Storage	48.4	82.7	136.3	129.4	184.4	581.3 (71.3%)
Communications	22.4	17.1	11.6	16.5	8.9	76.6 (9.4%)
Energy	0.0	7.5	3.0	3.5	2.2	16.3 (2%)
Banking & Financial Services	0.6	1.3	0.7	0.7	0.4	3.6 (0.45%)
Business & Other Services	0.1	0.9	0.7	0.4	0.5	2.6 (0.32%)
Agriculture, Forestry, Fishing	8.4	14.7	20.6	23.0	28.8	95.4 (11.7%)
Industry	5.7	4.6	5.5	7.5	8.3	31.6 (3.9%)
Mineral Resources & Mining	0.0	0.9	0.9	0.4	0.2	2.4 (0.29%)
Construction	0.0	0.2	0.2	0.2	0.3	0.8 (0.1%)
Trade Policies & Regulations	0.2	0.3	0.4	1.8	0.8	3.4 (0.42%)
Tourism	0.1	0.1	0.2	0.1	0.2	0.7 (0.08%)
Total	**85.9**	**130.2**	**180.1**	**183.4**	**235.2**	**814.8 (100%)**

Note: 1. Gross disbursement in terms of current prices.
2. The number in ( ) represents its share.

Source: OECD QWIDS (http://stats.oecd.org/qwids/popularqueries.html).

economic infrastructure and production capacity including industrial development, which can be interpreted as aid for trade; second, relatively large project-type interventions were preferred; third, the share of tied aid is greater than that for other donors.

Furthermore, Korean ODA is dramatically increasing. To fulfill its promise to the international community to provide 0.25 percent of GNI to ODA, the Korean government has steadily expanded the scale of ODA. It has learned from advanced donors how to provide more effective international aid, but it is accused by the international community of only pursuing its own economic interests. ODA for Southeast Asia, excluding Vietnam, has little correlation with Korean investment decisions. Rather than investments, the amount of bilateral trade is a key determinant of Korean ODA provisions. However, given the fact that international trade can stimulate the economic growth of developing countries, it is not fair to say that Korean ODA narrowly pursues economic interests because the government steadily increases the share of aid for trade to Southeast Asia, as shown in Table 19. Moreover, Korean aid for trade focuses on building economic infrastructure and production capacity.

Although Korean ODA provided to Southeast Asia still has weaknesses compared with advanced donors' ODA, Korea has made an effort to overcome them. First, the Korean

government recognizes that support for humanitarian aid and cross-cutting purposes related to the basic subsistence sectors have to expand more than before. Recognition of weaknesses is a starting point to cure the problem. As developing countries in Southeast Asia achieve economic growth, their needs change from satisfying subsistence needs to enjoying increased well-being. Korean ODA should respond to these changes by supporting regional studies: Even though Southeast Asia has geographic proximity and cultural ties with Korea, there are few regional specialists on ASEAN.

Second, the Korean government also recognized that its ODA still has a large share of tied aid, as seen in Table 13. This is seen as a tool for the economic interests of donors, not for the reduction of poverty in recipient countries, because this form of aid limits accessibility for local firms to participate in the production process. Therefore, Korea and recipient countries have to think about a reasonable approach to make local SMEs involved in the production process. Furthermore, this evolution can create jobs and contribute to the development of recipient countries in Southeast Asia. In the near future, local firms may finally be involved in global value chains (GVCs).

Third, public awareness of the objectives of ODA is very limited in Korea. Though this problem does not directly affect Southeast Asia, it will determine the characteristics of Korean ODA in the long run. The Korean government has to clarify all the procedures of ODA and explain to its citizens the necessity of ODA for developing countries.

Endnotes

1. Park Bok-young, "Gukje bigyo reul tonghan Hanguk ui wonjo mohyeong mosaek," (paper presented at ODA Watch Forum, 2007); Park Bok-young, "Wonjo mohyeong ui guke bigyo-wa sisajeom," (Seoul: KIEP, Research report 7-7, 2007); You Wong-Jo. "Hanguk Gonjeokgaebalwonjo (ODA) Keongchaek-ui Seonggyeok-e-daehan Siljeung Bunseok," *Segye Chiyok Yongu Nonchong,* 29, No. 1 (2011), pp. 33-58; Koo and Kim, "Sehye Sahoe-wa Gongjeokgaebalwonjo: Hanguk ODA Gyeoljeong Yoin Bunseok, 1989-2007," *Han'guk Sahoehak*, Vol. 45, No. 1 (2011), pp. 153-90.
2. This was devised at the 7th meeting of the Committee for International Development Cooperation (CIDC) in October 2010 and clarified the basic framework: to take responsibility as a member of the DAC; to fulfill its commitment of scaling up the ODA volume; and to strengthen the integrated ODA system in accordance with the Framework Act.
3. The CPS will be revised every three to five years for better alignment with the national development plans of the partner country.
4. Park Bok-young, Hong-shik Lee, and Koo Jeong-woo, "JoongJeom Heopryupkuk seonjeong kijoon mit bangbeop e gwanhan yeongoo," (Seoul: KIEP, ODA Jeongchaek report 13-03, 2013).
5. In 2008, one U.S. dollar was equivalent to 1,110.1 *won*. In 2009, it was equivalent to 1,273.9 *won*.
6. Currently, due to the long-lasting recession after 2008, the Korean government seems to be fatigued from the continuous increases in ODA to fulfill its promise that it will provide 0.25 percent of GNI for ODA by 2015.
7. An action plan specifies how to carry out the strategic plan for five years. It includes annual ODA scaling-up targets and ODA allocation guidelines by region and by income group.
8. Kang Young-Moon, "Hankuk ui ASEAN ODA wa tongsang jeongchaek e gwanhan yeongu," *Gwanse HakheoJi*, Vol. 14, No. 2 (2013), pp. 251-267.
9. See Wonhyuk Lim's chapter 9 on the Knowledge Sharing Program (KSP) in this publication.
10. Korea's priority partner countries in Southeast Asia are Cambodia, Indonesia, Laos, the Philippines, and Vietnam.

Official Development Assistance in Japan's Rebalancing to Southeast Asia

Kikuchi Tsutomu

Southeast Asia is the region where Japan has been most deeply engaged in the postwar era. Japan has provided over half of its official development assistance (ODA) to the region, accounting in 1960 to 2011 for 34.9 percent of ODA from the world to today's ten Association of Southeast Nations (ASEAN) countries. The amounts and categories of assistance to these countries (as of Japan's fiscal year 2011) was $153.72 billion in loans, $16.50 billion in grants, $1.44 billion in technical cooperation, $168,905 for accepted trainees, $47,857 for dispatched experts, and $5,358 for overseas Japanese volunteers.[1] In net disbursements of ODA, Japan is in fifth place among the Organisation for Economic Co-Operation and Development-Development Assistance Committee (OECD-DAC) member countries today. In gross disbursements, however, Japan ranks second only to the United States. Southeast Asia still occupies a major part of Japan's ODA, and the country is rediscovering ASEAN and its member countries as important partners in promoting Japan's economic, political, and security interests in a changing Asia-Pacific region. Prime Minister Abe's visits to all ASEAN member countries within a year of his second inauguration demonstrated the emerging recognition of the region's increased importance for Japan's engagement in international affairs.

This chapter examines the past record and current trends of Japan's Southeast Asian ODA, which has developed in three stages since its start in the 1950s. In the first stage from the 1950s to the mid-'70s, ODA was closely related to the postwar settlement and reconstruction of Japan. In the second stage from the mid-'70s to the mid-'90s, Japan became a major economic power, and ODA became an important means to fulfill its international responsibilities. Japan was deeply engaged in Southeast Asia economically and politically. During the third stage from the mid-'90s to today, ODA became more "mature," taking global trends into consideration. Japan's first adoption of the ODA Charter in 1992 demonstrated these shifts, embracing "human security," as Japan's ODA to Southeast Asia covered a wide range of areas from infrastructure building to medical and educational services.

Today, Japan struggles to define a new role for ODA in a changing regional environment. First, although Japan's ODA has always been connected with its national interests, many are calling for its ODA to become even more closely and explicitly connected with them, notably with Japan's economic recovery and national security, especially in maritime security. Japan's ODA to Southeast Asia is seen in this perspective. Indeed, Japan's new charter for economic cooperation, which was adopted in February 2015, says that Japan should prioritize aid to Southeast Asia to strengthen cooperation. The ODA White Paper for 2014 says, "Achieving growth and stability in ASEAN has a great significance as well to Japan's security when thinking about how the distribution network for goods underpinning the Japanese economy runs through the region." Second, Japan's ODA to the region is not just "politicized" but also "securitized." Japan has been expanding security-related aid such as the provision of coast guard vessels to Indonesia to enhance law enforcement capabilities. The adoption of the new charter demonstrates this trend. It allows Japan to provide assistance to foreign armed forces in a non-combat situation. Japan's Self-Defense Forces will be engaged in the ODA provision in the years to come. Third, recent changes will not, however, radically change Japan's ODA to Southeast Asia. "Human security" will continue to be the key concept in Japan's ODA to Southeast Asia.

This chapter is divided into seven parts. The first three parts deal with the past: the first part provides a brief history of Japan's ODA to Southeast Asia; the second part points out several characteristics of Japan's ODA to Southeast Asia; and the third part examines Japan's reorganization of ODA management, especially the expanded role of the Japan International Cooperation Agency (JICA). The three following parts deal with Japan's current and future ODA. The first examines the potential of Southeast Asia and especially the implications for Japan's economic rehabilitation. The second introduces the priority areas of Japan's ODA to individual ASEAN countries—ASEAN connectivity, income gaps among ASEAN countries, and human security. The third examines the "securitization" of ODA to Southeast Asia, touching upon support to strengthen the maritime capacities of ASEAN countries. The conclusion summarizes the analysis and arguments.

Japan's ODA to Southeast Asia: A Brief History

The "loss" of Chinese markets after the defeat of the war prompted Japan to find new markets in Southeast Asia. Beginning with the reparations after signing the 1951 San Francisco Peace Treaty, Japan established closer economic relations with countries there, as it also prioritized obtaining natural resources and export markets for its postwar economic recovery. In an early step to rejoin the international community, Japan became a member of the Colombo Plan in 1954 and initiated a series of technical cooperation programs with Southeast Asian countries.

With its rapid economic growth since the 1960s, Japan expanded its relations with the nations in Southeast Asia in multiple areas, including trade, investment, and people exchanges. Backed by increased ODA for developing industrial infrastructure, Japanese firms expanded their business activities. Japan joined the Development Assistance Committee (DAC) in 1961, which continues to review its ODA, and the OECD in 1964. Japan took the initiative to establish the Asian Development Bank (ADB) and the Ministerial Conference for Economic Development of Southeast Asia in 1966. In the early stages, ODA policies were mainly motivated by economic interests, especially expanding exports and obtaining natural resources. As focus shifted more to promoting the prosperity and stability of the international economy and responding to the recipient countries' development needs, ODA has moved to the forefront of Japan's foreign policy.

In the late 1970s and 1980s, the Japanese government moved toward using development aid politically and diplomatically. "Strategic use of ODA" to countries and regions important to Western security (such as Thailand and Pakistan) became a new aspect of policy. Japan's massive economic presence in Southeast Asia aroused uneasiness—even antipathy—toward business activities in Southeast Asia, as was seen in the large anti-Japanese demonstrations in Indonesia and Thailand when Prime Minister Tanaka visited them in 1974. The Fukuda Doctrine in 1977 was Japan's response to those regional concerns. In his speech in Manila in 1977, Prime Minister Takeo Fukuda presented a new approach in which Japan would deal with Southeast Asian countries as equal partners and pursue "heart-to-heart" relations, paving the way to new Japan-ASEAN cooperation.[2]

Responding to criticisms of Japan's rising accumulated current account surplus in the 1980s, Japan introduced a series of programs to recycle the surplus to other countries in the form of ODA. In 1987 it established the "ASEAN/Japan Development Fund," which, as part of the capital recycling program, granted $2 billion to ASEAN countries for the development of private enterprises. Responding to the appreciation of the yen after the 1985 Plaza Accord, Japanese firms rushed into Southeast Asian markets to relocate their production sites. Japan-based multinational companies, especially the automobile and electronics industries, established region-wide, cross-border production networks and supply chains, further connecting Japan with Southeast Asia. Japan's ODA helped their business activities, providing infrastructure-building and human resource development programs. Japan emerged as the world's largest aid donor in the 1990s and remains a significant donor, with a commitment of $11.8 billion in 2013. Today, Southeast Asia is a major part of Japan's ODA allocation.

Characteristics of Japan's ODA to Southeast Asia

Japan's ODA covers a wide range of areas, from infrastructure development and human resource development to medical support and poverty reduction activities. I will highlight seven of those areas here.

1. **Supporting "self-help" efforts of the recipient countries.**
   One of the basic approaches to ODA has been to support the self-help efforts of the recipient countries. Japan's ODA has been based upon the assumption that "ownership" of the recipient countries was critical for the ODA to be fully utilized. ODA is provided on the basis of their requests, although Japan often proposed its ideas to them. Human resource development has been an important area of ODA to Southeast Asia and is expected to contribute to the self-help efforts of the recipient countries concerned.
2. **High ratio of yen loans.**
   The percentage of yen loans in Japan's ODA is higher than that of comparable figures for the use of their own currencies by other developed countries. As of 2014, they accounted for more than 40 percent of Japan's ODA. Repayable aid has been a key feature often criticized at DAC, which encourages outright grants. Based on its own experiences, Japan believes that loans (rather than grants) promote discipline in the recipient. From Japan's perspective, loans promote "self-help efforts" and foster a feeling of "ownership" in the recipient.[3]
3. **Tied loans to untied loans.**
   Japan had been criticized by international society (especially in the review processes at DAC) because the percentage of tied loans was higher than that of other OECD members. Responding to the criticism, Japan has gradually been increasing its ratio of untied loans, but, as a result, Japan's business community has been losing interest in joining ODA projects.

4. **Economic growth: nexus of ODA, investment, and trade.**
   Japan has linked its ODA for infrastructure improvements to the promotion of private-sector investment and trade. The huge amount of Japanese ODA and its synergies with trade and investment have contributed to both Japan and Southeast Asia.[4] Indeed, in tandem with ODA, foreign direct investment (FDI) by Japanese companies in Southeast Asia has been increasing, reaching a cumulative total at the end of 2012 of $122 billion—12 percent of Japan's entire FDI stock in the world and larger than that in China ($93 billion) and 43 percent of Japan's entire FDI stock in United States.

   Japan's FDI to ASEAN countries accounts for 12 percent of its total FDI flow in 2006-2011. Its FDI position in selected ASEAN countries as a percentage of total ASEAN investment at the end of 2011 was Thailand 31.4 percent, Philippines 24 percent, and Malaysia 12.9 percent. Japan's FDI is mostly directed to the manufacturing sector and plays a leading role in building the cross-border supply-chains in Southeast Asia. This sector comprises 69 percent of Japan's FDI in ASEAN. ASEAN locally produces 73.8 percent of the parts for transportation machinery procured by Japanese local subsidiaries. Ninety-one percent of automobiles produced in Thailand in 2007 were a result of Japan's FDI. Thirty-two percent of East Asia's intra-regional trade in 2010 consisted of parts and components (compared with NAFTA's 17 percent and the EU's 16 percent) mostly for electronics, machinery, and transportation equipment. Thus, ASEAN and Japan form a huge transnational network of manufacturing production. Given the tremendous increase of FDI and the establishment of transnational supply chains, Japan is now deeply internalized within ASEAN economies.

5. **Supporting ASEAN as an institution.**
   Since the establishment of ASEAN, especially after the end of the Vietnam War, Japan has been taking a two-track approach. While approaching individual Southeast Asian countries on a bilateral basis, Japan consistently supports enhanced unity and cooperation within ASEAN as a whole, especially since the onset of the 1977 Fukuda Doctrine. Japan has promoted those ASEAN projects that would contribute to the cooperation among ASEAN countries.

6. **Human security projects.**
   A concept called "human security" was introduced in Japan's ODA after the end of the Cold War. Prime Minister Keizo Obuchi was a key promoter. Ogata Sadako, the president of JICA and former commissioner of the UN High Commission for Refugees (UNHCR), showed strong leadership in incorporating the concept into JICA programs. While acknowledging the importance of large-scale infrastructure programs such as road building, human security emphasizes a "bottom up" approach, giving citizens and communities a greater say in education, health, and economic projects. A concept of "inclusive development" was also incorporated in ODA planning. Japan's adoption of the human security concept paved the way to participation in non-traditional security cooperation, such as in Mindanao, the Philippines, where as part of an international monitoring team, JICA dispatched Japanese experts and offered ODA assistance for community development and capacity building support in conflict-affected areas. Also, Japan has provided

assistance to ethnic minority areas in Myanmar. A loan aid project ($170 million) was pledged and five grant aid agreements ($54 million) were signed in 2012 to assist these areas.

7. **Collaboration with the private sector.**
   Because public-sector funds alone are not enough to provide infrastructure development in Southeast Asia, extensive private-sector funding exists regionally and globally. Economic development requires projects that use Public-Private Partnerships (PPP) and other private sector resources. In Southeast Asia, Japan provides assistance for establishing the systems needed to promote PPP projects. One priority is to facilitate Japan's export of infrastructure, such as railway systems, power stations, and water supply systems. Businesses would provide modern, efficient, and safe infrastructure systems. The government has already set up a special committee to cooperate with Japanese private sectors to facilitate the export of the "Japan model" for infrastructure development. ODA is expected to be used for this purpose.

Institutional Structure: Reorganization of ODA-Related Government Agencies

Although Japan has been one of the major ODA providers since the 1970s, its aid administration was divided among various ministries and agencies. In particular, four ministries (Foreign Affairs, Finance, International Trade and Industry, and the Economic Planning Agency) have played a critical role. Decisions on yen loans, for example, have been made through consultations among these four ministries. The Overseas Economic Cooperation Fund (OECF), established in 1961 under the jurisdiction of the Economic Planning Agency, was in charge of its implementation of yen loans. The Export Import Bank of Japan (JEXIM) was engaged in export and import financing as well as overseas direct investment financing for Japanese companies. JICA was founded in 1974. The Japan Bank for International Cooperation (JBIC) was established with the merger of OECF and JEXIM in 1999. Thus, ODA projects were administered by the Ministry of Foreign Affairs, JICA, and JBIC. The most recent ODA reorganization began in 2005 when Prime Minister Koizumi Junichiro sought not only to downsize the administrative structure of ODA but also to make it more responsive and cost effective.

After a few years of major restructuring, a "new JICA" emerged in 2008 to provide technical assistance, ODA loans, and grant aid under one roof. With some $10.3 billion of available financial resources, it is the world's largest bilateral development organization, working in around 150 countries. According to Ogata, "This decision marks a major historical turning point, not only for JICA but also for Japan's ODA." As its head, she introduced structural and project changes within JICA, shifting more staff to field operations and encouraging field participation in identifying and formulating projects. The new JICA expanded basic research into development, while strengthening ties with other international donors and actively promoting greater private participation in development projects. With its renewal, it established the JICA Research Institute (JICA-RI) to produce policy-oriented and academically sound studies to address important issues faced by developing countries. ASEAN integration was one of the priority areas of research.[5]

Southeast Asia as an Emerging Economic Region

There are growing expectations for Southeast Asia to become the center of growth for the global economy because of the region's consistently high economic growth rate in recent years, large population of about 620 million, and movement toward the establishment of the ASEAN Economic Community in 2015. Sustaining economic growth in Southeast Asia will require creating a variety of frameworks for infrastructure development, human resources development, and attraction of investments from other regions. Obstacles such as the development gap within the region and environmental issues exist. Japan is extending support for sustaining economic growth as well as for facing the changing needs in these countries.

Southeast Asia is now seen as key to contributing to Japan's economic revitalization. The region's high economic potential offers plenty of business opportunities, and Japan is rediscovering it as a priority for its own revitalization strategy. The geographical range of Southeast Asian markets is now expanding to include once-isolated Myanmar, Laos, and Cambodia. With the construction of the ASEAN Economic Community, along with rising regional incomes, ASEAN provides a better venue for Japanese companies to further cultivate business opportunities.

Japan's FDI into ASEAN countries has recently dramatically increased. The annual inflow of Japan's FDI into ASEAN at the beginning of this decade was five times greater than that of ten years ago. Its total FDI into Indonesia in 2011 and 2012 was $7.4 billion, while FDI into Cambodia increased sevenfold in the last five years. In 2013 alone, ASEAN's six largest economies received 17.3 percent of Japan's global FDI, roughly half the amount received by the United States and two and half times larger than the amount received by China in that year.[6]

With an aging society, Japan must create profit overseas by effectively using assets accumulated in past decades. It desperately needs good overseas markets for investment to obtain a profit. (Its profits from overseas investments are compensating for Japan's trade deficit that is caused by the massive import of oil and gas after the 2011 Fukushima nuclear incident.) China's growth has provided Japan with excellent opportunities for investment; however, rising Chinese labor costs and opaque economic regulations, together with rising political risks, have prompted Japanese firms to reconsider doing business there and look for other venues for investment. Southeast Asia is getting more attention as a result.

Previously it was said that Japanese companies had taken a "China plus one" strategy,[7] but the situation is changing. Japanese FDI in 2014 in Southeast Asia expanded far beyond the FDI to China, although China remains an important venue for investment. (This is not unique to Japan. U.S. and Southeast Asian FDI to China has also declined.) ASEAN countries are no longer seen as "China- appendix" or "China- hedging" but as major sites on their own for Japanese investment. Companies now look for business opportunities deeper into Southeast Asia: Myanmar, Laos, and Cambodia.

Southeast Asia in Geo-economic and Geopolitical Competition

Southeast Asia is critical to geopolitical and geo-economic competition over the future regional order. Japan's approach to it should be understood in the broader context of Japan's response to the competition over that order. ODA is not the exception. Contrary to the "power transition theory" focusing on the changing dynamics of U.S.-China relations to predict the future, medium- and even small-sized nations such as the ASEAN countries and their regional institutions could play pivotal roles in the international relations of the Asia-Pacific region.[8] We see competition over how to organize the economic relations of the Asia-Pacific, as demonstrated by the ongoing negotiations of two mega-regional economic arrangements—the Pacific-based TPP (Trans-Pacific Partnership) and East Asia-based RCEP (Regional Comprehensive Economic Partnership). How ASEAN countries respond will be critical for the region's economic arrangement.[9]

The regional maritime order also attracts Japan's attention. Southeast Asia is located in the middle of the maritime security domain connecting the Pacific and Indian Oceans. One of the most important sea lanes of communication for Japan passes through Southeast Asia. There are conflicts over sovereignty and maritime resources that affect freedom of navigation. A liberal maritime order now faces serious challenges. A more integrated ASEAN undergirded by liberal rules and norms is critically important to Japan. ASEAN countries have been struggling to renovate the basic premises of ASEAN cooperation and to engage in the construction of the ASEAN Economic Community with a deeper commitment to these norms.[10] Supporting their endeavor is a priority for Japan's engagement in Southeast Asia.

Priority Areas of Japan's ODA

Southeast Asia faces emerging challenges, too. The middle income countries have to escape from "middle income traps" while joining to strengthen ASEAN connectivity and reduce disparities. JICA has enhanced its support for institutional connectivity— drafted of basic laws, improved the operation of laws, and enhanced human resource development. JICA supports legal infrastructure development and capacity building in the areas of economic laws and regulations as well as the harmonization of competition laws and policies of the ASEAN countries.[11]

According to the Japan Revitalization Strategy, which Prime Minister Abe Shinzo unveiled in mid-2013, Japan intended to increase its engagement with the international community in 2014 in three ways. The first mentioned was to strengthen relations with ASEAN countries. To boost Japan-ASEAN connectivity, aid prioritized infrastructure development and ensured unhindered maritime traffic in Southeast Asian waters. Increasing the export of "Japan model" infrastructure (such as the high-speed railway system) was one priority. At the Japan-ASEAN Summit in December 2013, Japan pledged $19 billion in aid to ASEAN over the next five years. This was meant primarily to help close the development gap in ASEAN member countries. An additional $100 million was also committed in support of the Japan-ASEAN Integration Fund. Given the remarkable growth of older ASEAN members, the CLMV states (Cambodia, Laos, Myanmar, and Vietnam) are the ones with which Japan

works more actively with ODA. The gross amount of ODA to CLMV increased by 57.4 percent in five years (from $3.358 billion in 2007 to $5.283 billion in 2011).

JICA has an economic cooperation policy with emphasis in three areas. First is assistance for improving the lives of the people of Myanmar. This includes supporting ethnic minorities, upgrading agricultural technology, improving health care systems, and building infrastructure in areas other than large cities. Second is assistance for enhancing the capacity of people who play key roles in economic activities and establishing economic systems. Third is to help create policies for economic reforms with emphasis on economics and finance, trade, investments and SME (small- to medium-sized enterprise) growth, and agriculture and rural development. Other activities include modernizing the financial sector, establishing legal systems to encourage overseas investments, and using the Japan Center and university support to create more employment opportunities.

Myanmar

Japan's relations with Burma started with war repatriations in 1954. During General Ne Win's monopoly on power in 1962-1988, two-thirds of all bilateral aid to Burma was from Japan.

Myanmar has received the least amount of Japanese bilateral ODA in the region since 1988, after the military regime seized power. In line with other donors and international organizations, Japan also cut off its ODA loans, although it has continued to give funds for humanitarian purposes in the form of grants and technical cooperation. Since taking office in 2011, the administration of President Thein Sein has been taking political and economic reform measures and opening its economy to foreign investors. Japan has been responding positively with its ODA. In 2012 Myanmar became the top ASEAN recipient of Japanese bilateral ODA for the first time since 1988.

International financial institutions such as the World Bank and the Asian Development Bank (ADB) have offered technical assistance, but they have been prevented from doing more because of debt arrears accumulated under the Burmese military. These arrears ($400 million to the World Bank and $500 million to the ADB) were cleared with the help of Japan, allowing for these institutions to provide new loans for social and economic projects. Japan is Myanmar's largest creditor and has waived part of the 500 billion yen ($5.74 billion) debt that Myanmar owes. About 300 billion yen was waived in two stages in 2013, and a consortium of private Japanese banks led by Mitsubishi UFJ Financial Group worked on a bridge loan for the remaining 200 billion. This paved the way for Japan to provide fresh ODA funding to Myanmar.[12]

The Thilawa special economic zone near Yangon has grown into a flagship project for both Japan and Myanmar and could become a magnet for Japanese manufacturers. Mitsubishi Corporation, Marubeni Corporation, and Sumitomo Corporation form the Japanese side of the joint venture developing the industrial park. The plan is to build the first 400 hectares of the park by 2015 and start luring Japanese and global manufacturers to it. A 50 billion yen loan was the first tranche of lending for building out the infrastructure in Thilawa.[13]

Near the Thai border in the southeastern part of Myanmar, the Dawei special economic zone being planned by the governments of Myanmar and Thailand, may be one of Southeast Asia's largest industrial parks at about 200 square kilometers. This zone—along with the Thilawa special economic zone—has the potential to play a central role in the ASEAN Economic Community. Foreign manufacturers often land in Thailand, whose industrial infrastructure is vastly superior to Myanmar's, after setting their sights on Southeast Asia. This has resulted in a labor shortage, especially in assembly lines, and significantly higher labor costs in Thailand. Myanmar has a relatively deep and much cheaper labor pool. Factory workers in urban areas are said to work for around one-third of what their Thai counterparts get paid. The Dawei project is expected to help Southeast Asian countries realize a "horizontal" division of labor. There are more than 8,000 Japanese-affiliated companies in Thailand that would significantly benefit from this zone. The zone is also expected to attract energy-related companies. Continental Southeast Asian nations depend on the Middle East for their oil needs. Middle Eastern crude would have a quicker path to Thailand, Laos, Cambodia, and Vietnam if it could be unloaded in Dawei and make the rest of the journey by land.[14]

In the 2013 Japan-ASEAN summit where Tokyo announced its five-year pledge to ASEAN, it noted that nearly $617.5 million of this package will be allocated to fund railway, water supply, and irrigation projects in Myanmar. Following economic and political reforms implemented over the last few years, Myanmar has seen an influx of overseas aid and FDI. Japanese ODA aims to develop a stable legal environment for these foreign investors. Tokyo has also pledged to support Myanmar's democratization efforts, including helping it to promote peace in its conflict-torn regions.

"Securitization" of Japan's ODA? Japan, ASEAN, and Maritime Security

Given the disturbances at sea, Japan is putting high priority on the security of sea lanes of communication (SLOC) in its national security agenda, as is shown in the first National Security Strategy document published in late 2013.[15] Japan's ODA White Paper says that given the rapid changes in the international environment surrounding Japan, "it is necessary to support countries that share fundamental values such as freedom, democracy, human rights, and the rule of law, as well as strategic values, as we deploy ODA strategically as a diplomatic tool."[16] Cooperation with ASEAN countries on maritime issues is a priority. Japan, as a maritime nation with global trade networks, has an enormous interest in SLOC in Southeast Asia. ASEAN and ASEAN countries are the pivotal players in Japan's strategic assessment.[17]

An Asian maritime order that has supported the intensive economic interactions among the Asian economies is being disturbed today. Disruption of the free flow of maritime trade would seriously damage Japan's economic prosperity. In this regard, Japan has expressed growing concern at rising tensions in the South China Sea and the lack of progress by the claimants to negotiate effective conflict management mechanisms in the ongoing consultations over the Code of Conduct (COC) in the South China Sea.[18]

ASEAN countries need to enhance their own capacities to deal with the challenges facing them in maritime security domains. The "China factor" plays an important role. The gap

in maritime and naval capabilities among the claimant states is widening. China has been modernizing its law enforcement and naval capabilities in the last decades. This gap between ASEAN claimant states and China must be narrowed by enhancing the capacities of the relevant ASEAN countries. Peaceful negotiations to resolve the disputes are difficult without being supported by substantial maritime capabilities, and ASEAN countries need to engage in such talks with China. Helping to build ASEAN's maritime security capacity is becoming a focus for the Japanese government. Such capability enhancement would sustain the status quo that creates better conditions for ASEAN's collective diplomatic negotiations vis-à-vis China.

In response to the rising tensions at sea, Japan has taken a variety of policy measures. It has expanded capabilities such as upgrading Japan's law enforcement capability and strengthening its defense posture in the southwestern islands. It has strengthened the alliance with the United States to quickly respond to an emergency. An example of that was the negotiation with the U.S. when Abe visited Washington in April to revise the U.S.-Japan Defense Cooperation Guidelines to respond to new security challenges. From the Japanese perspective, ASEAN countries' own strength against China's growing maritime pressure is an important vanguard for denying China's creeping penetration in the contested territorial waters in the South China Sea. Japan has become more strongly supportive of ASEAN's security capacity by providing coast guard ships, equipment, and training to them, especially to the countries having competing claims with China in the South China Sea.

Japan is explicitly prohibited from giving aid for military purposes or giving aid to countries experimenting with weapons of mass destruction. Japan follows this policy, but it has been gradually providing ODA-funded support to enhance maritime law enforcement capabilities of ASEAN countries. Japan has provided coast guard vessels to such countries as Indonesia, the Philippines, and Vietnam and has offered training programs and seminars to share common understanding and practices. Japan's Coast Guard (JCG) has been at the forefront of antipiracy cooperation activities with the ASEAN countries, which have been funded by ODA. The law enforcement activities allow Japan to be engaged in regional stability in a non-controversial way. These tactics are considered a useful means for Japan to play an active role in regional politics and security.

The Joint Statement of the U.S.-Japan Security Consultative Committee (2 + 2) in April 2012 said that Japan would make strategic use of its ODA to promote safety in the region, including providing patrol boats to coastal states.[19] Japan allocated Indonesia aid to construct patrol vessels for preventing piracy, maritime terrorism, and the proliferation of weapons. It decided to provide the Philippines with ten new coast guard patrol ships as part of Japan's ODA. JICA is now engaged in security-related programs, conducting the Maritime Safety Capability Improvement Project (MSCIP) under which Japan offers technical cooperation (training program for capacity building in maritime safety and security) and provides grant aid for equipment for maritime law enforcement. JICA has long supported initiatives of the Philippines Coast Guard (PCG). Among the projects undertaken by JICA and PCG are the provision of vessels, rescue equipment, training facilities, communication systems, and maritime safety equipment. JICA also dispatched experts from the Japan Coast Guard (stationed in the PCG office) as part of its technical cooperation assistance.

The ODA loan project involves the construction of ten 40-meter Multi-Role Response Vessels (MRRVs) to augment the PCG fleet operations. The MRRVs are expected to contribute to maritime safety, maritime law enforcement, monitoring, pollution control, and disaster response. The project would also involve human resource development of the PCG to improve skills in operating and maintaining the MRRVs.

The 2010 National Defense Program Guideline (NDPG) says that "in non-traditional security fields, Japan will promote practical cooperation by utilizing Self-Defense Forces (SDF) capabilities, including disposal of landmines and unexploded shells. Japan will also strive to establish and strengthen regional cooperation and support capacity building in the region."[20] This program was expected to enhance strategic partnerships with relevant countries and raise Japan's international influence.[21] ASEAN countries are identified as priority targets.

The Ministry of Defense established a special division in charge of engaging in capacity-building support a few years ago. This is a new development in that it involves the SDF abroad, given that it had been concentrated on cooperation with U.S. forces under the alliance. Although the project has just started and the budget and resources allocated to the division are small, the ministry has been gradually expanding its cooperative programs for capacity building, especially to Southeast Asian countries. The SDF has expanded engagement in joint exercises with the military forces of ASEAN countries, mostly for HADR (Humanitarian Assistance and Disaster Relief) missions. More defense attaches were dispatched to Japanese missions in Southeast Asian capitals to gain access to the defense agencies of the countries concerned. In addition, the ministry set up a new senior post (vice-minister level) in charge of international security, the occupant of which is expected to engage in a variety of talks with counterparts in foreign countries on a consistent manner.

Japan has strictly prohibited the export of defense equipment and technology to foreign countries, although its defense industry has the capability to manufacture sophisticated equipment. It has provided military-related technology only to the United States under the U.S.-Japan alliance. The arms export ban was relaxed to some extent in December 2011. This allowed Japan to provide and sell defense equipment for peaceful and humanitarian purposes. Additional revisions were made in April 2014 to further relax the export ban, although Japan will not export defense equipment to countries involved in conflicts or violating United Nations resolutions. While maintaining the basic philosophy of restraining such exports, overseas transfers of defense equipment are now allowed in principle. The government now plans to set up a new agency within the Ministry of Defense to oversee the development, procurement, and export of defense equipment. The agency is expected to begin in October 2015 at the earliest with some 1,800 staff members.[22]

Japan adopted its first ODA Charter in 1992, which was revised in 2003. In February 2015 the Abe cabinet adopted a new Economic Cooperation Charter containing three notable features.

1. It combines ODA with private sector funds. In 2012, private funds from Japan to developing countries were four times as much as Japan's ODA. Combining ODA with private funds provides ample opportunities for economic development (such as infrastructure building).[23]
2. For the first time the Charter stipulates that ODA should help Japan secure its national interests and should be utilized more strategically.

3. The Charter maintains the principle of refraining from using ODA for military purposes, but, with respect to providing assistance to the nonmilitary activities of armed forces, it says that the government will examine this on a case-by-case basis. ODA could be provided for such activities as disaster relief and disaster reconstruction.

According to OECD-DAC statistics, the amount of Japan's net ODA has shrunk to fifth in the world today. Japan has a huge national budget deficit. Expenditures on social security have been consistently increasing. Prospects for Japan's ODA look grim. Yet these statistics hide an important aspect of Japan's ODA.[24] Japan has been providing an enormous amount of concession loans for the last few decades. Thus, repayments on those past loans are huge today. In fiscal year 2014 the repayments were 636 billion yen (more than $5 billion)..JICA has been using the repayments to give out new loans. Thus, Japan will remain a major gross ODA provider, second only to the United States. (OECD-DAC uses net disbursement as the basis of ODA statistics. Net disbursements are total disbursements minus repayments, which reduces Japan's total, as repayments of past loans have been increasing.)[25]

Conclusion

Japan has been deeply engaged in Southeast Asia since rejoining international society in 1952. It has been allocating a large amount of ODA to the region, and has discovered important economic and strategic partners. As the major ODA provider to Southeast Asia, it is recasting the role of ODA in the context of fundamental geopolitical and geo-economical changes related to Japan. Japan has been expanding its ODA to include security-related areas. With the adoption of the new Economic Cooperation Charter, it will further expand its security related ODA, especially to respond to natural disasters and reconstruction and maritime domains. The Ministry of Defense and the Self-Defense Forces that have not been engaged in ODA may join the ODA mission. Japan's ODA will be more "securitized" in the coming years. In a departure from its traditional stance, Japan recently has been emphasizing that its ODA should be in line with its national interests, including security. As a diplomatic tool, ODA will be used to advance Japan's strategic objectives more explicitly.

Japan will continue to allocate a large part of its ODA to Southeast Asia, but the context of its engagement there is changing. Especially under its current leadership, Japan wants to be seen as a more relevant, reliable, and trustworthy partner in the region and the world. ODA will be more affected by this consideration, but this will not fundamentally change ODA to Southeast Asia. Japan has accumulated ample expertise, lessons, and understanding in Southeast Asia over the last several decades. These are important assets. Human security issues will continue to be the major part of Japan's ODA to Southeast Asia.

Discourse on how ODA contributes to Japan's overall strategic purposes is emerging in Japan. Japan is no longer the only economic powerhouse in Asia, where it is struggling to retain its economic clout and gain political and security influence in a rapidly changing environment. Japan wants to keep its position as a "Tier One State" in the Asia Pacific and the world, making its voice heard and respected.

As before, Japan will allocate its ODA to the development of infrastructure, education, medical services, human security, disaster responses, capacity building for transnational crimes, and so forth. All these will comprise the major part of Japan's ODA in the years to come. At

the same time, Japan will increasingly use ODA for "strategic purposes." Japan's ODA to Southeast Asia will be increasingly allocated to capacity building in the maritime domain. This will include both soft (human resource development, joint training and exercises) and hard (provision of maritime security related equipment) dimensions. Supporting reform of domestic institutions (especially economic regulatory ones) will be another focus of Japan's ODA allocations to Southeast Asia.

Lastly, I would mention the ongoing debates over the Asia Infrastructure Investment Bank (AIIB). Today 57 countries have indicated their willingness to join the China-proposed AIIB. Japan is one of the few governments to reserve their final decisions, having expressed concerns over whether the new development bank can establish a fair, transparent, and neutral operating and institutional setup. Here I do not refer to any "rivalry" between Japan and China or whether AIIB is challenging the existing global governance institutions. Two points should be emphasized. First, infrastructure development is essential for economic development. AIIB could contribute to infrastructure development, supplementing existing multilateral and bilateral assistance. Infrastructure development is just one, however, of a variety of policy measures to sustain economic development. We need to develop a more comprehensive approach to sustainable development, combining infrastructure building with other measures such as human resource development, institutional reforms, and enhancing ownership. In addition, the shortage of infrastructure is not due to lack of funds, but lack of economically feasible projects. We must enhance human and institutional capabilities to design feasible infrastructure projects. Otherwise, massive infrastructure building will just leave huge debt in the recipient countries, which will put a heavy burden on nation-building efforts. The second is closely related to the first point. It seems to me that AIIB is based upon an old model for economic development. The role of the public sector is getting smaller in infrastructure building. There are ample funds available in the private sector. Encouraging its active participation is essential. It is hoped that AIIB will pay more attention to the role of the private sector, helping it become an accountable and transparent multilateral institution contributing to sustainable economic development. The active participation of the private sector will "discipline" infrastructure development projects led by the public sector.

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DEALING WITH NORTH KOREAN PROVOCATIONS

Introduction

Provocations by North Korea can take various forms: weapons tests, acts of direct violence, cyber attacks, threatening force buildups, etc. Individually and as a group, states are debating how they would respond to one or another of these actions. In Section IV, authors evaluate how four states on the frontlines assess the options available to them in response. We start with South Korea, the most likely target of a provocation. Then, we turn to the United States, which is committed by alliance and retains operation command of joint forces in time of war in Korea. Third, coverage turns to Japan, also under threat but likely to prepare for only an indirect role unless it is attacked. Finally, our attention shifts to China, which is raising questions about what actually constitutes a provocation. Missing in the set of papers is Russia, which is discussed briefly later in this introduction. As many await new North Korean challenges, which will be viewed as provocations in at least three states, comparing the military responses that are being planned warrants close attention. Diplomatic and economic responses are set aside here in order to focus on military responses.

Responses to provocations can vary in nature. They start with new preparations to counter North Korea's actions or efforts to eliminate the causes of those actions. In addition to deterrence to make Pyongyang think twice about its behavior, there may also be buildups and plans for responding with military force. The application of new sanctions also fits into this list of responses. Among the responses are some that strengthen alliances and others that focus on closer diplomatic coordination. The following chapters range across the spectrum of responses in four countries. We start with South Korea, emphasizing the military measures it is undertaking, while also recognizing domestic divisions over whether they are adequate to the threat. Hong Kyudok puts South Korea's responses to provocations in the context of its defense modernization. He lists a string of ongoing provocations, including the firing of missiles and war preparations said to include nuclear missiles targeted at the United States, and he calls for close ROK-U.S. coordination in response. Critical to such coordination, in his view, is addressing a perception gap or misunderstandings between these two allies on key contentious issues, namely extended deterrence, budget constraints, and operational control (OPCON) transfer. Bridging the gap is important in responding to Kim Jong-un's assertive moves. Hong focuses on defense reform and alliance coordination.

Before analyzing the ROK-U.S. gap, Hong assesses the elusive quest for defense reform in South Korea, which personnel changes now leave in doubt. Next, Hong focuses on the direction of North Korea's nuclear program, crediting it with substantial progress as well as stepped up provocations. Holding South Korea hostage through an enhanced threat capacity is viewed not only as serving the North's interest but also as attracting the attention of the Obama administration and having a deterrent effect. One response has been a debate on nuclear weapons in South Korea. Another response is to build South Korea's own missile system to deter North Korean provocations. The defense reform plan calls for closing the missile gap by reinforcing South Korea's Missile Command, building Kill-Chain to preempt long-range missile and artillery attacks. Following the force improvement structure established by the preceding Lee Myung-bak administration, Park has introduced a proactive deterrent strategy, Hong notes, observing that delaying OPCON transfer is an appropriate response to provocations. Raising concerns that U.S. defense budget cuts send the wrong message as well as that South Korea is spending too little, Hong concludes with warnings against not dealing with the threats adequately.

The military thrust of the analysis in Section IV is continued in Terence Roehrig's paper, which also emphasizes the importance of the U.S.-ROK alliance. He asserts that the U.S. responses to North Korean provocations have been grounded in its alliance with the Republic of Korea, a commitment of extended deterrence. The North has conducted numerous lower level operations that disrupt regional stability, yet the United States is reluctant to retaliate for fear of starting a dangerous escalation spiral that would put Seoul at risk and could start a larger war on the peninsula. As strategic deterrence remains stable, he adds, deterring lower level provocations remains one of the most difficult challenges, for which preparations have been intensifying. Focusing on these themes, Roehrig concentrates on recent developments.

Two visible signs of preparations are security dialogues and joint exercises. After the events of 2010, U.S. and South Korean officials began to rethink deterrence in Korea in ways that looked not only at preventing a large-scale invasion but also focused on the dilemma of deterring lower level provocations. ROK officials had stated clearly after the shelling of Yeonpyeong-do that should the North choose to use military force again, there would be a response. With a new Joint Counter-Provocation Plan in place, South Korea is in the lead to respond to any DPRK provocations that are short of a major war, but with the ability to request assistance from U.S. forces for these types of events. Many analysts of Korean security have lumped all sorts of actions from bombastic rhetoric, nuclear weapons tests, and the sinking of the *Cheonan* as North Korean provocations, yet their character is very different. Addressing the issue of differentiating between lower level, "local" DPRK actions where Seoul will be in the lead versus actions of war that trigger U.S. OPCON intervention may be a challenge, Roehrig explains.

Roehrig also examines the issue of ballistic missile defense. To address the North Korean ballistic missile threat, the United States has continued to increase its BMD assets in the region and is committed to building a region-wide BMD system that includes key allies. The Pentagon announced in October 2014 that it would be sending two additional Aegis destroyers to Japan by 2017. They combine with South Korea's *King Sejong the Great* Aegis destroyers as well as Japan's Aegis ships to help track North Korean launches, and if necessary, shoot down missiles that are judged to threaten either U.S. ally. ROK Navy ships are not equipped with the SM-3 missile and cannot shoot down ballistic missiles, but there are ongoing discussions in South Korea of acquiring this capability. For several years, the United States has been trying to convince South Korea to join its BMD system. Japan joined in 2005, but South Korea has been reluctant due to cost factors and, more importantly, Chinese objections. Beyond efforts to enhance deterrence, the United States has sought to improve its combat capabilities should deterrence fail. High-level trilateral cooperation has remained elusive due to ongoing disputes. Similar to the Hong analysis, Roehrig points to the importance of the OPCON transfer issue, to ongoing defense improvements, and to various problems that still need to be solved.

Ohara Bonji focuses on Japanese thinking about how to respond to provocations from North Korea, delving further into the challenge of trilateralism raised in the two previous papers. He makes it clear that Tokyo is not focused on direct military involvement. It recognizes its limitations in responding militarily, while emphasizing the broader context. A problem, he warns, is that North Korea's irrational statements make comprehending its true intentions hard. Its neighbors are doubtful that they can rationally resolve issues through direct talks with it. That makes them think that North Korea must be preparing for launching military

action, even including the use of nuclear weapons. Of the countries active in Northeast Asia, only the United States has the countervailing force to oppose North Korea, which has no effective measures except provocatively to threaten to launch missiles and test nuclear weapons. Ohara adds, the United States and South Korea have limited ways to deal with North Korea because they realize that there is a low possibility that the North will give up its development of nuclear weapons, and they cannot make the choice of recognizing that development. Pressuring the North through economic sanctions, they must prepare for the North's extreme reaction, proving that its threats are ineffective in order to make it stop thinking about extreme measures.

North Korea recognizes that China is not against it, Ohara notes. It thinks that China will definitely not drive it into a corner, controlling things to avoid destabilization. China is not a reliable partner, but it is useful. The United States and South Korea as well as Japan must make the North recognize their tight military cooperation, forging a military force that can render ineffective a North Korean attack, even one including nuclear weapons. Already Japan has begun to consider the use of the Self-Defense Forces (SDF) in peacetime, as reflected in the July 2014 cabinet decision to reinterpret the right of collective self-defense. Even so, it would be difficult for Japan to plan a major role in the event of an incident on the Korean Peninsula. If a U.S. naval vessel, which is proceeding together with a maritime self-defense vessel, were subject to missile attack, Japan could exercise the right of collective self-defense, firing a return missile in place of the U.S. vessel. In the event of a North Korean missile attack, there is a possibility of proceeding as part of a joint operation with the U.S. Navy, but it is unrealistic for it to participate by sending its army SDF to military operations on the Korean Peninsula should a situation arise there: Japanese are opposed to dispatching the SDF to another country; and Koreans are firmly opposed to Japanese forces entering their territory. Yet, assistance to or evacuation of its citizens may test this restraint. Even if the SDF cannot participate in joint operations, in information sharing and other respects, sufficient Japan-ROK cooperation has now been established. Through strengthening the cooperation of Japan, South Korea, and Australia, the United States and its allies can avoid relative decline in their power in the Asia-Pacific region, Ohara concludes, adding it should be made clear that Japan's shift in security policy and cooperation with South Korea lessens the U.S. burden.

Cheng shifts the attention to the causes of North Korean provocations, while calling into question what is a provocation. Perceptions of the same act can be influenced by relations with the party in question, ideological orientation, historical experiences, or something else. What may appear to be a provocation may not be so, Cheng states, while also pondering the causes of provocations in both its external environment and domestic politics. The external environment refers to the geopolitics on the Korean Peninsula, i.e., the political division and military confrontation. Moreover, Cheng charges that South Korea is also guilty of provocations, calling them a matter of routine, and insists that the inter-Korean rivalry has been complicated by Sino-Japanese and Sino-U.S. rivalries. North Korea's provocations are rooted in an external environment, which is hostile, volatile, and charged with nationalistic emotions, he concludes, arguing that resuming the stalled Six-Party Talks may be the only viable way to root out important external factors that cause North Korea to resort to provocations. A number of domestic factors might encourage provocative actions in its external relations: power transition, economic hardship, diplomatic isolation, and possession of nuclear weapons. With this argument, Cheng suggests that those who contribute to

economic hardship and diplomatic isolation are failing to do what is desirable to reduce the likelihood of North Korean provocations.

The pattern of North Korea's provocations is categorized into two types, defensive and offensive. The former is for self-defense, whereas offensive provocation is action or speech initiated to threaten, frighten, or enrage a targeted actor(s). The line between defensive and offensive is thin and can be quite subjective. Provocations may help to achieve a number of objectives: 1) to hide its greater weakness, as during leadership change; 2) to prevent South Korea or the United States from taking an action deemed harmful to it, such as sending leaflets to the North; (3) to boost the leadership's reputation by winning a competition with South Korea, such as in missile development; (4) to influence South Korean and U.S. domestic politics during elections; and (5) to build a convincing military deterrent. Even though North Korea has been widely perceived as a maverick, which does not follow any rules, its provocations have remained within bounds, which make external military intervention unnecessary, Cheng concludes.

Although China has exercised caution in its response to the provocative interactions between the two Koreas, its attitudes toward North Korea and South Korea have some subtle differences, explains Cheng. Beijing has been forthcoming in expressing its disapproval of some South Korean-U.S. activities, such as the joint military exercise in the Yellow Sea and possible deployment of THAAD in South Korea, but it rarely explicitly censures North Korea's conventional provocations. This two-faceted attitude towards North Korea's provocations demonstrates deep-seated thinking: 1) North Korea has been insensitive to and less tolerant of China's public criticism; 2) bound by the alliance treaty signed in 1961, China has avoided making any remarks about North Korea's external behavior on the grounds that China has no right to infringe on a country's sovereignty; 3) from China's perspective, North Korea's provocations have their own historical and geopolitical causes and should not bear sole blame; 4) the tit-for-tat conventional provocations between the two Koreas are perceived to be so frequent and intertwined, China prefers to remain silent or express general, but ambiguous, statements rather than point the finger of blame. Thus, China has generally turned a blind eye to North Korea's conventional provocations. At the same time, China has been willing to take actions to punish North Korea for its nuclear provocations. From its perspective, to use or threaten to use military force against North Korea is not an option in the foreseeable future: 1) as China's core national interests are not in danger, it sees no reason to do so; 2) since technically North Korea is still China's ally, to use or threaten to use military forces against it would tarnish China's reputation. Other actors have also behaved in a provocative way and caused tension or crises in their external relations. The answer is to jump start the Six-Party Talks to tackle three interconnected issues: North Korea's nuclear weapons, replacement of the armistice treaty with a permanent peace mechanism, and normalization of relations between North Korea and the United States and other nations. With the three issues settled, we can reasonably expect a tangible reduction of North Korea's provocations, Cheng insists.

Clearly, Chinese thinking about provocations is sharply at variance with the attitudes in the other three states. Coordination in responding to North Korean provocations does not seem likely, with the exception of nuclear weapons. The second difficulty in coordination is finding a way for Japan and South Korea to agree to trilateralism, missile defense ties, and a role for Japan in case of a need to evacuate its nationals from South Korea. Finally, missile

defense coordination between South Korea and the United States looms as a third challenge in preparing for North Korea's provocations. In the background are China's objections to the strategies of all three states toward North Korean provocations, its aim to split Japan and South Korea, and its objections to THAAD and other steps that South Korea could take to strengthen cooperation with the United States to deal with potential provocations. Given these problems, preparations to respond are far from optimal.

Russia's view of provocations overlaps closely with China's. It puts much of the blame on the United States and raises doubt that what others call provocations would actually be the fault of North Korea. Nuclear tests are also Russia's foremost concern. In the absence of them, Russia is critical of the deterrent actions of the United States and its allies and is willing to provide some military assistance in the form of arms to the North Koreans. In recent months it has appeared to outflank China in its outreach to the North, even putting Xi Jinping in a bind by inviting Kim Jong-un to Moscow at a time Xi is also to be present to commemorate the shared victory in WWII. (Kim's decision not to attend temporarily solved this problem.) With China showing some signs of backtracking on the pressure it applied to North Korea, some may discern a revival of Sino-Russian competition that allowed the North to extract ample arms and assistance from both. Yet, given the growing bonds between Moscow and Beijing, there is more likelihood of a common cause in opposition to the U.S.-South Korean strategy, which is backed by Japan. The prospect of polarization over deterrence and North Korea, in general, without Russia or China being in favor of its nuclear weapons program, puts limits on the strategies of the other states.

There is considerable overlap in the security-conscious chapters of Hong, Roehrig, and Ohara—all in sharp contrast to the Cheng chapter—but there are differences in emphasis. All favor sending clear signals to North Korea that provocations would be met with firm responses. Deterrence is alive and well. All call for three-way, integrated missile defense systems. Hong stresses that Seoul must do more for its own defense. It cannot rely on the United States forever, given concerns about sequestration and U.S. commitments. Ohara welcomes the shift to Japan defending itself, but calls for doing more. Roehrig sees the United States as having already offered ample incentives and assurances to North Korea, but not having pressured the North enough. China's view on provocations and how to address them was the outlier. What others view as deterrence, it appears to see as provocations. The ideas of Hong, Roehrig, and Ohara reflect views shared by many in the security community in three countries, who are striving to prod others in their country to do more. Cheng's outlook is likely to confirm their stances rather than those of others who prefer to count on China to take a central role against North Korean provocations.

A South Korean Perspective on Dealing with North Korean Provocations: Challenges and Opportunities

Hong Kyudok

Despite President Park Geun-hye's efforts to improve inter-Korean relations, Kim Jong-un's North Korea has never shown any willingness to give up its nuclear ambitions and continuously refuses to become a normal state.[1] It has made significant advances in its nuclear weapons program over the past 20 years, while continuing provocations against the United States and South Korea. The year 2015 marks the 70th anniversary of the division of the Korean Peninsula and liberation from the Japanese annexation. Kim Jong-un expressed an interest in resuming dialogue with South Korea in his New Year's address;[2] however, his attitude totally changed in the following weeks largely because the United States flatly turned down his offer to stop the annual military exercises in return for temporarily halting nuclear tests.[3]

President Obama's negative remarks on the future of the Kim Jong-un regime during an interview with YouTube and stern rebuke of North Korea's hacking of Sony Pictures led to a sharper divide.[4] North Korea has rebuffed the president and conducted military exercises designed to attack a U.S. aircraft carrier twice on the west and east coasts with Kim Jong-un present.[5] On February 6, it test-fired an anti-ship cruise missile on its newly-displayed stealth fast patrol craft, and on February 8 it fired five missiles off the coast of Wonsan towards the East Sea in defiance of the United States.[6] On February 13, its military held a mass gathering in Pyongyang in protest against the U.S. anti-North Korea policy. The Key Resolve computer simulation exercise involving some 8,600 U.S. troops and 10,000 South Korean troops began on March 2, and Pyongyang instantly fired two short-range ballistic missiles into the East Sea in protest.[7] The exercises have always drawn fierce rhetoric and promises of catastrophe from the North. This year is no exception. The Foal Eagle field exercise, which involves 3,700 U.S. troops and 200,000 South Korean troops, continued through April 24. Kim Jong-un now openly mentions a nuclear attack on targets in the continental United States and ordered his military leaders to complete war preparations by October 2015.[8] South Korea and the United States should coordinate closely and prepare for rash action by a young leader who is unpredictable and bold enough to challenge the Obama administration's strategic patience.

This chapter first assesses the nature of security challenges raised by a leader who has held power for four years since the death of his father in 2011. Kim Jong-un has achieved strategic superiority over the South in nuclear and missile forces, and I focus on how the South has prepared for increasing threats from the North. Second, it addresses the perception gap and misunderstandings between two allies on key contentious issues, namely extended deterrence, budget constraints, and OPCON transfer. Bridging the gap is important in dealing with Kim Jong-un's bold initiatives. Addressing the questions below is meant to serve that goal. 1) What are the main concerns of ROK defense modernization efforts? 2) What is the direction of North Korea's nuclear program? 3) What is the status of current debate over nuclear weapons, regarding both indigenous capability and the reintroduction of U.S. tactical weapons? 4) What is the significance of the "Kill-Chain" and "KAMD" (Korea Air and Missile Defense) concepts? 5) How is the Park government's defense program different from that of its predecessor? 6) How do Koreans prepare for OPCON transfer, and how does a delay for the third time impact Seoul's capability to deter the North? 7) How does the ROK view the impact of U.S. budget politics on defense planning and the ROK's capacity to contribute to extended deterrence and on calculations about what else can be done to strengthen the alliance and extended deterrence?

The Elusive Quest for Defense Reform

Many question whether the defense reform introduced on March 5, 2014, will progress as planned. The Defense Reform Basic Plan 2014-2030 is the first since Park became president.[9] Media reaction was not positive since there was nothing new to attract public support. Critics argue that it is merely a repetition of the plan during the Lee Myung-bak government. Some belittled it by saying that it was a great setback because the Ground Operation Command, which was supposed to be established in 2017, was delayed another five years and, therefore, the First ROK Army and Third ROK Army will not be merged into it as scheduled.[10]

Former defense minister Kim Kwan-jin's strong drive to unite the separate commanding lines by giving service chiefs authority over operational control has been suspended due to strong opposition from members of the National Assembly and retired generals and admirals.[11] Prominent among the opponents was former general Kim Jang-soo, Park's first national security advisor. Despite his close relationship with Kim Kwan-jin over 40 years in uniform, he did not fully support the idea of streamlining the upper structure of the military, reducing the numbers of officers in the high command, and redistributing them to frontline units in order to strengthen the combat forces. Given that the Joint Chiefs of Staff have had heavy duties beyond commanding the chiefs of staff of the Army, Navy, and Air Force, Kim Jang-soo preferred to establish the position of commander of the operational command and did not believe that the Joint Chiefs of Staff could effectively serve as a war fighting commander operating with dual hats. Kim Kwan-jin disagreed, warning that creating another command would consume hundreds of officers and further undermine the fighting capabilities due to a lack of manpower. It would have required revision of the Constitution and would have made it highly unlikely that the defense reform bill under Lee Myung-bak would have passed in a timely manner, imposing an enormous financial burden.

Kim Kwan-jin reassured Lee that streamlining the upper structure of the military would reduce the large numbers of generals from 444 to 380 and contribute to preparations for the upcoming OPCON transfer. He persuaded Lee that ROK forces should be made more agile to respond to provocations by reducing the commanding echelon and many duplicate positions in the military. He emphasized that simplicity, slimness, quick decision-making, and maximum jointness are the guiding directives of his reform. Lee firmly supported this structural change, and Kim Kwan-jin continues to argue that the Joint Chiefs of Staff can lead if they can be integrated into the commanding lines.

Kim Kwan-jin, who formerly served as the chairman of the Joint Chiefs of Staff, thinks that the army chief of staff should be integrated into the commanding lines in order to transform the bureaucratized armed forces into a more robust, combat-oriented fighting force and that unifying the command structure would be beneficial to the ROK-U.S. alliance, increasing the level of jointness and inter-operability. Kim Jang-soo, former army chief of staff, does not see the problem in the same way, arguing that the army chief of staff should remain independent, and the service chiefs should concentrate on education and strengthening capabilities. Most members of the Committee of National Defense did not understand the difference and relied heavily on Kim Jang-soo, who had served as deputy commander of the ROK-U.S. Combined Forces Command and minister of national defense. Lee Myung-bak as well as Kim Kwan-jin had failed to persuade new National Assembly member Kim Jang-soo.[12]

Another key factor was strong opposition from retired navy admirals and air force generals, who see Kim Kwan-jin's reform as depriving their services of independence and destroying the spirit of cooperation among the three services. Critics accused Kim Kwan-jin of failing to understand why cross-domain synergy is needed in network centric modern warfare by sticking to the old concept of army dominance. They criticized the Lee Myung-bak government's approach to reform and lobbied heavily against the bill to the members of the National Assembly. Instead, they demanded application of a 2:1:1 ratio of army, navy, and air force personnel in the Joint Chiefs of Staff more strictly, while proposing the postponement of scheduled OPCON transfer, which Lee and Obama had approved. Most retired generals of the Veterans Society expressed concern that reorganization of commanding lines would bring unnecessary confusion, and the ROK forces would not be ready for taking the lead after OPCON transfer within several years.

As soon as Park Geun-hye appointed Kim Jang-soo chairman of the national defense and security sub-committee of the presidential preparation committee, Kim Kwan-jin and the officials in his ministry knew that the idea of reforming the upper defense structure would soon become a thing of the past. Park has never mentioned defense reform and has distanced herself from the heated debate. There is a perception that reform of the military is politically too sensitive and could harm her without yielding appropriate results. It is ironic that Kim Kwan-jin survived the change of government to become her second national security advisor after serving another year as her first minister of national defense after Park's pick for the post failed to pass the nomination hearing and she had no other option but to choose him. Kim Kwan-jin not only survived but succeeded Kim Jang-soo as national security advisor. However, he was no longer a point man driving defense reform as he previously was in the past. In contrast, Kim Jang-soo, after stepping down due to the unfortunate ferry boat incident in May 2014, returned to the center of power when Park nominated him as ambassador to China.[13]

What Are the Key Concerns Going Forward?

A key concern among security planners is that a 3.5 percent increase in the defense budget is not sufficient for the Korean military to carry out defense modernization as planned. The ROK's budget is currently about 20 percent of China's and half of Japan's. A *Dong-A Ilbo* editorial argued that the Park government failed to recognize the urgency arising from the challenges of shifting power in the security environment of Northeast Asia.[14] The new defense plan emphasizes reorganizing frontline corp-level units into central players in military operations with a greater command role. To accomplish that goal, an air support operations center will be attached to each corps to allow its commanders to easily mobilize aerial firepower during ground combat operations. The plan also aims to increase the capability of the corps by providing advanced high-tech military equipment and predicts that operational areas covered by the corps will more than triple. According to the plan, the numbers of army corps need to be reduced to six from eight and the number of divisions to 31 from 42, while downsizing the number of mechanized infantry brigades to 16 from 23. This would cut troop numbers by more than 110,000 by 2022: the army from 498,000 to 387,000, while the navy, air force and marines will remain unchanged at 41,000, 65,000, and 29,000, respectively. To maintain combat capabilities, the ministry plans to increase the proportion of experienced

senior-level officers including NCOs to 42.5 percent from 29.5 percent. However, observers point out that these increases are unachievable without making more funds available.[15]

The ROK military wants to modernize before realignment and downsizing take place. However, the schedule of force improvements was delayed due to defense budget shortfalls, causing frustration among military leaders and officials in charge of defense planning. The loss of interest among key advisors to the Blue House resulted in a minimal response from the ministry and the services. *Chosun Ilbo* editorialized about such an atmosphere when it stressed that the new defense plan misses how to strengthen the joint operational war fighting capability.[16] Debates on how to unify the command structure failed to win consensus among members of the National Assembly and opinion makers during the previous government. The Park government has not explained how it is going to handle the issue. Downsizing the number of generals was the key issue, but the Park government has never mentioned this sensitive matter. Recently, Han Min-koo, minister of national defense, announced that his ministry would supplement reform efforts in a framework of "creative defense," a new slogan for 2015.[17] It remains to be seen how it can carry out a reform agenda without arousing severe opposition.

Another concern in downsizing is how to efficiently eliminate WMDs in North Korea if a contingency should take place and whether ROK forces with limited manpower are alone capable of a potential stabilization operation. According to Bruce Bennett, ROK forces would need at least 460,000 persons in order to deal with such an operation. Another study is more optimistic estimating that around 360,000 forces would be required to complete the mission.[18] However, forces need to be reduced by 110,000 by 2022 to reach a total of 387,000 in the army. This is in line with the low birth rate in Korea, but it poses a huge challenge for the ROK military. In 2014, 380,000 males entered the military but only 170,000 boys were born. When they become 18, the military will be in trouble in filling the vacancies. It is highly unlikely that the United States will dispatch a large number of ground forces to Korea because it will only have ten plus army brigades with the limited budget available.[19] Therefore, the ROK needs to strengthen its own capabilities.

What is the Direction of North Korea's Nuclear Program?

Pyongyang launched a satellite into orbit on December 12, 2012, and conducted its third nuclear test on February 12, 2013, prompting condemnations by the international community along with additional sanctions in UN Security Council Resolution 2094. The unanimous demands of international society provoked an unprecedented level of threats directed at the United States and South Korea, which conducted annual military exercises in March 2013. It was quite a shock to Seoul when KCNA (Korean Central News Agency) and *Rodong Shinmun* stated that Pyongyang had decided to pursue the so-called parallel policy of economic development and nuclear development to protect the country from the hostile forces of the United States. Pyongyang's official newspaper clearly stated that it had succeeded in making nuclear weapons "smaller, lighter, and diversified," enhancing its nuclear capabilities.[20] It is worth noting that Pyongyang provided ten guidelines to strengthen the position of a nuclear power state in which its effort to increase the capacity of striking back to the origin of the aggressor is very much emphasized.[21]

Two years have barely passed, and Li Soo-yong, North Korea's minister of foreign affairs, expressed an intention to launch a preemptive nuclear strike against the United States when he made an address at the UN Human Rights Council in Geneva on March 3, 2015.[22] Although North Korea is notorious for using such rhetoric, what he suggested is certainly beyond the scope of deterrence, and this statement has been regarded as a game changer for policy makers and strategists in both Seoul and Washington. Considering that North Korea has successfully had two nuclear tests since 2009, continuously carried out more than 100 high explosive tests since the late 1980s, and likely obtained nuclear weapon design information through secret networks with Pakistan and Iran, experts generally agreed that it has made substantial progress in making nuclear weapons smaller and lighter.[23]

The Defense White Paper 2014 stated that North Korea has achieved miniaturization and estimated that these nuclear bombs can be loaded onto missiles.[24] Han Min-koo, minister of national defense, told members of the national defense committee on October 27, 2014, that North Korea is believed to possess the technology of miniaturizing the weapons.[25] Whether North Korea used highly enriched uranium (HEU) in nuclear weapons has also been contested. Experts generally believe that it has already obtained the necessary skills and the Defense White Paper 2014 acknowledged this possibility, pointing to the uranium facilities revealed in November 2010. The Park government assesses that the Kim Jong-un regime has put an operational nuclear weapons production system in place, produced a large quantity of nuclear warheads, and attempted to develop effective command and control systems for its nuclear forces. Although North Korea does not possess nuclear deterrence capabilities that can intimidate the United States, it has sufficient nuclear deterrence to threaten South Korea without additional measures.

North Korea amended its constitution in December 2012 to include an article that it is a nuclear state. It further laid out the legal basis for a nuclear state by passing a decree on consolidation of the self-defense nuclear power state at the seventh session of the 12th Supreme People's Assembly on April 1, 2013. Pyongyang has continued to step up its level of provocations, denouncing the U.S. plan to conduct annual military exercises as a prelude to an invasion of its territory. It fired 111 missiles on 19 occasions in 2014 and continued to fire them in 2015. Now it is beginning to mention targeting U.S. aircraft carriers and key objectives on the continental United States, signifying its willingness to stay the course as it continuously improves its nuclear capabilities and adds a maximum number of warheads to its arsenal.[26] It is developing mobile launchers, submarine missile launchers (SLBM), and ICBMs to improve the survivability of its nuclear force and the force's deterrence value.[27]

The North Korean military also increased its conventional artillery power that can easily reach Pyongtaik, 80 km south of Seoul, where U.S. forces will be stationed after 2018. Since 2014, North Korea has displayed 300 mm MRL (Multiple Rocket Launchers) and recently held military exercises in preparation for chemical warfare to show the world its resilience and invincibility.[28] Its young leader has kept insisting that it will not give up the nuclear option unless the United States recognizes the DPRK as a nuclear power state and opens nuclear disarmament negotiations one on one. On February 6, 2015, Kim Jong-un participated in a test drill of a ship-to-ship cruise missile modeled after the Russian Kh-35, which can fly at a low altitude above the surface of the sea. Pyongyang also introduced a newly made stealth-type fast patrol craft. A KCNA report warned that its Navy can seriously

damage the U.S. fleet, including the USS *George Washington*, if the ship joins in the annual military exercise in the East Sea.

As witnessed in the hacking incident against Sony Films, cyber warfare is another area in which Pyongyang has been increasingly active. Seoul found that out when a breakdown of the computer system of major banks and broadcasting companies turned out to be done by North Korean hackers. Vulnerabilities were also found in Seoul when white powder and a letter to threaten Kim Kwan-jin were delivered to the mailroom of the ministry. The terrorist attack against the U.S. ambassador clearly shows that North Korea can easily endanger key targets of the alliance.[29]

Seoul considers it impossible that North Korea could build a large-scale nuclear force; however, the North seeks strategic gains by making Japan and South Korea nuclear hostages by developing small-scale nuclear forces and a delivery system, to prove it can survive initial and second strikes from the United States and still seriously damage South Korean targets. Kim Jong-un firmly believes that holding South Korea as a nuclear hostage would not only serve its interest best but also attract the attention of the Obama administration and have a deterrent effect against potential U.S. preemptive strikes against the North Korean regime and its nuclear facilities.

What is the Status of the Current Debate over Nuclear Weapons, Regarding Both Indigenous Capability and the Reintroduction of U.S. Tactical Weapons?

On April 26, 2014, Park touched on the potential danger of a nuclear domino effect in Northeast Asia in an interview with local media after her summit with Obama, emphasizing that all concerned states must coordinate to prevent North Korea from a fourth nuclear test.

However, members of the National Assembly, particularly Won Yoo-chul, chairman of the Committee for Formulating Strategy Against North Korea's Nuclear Weapons, and Chung Mong-joon, the longest serving member, expressed concern and called for developing an indigenous nuclear capability to deter North Korea from using nuclear weapons against Seoul.[30] Some pundits argue that introducing non-strategic weapons such as the Tomahawk cruise missile could effectively deter the North.[31] The Park government denied that it would develop an indigenous capability and discredited the utility of bringing U.S. nuclear tactical weapons back to Korea. Park made clear her strong desire to make Korea nuclear free when she was asked to comment on Obama's call for a "nuclear free world."

Most Koreans believe U.S. reassurances, but do not know what extended deterrence means and how it would be achieved. Only 13.1 percent said that they are fully aware of extended deterrence, and 45 percent said they have heard but do not know very well what it means, while 39.4 percent said they do not know anything about it. Another 46.6 percent said that the United States would employ all possible measures including nuclear weapons in order to deter the North Korean threat, while 45 percent answered that the United States may not be able to use the nuclear weapons in a future North Korean contingency.[32] Many observers in Korea are concerned that tailored extended deterrence may not prevent further provocations and that there is a high possibility of the situation escalating in the process of countering conventional armed provocations. What if North Korea preemptively uses its nuclear weapons after Seoul counters an armed provocation? North Korea has tried hard to

convince the people in South Korea that extended deterrence cannot be a viable option by increasing tensions. Both Seoul and Washington are keenly aware that it is difficult to keep the North from crossing a red line. Providing the people with a detailed explanation on how the extended deterrence actually works, under what conditions nuclear weapons would be acceptable, and how does the U.S. ballistic missile defense fits into future contingencies, would open a Pandora's Box, inviting heated debates.

What is the Meaning and Significance of the "Kill-Chain" and "KAMD" Concepts?

It was Kim Kwan-jin's idea to explain to Lee and other cabinet members how crucial it was to build South Korea's own missile system to deter North Korean provocations effectively at the time of the financial strategy meeting in May 2011. Cabinet members, including Deputy Prime Minister Yoon, fully understood the missile gap and promised to support enhancing the missile capability in the defense budget for the next fiscal year. Building the country's own missile system was the main focus of the Defense Reform Basic Plan 2012-2030. Kim Kwan-jin worked hard to make progress, especially in countering North Korea's missile capabilities. After the unprovoked shelling of Yeonpyong Islands in November 2010, the ministry had to focus more on improving counter artillery and missile capabilities as part of facilitating defense reform.

South Korea also finds it necessary to extend its ballistic missile range to hit North Korean strategic targets within 800-1,000 km.[33] Minister Kim believes that the most suitable deterrence is to show that the ROK is strong and able to hit any target within North Korea.[34] North Korea has been developing a road-mobile, inter-continental ballistic missile system much more difficult to detect and solid fueled so that it can be fired more quickly than liquid fueled counterparts. Therefore, the defense reform plan calls for closing the missile gap by reinforcing South Korea's Missile Command. Building Kill-Chain to preempt long-range missile and artillery attacks has become the priority. This refers to a detection-strike system designed to preemptively attack mobile missile launchers when a launch sequence is detected by an advanced reconnaissance system.[35] Seoul estimates that North Korea currently has more than 1,000 missiles and 100 mobile rocket launchers. As the Kill-Chain cannot destroy all missiles before they are fired, it will target the remaining missiles and combat aircraft at a range of 10 to 30 km.[36]

How is the Park Government's Defense Program Different from its Predecessor's?

The Park government is following the force improvement agenda that the Lee government established, notably a proactive deterrence strategy. Previously, many of Park's advisors cautioned that the word "proactive deterrence" might escalate the situation in the face of an increasingly provocative Pyongyang. However, a new defense plan entails preemptive measures, which include all military and non-military procedures to be taken in self-defense when there are signs of an imminent all-out war. This position was reiterated by Minister Han Min-koo on July 20, 2014, when he made it clear that the ROK forces would firmly and immediately respond to a North Korean provocation by striking its origin, its supporting forces, and the commanding headquarters responsible. His statement exactly echoed what

his predecessor had said. Han also emphasized the strategic value of "Kill-Chain" in his interview, explaining that acquiring the system is crucial to preemption when the North enters the stage of using nuclear weapons. He maintained that KAMD would be completed by the early 2020s.

How Do Koreans Prepare for OPCON Transfer? How Does Delaying it for the Third Time Impact Seoul's Capacity to Deter the North?

Although the U.S. government and many opinion makers, including former USFK commanders, respect Park's request for a condition-based transition, there has been much debate about why Seoul has to demand again to delay the transition and whether it is appropriate for the United States to agree for the third time, reflecting a gap in perceptions, understanding, and expectations among Korean watchers in the United States. Many retired generals consistently objected to the dismantlement of the ROK-U.S. Combined Forces Command. They also called for delaying indefinitely the OPCON transfer unless the North gives up its nuclear option. Park has taken their advice seriously and has asked the United States to adjust the scheduled transfer again. She and her advisors firmly believe that a condition-based transition sends a strong message that the American military presence will be guaranteed as long as the threat from the North remains unchanged. Yet, it would be a huge mistake to delay the transition indefinitely, as many critics argue in the United States. Most Korean men and women in uniform believe that they can do the job even though they will not be 100 percent ready by December 2015.

The South Korean military worked hard to be ready for the planned transition in 2015. They developed an essential mission task list, which specifies detailed goals to be accomplished, according to the road map jointly made with the United States Forces. Contrary to the high level of confidence expressed by uniformed officers, however, retired generals and admirals of the Korean Veteran's Society raised their voices against the planned transition. As they have increased their political influence in campaigns and elections, their perceptions were reflected in the new government, but the condition-based transition does not necessarily mean permanent delay until the North Korean nuclear issue is resolved or unification happens. The ROK military promises to fulfill the requirements spelled out in the Strategic Alliance 2015. At the same time, the United States offers assurance that changing the wartime OPCON does not reduce its strong commitment. Both agreed at the Security Consultative Meeting (SCM) in 2013 that future command must remain a combined structure where the ROK takes the driver's seat leading the war fighting command while the United States bridges the gap, providing the ROK JCS with its enduring capability.

The ROK needs to increase its capabilities to prove that moral hazard would never occur. It has already successfully demonstrated a complete set of command and control standards, as certified by the CFC commander as scheduled. These standards cut across all elements of the ROK JCS staff and subordinate commands. They have been evaluated periodically, and reports were sent to both governments following every theater exercise since early 2010. The most important future task is completing the ROK's structural change and finalizing the combined structure before finishing the Full Mission Capability stage originally scheduled for December 2015. The transition process would be examined and the recently formed team would look at conditions in North Korea and see how they affect the decision. It is the Park

government's consistent position that OPCON transfer will only be delayed until the ROK's critical capability as well as its command structure demonstrate its ability to take charge, and Seoul believes that this will be done by the early 2020s.[37]

How Do U.S. Budget Politics Impact Defense Planning and Readiness and the ROK's Ability to Contribute to Extended Deterrence?

Critics have long warned that sequestration would severely damage U.S. military readiness or even hollow out the U.S. force; however, some view these projections as grossly overstating the impact of a much-needed drawdown in spending.[38] How the stakeholders in the Asia-Pacific region prepare for this challenge has become a critical issue. South Korea naturally questions how the reduction will be implemented and its impact on U.S. strategic priorities.

The latest set of independent and internal assessments commissioned by the Department of Defense confirms that the current U.S. defense posture is adequate in deterring and defending against potential threats in the Asia-Pacific.[39] The security commitment to the Korean Peninsula has repeatedly been confirmed, e.g. by the Deputy Secretary of Defense Ashton Carter in July 2013 and Secretary of Defense Chuck Hagel on October 2, 2013. They made it clear that DoD exempted critical functions from sequestration when the threat is related to nuclear deterrence and the U.S. ability to respond immediately to crises on the peninsula.

Even so, protracted divisions in Washington, which have even led to a government shutdown, concern South Korean security planners and foreign policy strategists. As shown at an assessment in August 2012, there are those who still argue that a significant drawdown in the region is inevitable, proposing a reduction of ground forces in Korea by 14,000 to 18,000, along with the withdrawal of 9,000 Marines from Okinawa as well as the elimination of four F-16 squadrons from Misawa and Kunsan.[40] One concern of Koreans is whether a budget reduction will increase pressure for more burden-sharing with respect to U.S. military bases in South Korea. As of 2012, the United States spent about $10 billion on its overseas military presence (excluding Afghanistan and military personnel cost), of which 70 percent was used to support bases in Germany, Japan, and Korea. The amount allocated to non-personnel costs of basing 28,500 U.S. troops in South Korea was about $1.1 billion. The U.S. share exceeded that of South Korea as of 2010; however, the cost-sharing program in place for consolidating and repositioning U.S. forces on the Korean Peninsula calls for South Korea to shoulder a heavier load than the United States—about $4 billion—by the time of the completion of the Yongsan Relocation Plan (YRP) and the Land Partnership Plan (LPP).

Seoul has its own financial difficulties sustaining the projected defense budget increases. The Park government has pledged to do its utmost to meet the increases and has agreed to do so under SA 2015. It would face a serious problem if it could not allocate enough funds for acquisition of the capabilities to take over OPCON responsibilities. The defense budget in 2014 fell short, casting doubt on reinforcing missile capabilities and upgrading forces in accord with the schedule in the Defense Reform Basic Plan 2014-2030. Further delay risks sending the wrong message to North Korea.

How Can the Concerns of Koreans Be Addressed Regarding the Alliance and Extended Deterrence?

After North Korea's third nuclear test in February 2013, Seoul and Washington responded firmly with a "tailored deterrence strategy" that entails the use of all available military assets to launch a preemptive strike against North Korea if there are signs of an imminent nuclear attack by it. This strategy aims to counter perceived political and military advantages North Korea may try to gain from its nuclear and missile capabilities.[41] In addition, South Korea has attempted to develop its own air and missile defense system (KAMD) and build Kill-Chain in a way to preempt Pyongyang's long-range missile and artillery attacks, but it will be difficult to obtain such capabilities without an adequate budget.[42]

South Korea recognizes that relying solely on the United States is not advisable. What guarantees exist to reassure it that good policy sense will somehow prevail in Washington? As Park Geun-hye has always emphasized, South Korea should seek to maintain good relations with all of the regional powers—China, the Russian Federation, and Japan—while planning ahead for contingencies that may arise from deepened budget cuts and even possible U.S. reordering of strategic priorities. This makes it more important to fulfill the new Defense Reform Basic Plan 2014-2030 thoroughly and convince the uniformed officers that the reform agenda is back on track. The plan was regarded as a strategic improvement over its predecessor to reinforce South Korea's own capacity to respond to North Korea's provocations. However, it does not account for a possible reduction in U.S. defense spending or change in its strategic priorities. For various reasons, the budget has never exceeded the percentage of GNI set by the previous government since 1996.

Conclusion

Adjusting the force enhancement plan has progressed since 2010 and acquisition priorities have focused on North Korea's asymmetric threats. Therefore, the scope of preparations for all-out war has been reduced. For instance, new capabilities to respond to North Korea's submarine provocations have been upgraded along with additional acquisitions of counter artillery radar and other detection equipment.[43] Yet, the JFOS-K (Joint Fire Operation System-Korea) and ground tactical C4I system need to be upgraded. The ROK also needs to enhance ISR capability such as high-altitude UAV and deep area precision strike capability along with munitions. Building a TBM defense system would always be a top priority. EMP protection capability for key facilities also needs to be enhanced. In order to enhance the initial response capability against the source of provocation, the ROK government decided on fast-track acquisition of 40 F-35 new generation fighters.[44] It also decided to procure additional air assets including tanker planes and attack helicopters.

To strengthen the strategic relationship with the United States in order to counter local provocations and nuclear and missile capabilities, at least two points need to be addressed. First, Washington and Seoul should work closely together with other strategic partners on disarming and sanctioning North Korea.[45] Second, close cooperation is also needed in sharing operational experiences of how the United States and other partners are monitoring the potential adversary and defending themselves from various types of local provocations and asymmetric warfare. Intelligence, surveillance, and reconnaissance are the key areas

where Washington, Tokyo, and Seoul can help each other in dealing with threats, overcoming the surge of nationalist sentiments that are troubling bilateral relations between Seoul and Tokyo. The ROK anticipates that the United States will proceed as spelled out in the Strategic Alliance 2015. The Park government also needs to take timely steps to overcome its own vulnerabilities, such as modifying its doctrine, equipment, and training. Elimination or reduction of its vulnerabilities to asymmetric threats may involve changes in philosophy, tactics, and training, and possibly even modifications to the concepts of operations. All can entail substantial costs.

The defense minister asks for an annual increase of 7.2 percent in the defense budget for the five years from 2014 through 2018.[46] Force buildup will need to be increased annually by 10.6 percent. A defense budget of approximately 214.5 trillion *won* will be required for deterring North Korea. Considering that the next 20 years will be a significant transition period for security in the Korean Peninsula, and that a reduction in force of about 110,000 is unavoidable, required resources must be secured. The costs of not dealing with the threats are likely to be much higher. The costs of remedies can be significantly lowered by early actions and increased coordination with Seoul's strategic partners.

KAMD and Kill-Chain are strategic concepts that the Park government introduced for developing its own capacity to preempt North Korean missiles if Kim Jong-un decides to attack the South with nuclear warheads. However, there are many skeptics who expressed concern that Seoul may not be able to preempt Pyongyang's 100 mobile launchers.[47] They continue to argue that building KAMD is simply too expensive without guaranteeing its success. Pyongyang will return to the negotiating table only when its nuclear option is no longer viable. Seoul has to rely upon the tailored extended deterrence provided by the United States, but it has to increase its own capabilities and be ready for bearing the financial burden. Seoul has to show the people that North Korea's nuclear capability can surely be deterred by employing non-nuclear strategic weapons.[48] At the same time it has to be careful to avoid the commitment trap. South Korea and the United States signed the ROK/U.S. counter local provocation plan in 2013 and focused on various types of provocation scenarios. The decision of not sending an aircraft carrier in the 2015 Key Resolve/Foal Eagle military exercise reflects careful strategic calculations. The good news is that the mechanism to restrain a show of force is working and confidence in the joint counter capability is growing in the midst of Pyongyang's continuing threats of firing missiles and rhetoric of nuclear preemption. Paradoxically, the Park Geun-hye government's trust building efforts can only be effective when Pyongyang's strategic superiority over Seoul begins to lose its momentum.

Endnotes

1. The conservative columnist Kim Dae-jung argues that it would be a diplomatic waste if Park Geun-hye's efforts for dialogue with the North fail to balance her efforts to closely cooperate with the United States and other regional partners, while Seoul's defense capabilities fall short. Kim suggests that the government must not seek a quick fix. *Chosun Ilbo*, February 3, 2015, p. A30.
2. *Kookmin Ilbo,* January 5, 2015, http://news.kmib.co.kr/article/print.asp?arcid=0922904212.
3. Li Yong-ho, deputy minister of foreign affairs of the DPRK, told former ambassador Stephen Bosworth that nuclear tests and miniaturization would be stopped if Washington decided not to begin annual military exercises in March when he met with the American delegation in Singapore on January 18-19, 2015. *Kyunghyang Shinmun,* February 12, 2015, p. 6.

4. Interview: http://www.youtube.com/watch?v=GbR6iQ62v9k; One month after the attack on Sony, the FBI officially named the DPRK as the instigator, and Obama announced that he would respond proportionately against the cyber attack. Egle Murauskaite “Talking Loud and Carrying a Small Stick: The Implications of America’s Sony Response for Extended Deterrence,” *38 North: Informed Analysis of North Korea*, http:// 38north.org/2015/02/emuraunskaite021615/print/ (February 16, 2015).
5. Kim Jong-un angrily responded that if the United States invaded North Korean territory, he would make it experience catastrophic consequences on its homeland. *Hangyoreh Shinmun*, February 2, 2015, p. 6.
6. Joseph S. Bermudez, Jr. “The Korean People’s Navy Tests New Anti-ship Cruise Missile,” *Military Affairs,* February 8, 2015, http://38north.org/2015/02/jbermudez020815/; *Kyunghyang Shinmun,* February 9, 2015, p. 8.
7. *The Korea Herald,* March 3, 2015, p. 1.
8. Kim Jong-un went ten times to military bases among 30 visits giving guidance to his people from November 2014 to early February 2015. *Dong-A Ilbo,* February 13, 2015, p. A5.
9. Ministry of National Defense, *Defense Reform Basic Plan 2014-2030,* March 4, 2014.
10. *Kyunghyang Shinmun*, March 7, 2014, p. 2.
11. Lee Yang-goo, “Decision-Making Process of the ROK Defense Reform of Lee Myung-bak Administration and the Role of Dominant Power Centers,” *Military History*, December 2012, pp. 349-388.
12. Although Kim Jang-soo was a first-time National Assembly member, he was very influential on the national defense committee. His ambivalent position was largely responsible for the inaction of others on the committee. Lee Yang-goo “Decision-Making Process of the ROK Defense Reform of Lee Administration and the Role of Dominant Power Center,” *Military History,* December 2014, pp. 381-384.
13. *The Korea Herald,* February 17, 2015, p. 2.
14. *Dong-A Ilbo,* March 7, 2014, p. A31.
15. *The Korea Herald,* March 7, 2014, p. 1.
16. *Chosun Ilbo,* March 7, 2014, p. A31.
17. *Segye Ilbo,* January 29, 2015, p. 6.
18. “The Security Challenges of North Korean Collapse: A Conversation with Bruce Bennett and Jennifer Lind” http://38north.org/2011/1/bennettlind110411.
19. Bruce Bennett, “US Policy favoring East Asia and its Impact on U.S.-ROK Common Defense,” Draft Paper to the ROK’s Ministry of National Defense (September 2012).
20. *Rodong Shinmun*, April 2, 2014.
21. “Adopting Legal Measures that Can Strengthen the Position of Self-Defense Nuclear Power State,” KCNA, April 1, 2014.
22. *Dong-A Ilbo,* March 4, 2015, p. A06.
23. Recently, 38 north and Heritage Report acknowledged that North Korea had obtained the capability to quickly increase its nuclear arsenal. Ben Jackson also warns that North Korea will be able to have a second strike capability, which would give them false confidence to take more aggressive approaches. *Chosun Ilbo,* February 27, 2015, p. A7.
24. Ministry of National Defense, *2014 Defense White Paper* (Seoul: MND, 2014), p. 28.
25. But there is no intelligence report to prove that North Korea can make a nuclear weapon small enough and to show whether the weapon is compact enough to survive the shock, vibration, and temperature change associated with ballistic missile flight. Some cautioned that North Korea has not put together the necessary skills of miniaturizing, safe flight, and reentry vehicle that can survive the extreme heat of reentry. See Jeffrey Lewis “North Korea’s Nuclear Weapons: The Great Miniaturization Debate,” February 5, 2015, http://38north.org/2015/02/jlewis020515/.
26. According to Joel Wit, North Korea will have a maximum of 100 nuclear warheads in 5 years, posing a great threat to South Korea, Japan, and the United States. *Dong-A Ilbo,* February 26, 2015, p. A6.

27. Ben David, Alon, "Iran Acquires Ballistic Missiles from DPRK," *Jane's Defense Weekly,* December 29, 2005, URL:www.janes.com/security/international security/news/jdw/jdw051229; Ministry of National Defense, *2014 White Defense Paper,* p. 29. On August 2014, the Washington Free Beacon reported that North Korea is developing submarines that can fire SLBM, and the Korean media posted the photo of a submarine. *Chosun Ilbo,* October 27, 2014.
28. *Chosun Ilbo*, May 20, 2013, p. A4.
29. *Joong-Ang Ilbo,* March 6, 2015, p. 7.
30. Chung Mong-joon argues that reintroduction of US tactical nuclear weapons to South Korea is a viable option to discourage North Korea from developing further its nuclear weapons, and it may pressure them to choose a negotiated approach with the United States. Opening Remarks at the Asan Nuclear Forum on February 19, 2013 in Seoul, Korea. His main argument was repeated when he made an address at the Carnegie Endowment on April 9, 2013. See also Chung Mong-joon, "Thinking the Unthinkable on the Korean Peninsula," *Issues & Insights*, Vol. 14, No. 2 (January 24, 2014).
31. *Chosun Ilbo,* April 28, 2014, p. A2.
32. Kim Kwang-sik and Hong Sook-ji, eds., "Public Opinion Poll on Extended Deterrence (III)," *KIDA Report on Contending Issues,* April 3, 2014.
33. *The Korea Herald,* March 22, 2012, p. 1.
34. *Dong-A Ilbo,* March 22, 2012, p. A2.
35. Yoo Yong-won argues that it can hardly detect the exact locations and movements of North Korea's mobile launchers and small numbers of TELs. Also it takes a significant amount of investment to upgrade Seoul's reconnaissance, surveillance, and intelligence capabilities in order to rely upon Kill-Chain. *Chosun Ilbo*, April 22, 2013, p. A30.
36. *Dong-A Ilbo,* October 2, 2014, p. A3.
37. *Hangyoreh Shinmun,* September 17, 2014, p. 6.
38. Peter W. Singer, "Separating Sequestration Facts from Fiction: Defense Sequestration and What It Would Do for American Military Power, Asia, and the Flashpoints of Korea," *Time Magazine,* September 23, 2012.
39. Michael J. Lostumbo, et al., *Overseas Basing of U.S. Military Forces: An Assessment of Relative Costs and Strategic Benefits* (Santa Monica, CA: RAND Corporation, 2013).
40. Center for Strategic & International Studies, *U.S. Forces Posture Strategy in the Asia Pacific Region: An Independent Assessment* (August 2012).
41. Karen Montague "A Review of South Korean Missile Defense Program,*" Marshall Policy Outlook,* March 2014, pp. 1-10.
42. The cost of KAMD and Kill–Chain approximately requires 17 trillion *won*. However, it is highly unlikely that sufficient funds will be available for completing the system by the early 2020s unless the Park government sharply increases the budget. *Seoul Shinmun,* October 25, 2014, p. 3.
43. *The Korea Times,* February 13, 2015, p. 4. Seoul established its Submarine Command in 2015 and will begin joint operations with the U.S. navy to increase interoperability. South Korea and U.S. marines staged a joint maritime infiltration drill off Ganghwado in the West Sea on February 10. *Seoul Shinmun,* February 3, 2015, p. 8.
44. *The Korea Times,* February 12, 2015, p. 4.
45. Moon Duk–ho argues that North Korea has already imported specialty items and has established a far-reaching global network through which it performs business with Iran and Syria via intermediaries and multinational corporations. There is a big loophole in the area of maritime and air cargo vulnerabilities and especially in trans-shipment. Jang Ji-hyung and Peter Lee "Do Sanctions Work? The Iran Sanctions Regime and Its Implications for Korea," *Asan Proceedings,* December 6, 2013.
46. Ministry of National Defense, *Defense Reform Basic Plan 2014-2030* (Seoul: MND, 2014).
47. Yoo Yong-won points out that it is practically impossible to find all the mobile launchers before they are fired, while Shin In-kyun argues that preemption is wishful thinking; therefore the Park government must provide a reliable answer for how to protect the people from increasing threat from the North. *Chosun Ilbo,* February 26, 2015, p. A3.
48. *Chosun Ilbo,* February 26, 2015, p. A30.

Reinforcing Deterrence: The U.S. Military Response to North Korean Provocations

Terence Roehrig

When speaking to a Korean audience, the commander of U.S. Forces Korea (USFK) invariably inserts the Korean phrase *katchi kapshida* (같이 갑시다), "we go together," at some point in his remarks. U.S. responses to North Korean provocations have been grounded in its alliance with the Republic of Korea, a commitment of extended deterrence that has been in place since the signing of the Mutual Security Treaty in 1953. The USFK commander also often speaks of being able to "fight tonight," whereby the alliance seeks to deter an attack on the South but should this fail, the alliance is ready to defend the ROK on short notice. Since the end of the Korean War, deterrence at the strategic level has held firm. Pyongyang has never tried to repeat the large-scale invasion it launched in 1950 to reunify the peninsula. However, it has never stopped conducting numerous smaller-scale operations to disrupt regional stability or destabilize the South, including the Blue House Raid (1968), the seizure of the USS *Pueblo* (1968), the Rangoon Bombing (1983), the downing of Korean Air 858 (1987), and submarine infiltrations along the East Coast (1996, 1998), among many others. Despite these numerous provocative and antagonizing actions, ROK and U.S. leaders were restrained in their responses, in large part, for fear that retaliation would start a dangerous escalation spiral, a prospect that put Seoul, only 35 miles from the demilitarized zone (DMZ), in harm's way.[1]

During the past few years, North Korean actions have become even more problematic with three nuclear weapons tests, numerous missile and rocket tests, and in 2010, the sinking of the ROKS *Cheonan* and the shelling of Yeonpyeong-do. Thus, while strategic deterrence has been stable, deterring lower level actions has been a problem, resulting in what scholars call the "stability-instability paradox." B.H. Liddell Hart, one of the first to note the phenomenon, argued that "to the extent that the H-bomb reduces the likelihood of full-scale war, it increases the possibilities of limited war pursued by widespread local aggression."[2] As it becomes increasingly likely that North Korea will not abandon its nuclear ambitions, a stability/instability paradox playing out in Korea becomes a serious possibility. In addition, neither South Korea nor the United States is likely to take military action to remove North Korea's nuclear program or the Kim regime, leaving the strengthening of deterrence as the most likely course of action.[3] Thus, as strategic deterrence remains stable, deterring lower level provocations remains one of the most difficult challenges for the U.S. military and the U.S.-ROK alliance. Consequently, measures to improve deterrence at these lower levels while also reinforcing strategic deterrence have been at the heart of U.S. military actions taken in Korea over the past two years and will likely remain the focus in the years ahead.

Security Dialogue and Joint Military Exercises

South Korea and the United States have maintained the alliance through a variety of regular, bilateral dialogue mechanisms and military exercises. These aspects have taken on increased urgency in the wake of North Korean nuclear weapon and ballistic missile tests along with other provocative actions and rhetoric. The dialogue and planning that has resulted provide an important tool for improving cooperation and collaboration between Washington and Seoul, while allowing the alliance to adapt and prioritize in an evolving security environment. In addition, these measures furnish opportunities for strategic messaging to North Korea that demonstrate the strength and resolve of the alliance.

The two most important forums for alliance dialogue are the Security Consultative Meeting (SCM) and the Military Committee Meeting (MCM). Both have been held annually in the fall since the late 1960s, alternating between Washington and Seoul. The SCM includes the U.S. secretary of defense and the ROK minister of defense, and produces a joint communique that is an important indicator of the military direction of the alliance. The document provides a threat assessment, a review of defense cooperation and joint capabilities, and a confirmation of the continued importance of the alliance. In the 2014 SCM, Minister Han Min-koo and Secretary Chuck Hagel "reaffirmed the two nations' mutual commitment to the fundamental mission of the alliance to defend the Republic of Korea through a robust combined defense posture."[4] In addition, the communique highlighted the need for combined exercises and alliance readiness given the security environment since 2010, and "that any North Korean aggression or military provocation is not to be tolerated and that the United States and Republic of Korea would work shoulder to shoulder to demonstrate our combined resolve."[5]

Occurring concurrently with the SCM, the annual MCM discusses more specific tactical/military elements of the relationship. The MCM group includes the chairmen of both the U.S. and ROK Joint Chiefs of Staff, the commander of U.S. Pacific Command, the ROK Joint Chiefs of Staff J5, and the commander of USFK who is also commander of the United Nations Command (UNC) and during hostilities, Combined Forces Command (CFC). The MCM does not produce a formal communique, but its deliberations feed into the discussions of the SCM.

In addition to these annual meetings, U.S. and ROK officials also maintain more frequent working level groups such as the Security Policy Initiative, Extended Deterrence Policy Committee, Strategic Alliance Working Group, Counter-Missile Capabilities Committee, and Cyber Cooperation Working Group among others.

Each year, ROK and U.S. forces conduct numerous joint exercises to ensure their ability to respond to a broad array of North Korean military challenges. Among these, they conduct three major joint exercises: Ulchi Freedom Guardian (UFG), Key Resolve (KR), and Foal Eagle (FE). Though these exercises have occurred for many years and sometimes under different names, for the past few years, they have been undertaken with particular urgency and an eye toward an evolving North Korean threat. The DPRK (North Korea) is notified of all the exercises in advance and conducts its own military exercises.

Lasting approximately two weeks, UFG is a computer simulation, command post exercise for multiple capabilities including intelligence, logistics, and joint air and space operations. In 2014, the exercise consisted of 50,000 ROK troops and 30,000 U.S. personnel with 3,000 of these coming from the United States.[6] It works through a series of scenarios with the goal of improving alliance readiness for a North Korean attack. Prior to 2008, UFG was called Ulchi Focus Lens, likewise named for 7th-century Koguryo general Eulji Mundeok. The 2014 UFG was the first exercise to implement a new tailored deterrence strategy that addresses North Korea's nuclear, chemical, and biological weapons capabilities.[7]

In the spring, ROK and U.S. forces hold two joint exercises more or less simultaneously. One is KR, a command post exercise that lasts approximately two weeks and is similar to the fall UFG exercise. KR began in 2008 replacing an earlier exercise, Reception, Staging,

Table 1. Regular Dialogue Forums – ROK-U.S. Alliance

Group	Purpose
Security Consultative Meeting	Minister-level discussions of alliance and security issues held annually.
Military Committee Meeting	U.S. and ROK high-level military discussions that parallel the SCM meetings and reviews the capabilities and readiness of U.S. and ROK forces.
U.S.-Korea Integrated Defense Dialogue (KIDD)	Oversees the work of all the collaborative working groups to coordinate ROK-U.S. security cooperation such as the EDPC, SPI, and SA 2015 Working Group.
Extended Deterrence Policy Committee (EDPC)	Improve shared understanding of U.S. nuclear weapons strategy and doctrine, and the U.S. nuclear umbrella.
Security Policy Initiative (SPI) working group	Policy-level meetings held several times each year to address a range of alliance issues, particularly those related to the future of the alliance and the security environment.
Strategic Alliance (SA) 2015	Planning group for the transfer of wartime OPCON.
Counter-Missile Capabilities Committee	Joint planning and consultation meetings to counter North Korea's missile threat.
Cyber Cooperation Working Group	Develops strategy and doctrine regarding North Korea's cyber capabilities and improves information sharing, coordination, and exercises to improve readiness.

Onward Movement, and Integration (RSOI), that began in 1994.[8] KR focuses on exercising Korean operational plans (OPLANS)[9] by working through various scenarios that are "designed to increase Alliance readiness, protect the region, and maintain stability on the Korean Peninsula."[10] Eighth Army Commanding General Lt. General Bernard Champoux noted in March 2014, "Exercises like Key Resolve keep us ready and our readiness directly contributes to peace and prosperity on the Korean Peninsula and stability in Northeast Asia. In Korea, we train like we fight – as a team. Because of exercises like Key Resolve and Foal Eagle, our joint and combined team is stronger and getting stronger."[11] In KR 2014, 5,200 U.S. forces participated with 4,100 coming from the Korean Peninsula. South Korea provided 10,000 personnel, and four countries from the United Nations Command—Australia, Canada, Denmark, and the United Kingdom—also sent troops to the exercise.

The second spring exercise FE begins at the same time as KR but continues for a total of eight weeks. In contrast to UFG and KR, FE is a large combined and joint field training exercise that includes the flow of U.S. forces into Korea and force-on-force military operations for various Korean Peninsula scenarios. In 2014, FE forces consisted of 200,000 ROK personnel and 7,500 U.S. troops with participation from ground, naval, air, and special operations

units. Some units come from the United States to support key OPLAN responsibilities that help to exercise the flow of forces that might be necessary to defend against North Korean aggression. In 2014, the U.S. Navy sent four destroyers to join their ROK counterparts in exercises that practiced gunnery, communications, ship maneuvers, and logistics.[12] In 2013, U.S. Special Operations Task Force-13 sent 253 personnel for a three-day Balance Knife 13-1 exercise with ROK special forces. Its goal was to train in an environment that is very different and, in many ways, more difficult than circumstances in Iraq and Afghanistan, where these units have been operating for more than a decade. Focusing on initial entry into a denied area and the mission of developing indigenous resistance organizations, Balance Knife addressed the difficulties of operating in North Korea's mountainous terrain, overcoming its integrated air defense system, and transportation challenges.[13] FE began in 1994 replacing the field exercise, Team Spirit, which from 1976 was designed to exercise the flow of U.S. forces to Korea in case of a North Korean attack and to send a strong signal of U.S. capability and resolve.[14] It figured into the North Korean nuclear crisis in the 1990s when the exercise was suspended in 1992, held in 1993, and planned but not implemented from 1994 to 1996.[15]

One final aspect of the exercises is who is in command, or in military lexicon, who is the supported command and who is supporting. For years, the United States was in the lead and the supported command. With approaching deadlines for the transfer of wartime OPCON (discussed below), for some of the exercises, South Korea assumed the lead in anticipation of the transfer. Consequently, ROK commanders took on far more responsibility for planning and executing military missions, providing the opportunity for both South Korea and the United States to "rehearse" this change of roles and responsibilities. In 2013, South Korean military commanders assumed the lead in UFG, FE, and KR in preparation for the change. By the 2014 exercises, it seemed likely that the OPCON transfer would be delayed, and the United States again assumed the lead.

The Counter Provocation Plan and Tailored Deterrence

After the events of 2010, U.S. and South Korean officials began to rethink deterrence in Korea in ways that not only looked at preventing a large-scale invasion but also focused on the dilemma of deterring lower level provocations. ROK officials had stated clearly after the shelling of Yeongpyeong-do that should the North choose to use military force again, there would be a response. To address the need for coordinated action against North Korean aggression, on March 22, 2013, U.S. and ROK officials announced the signing of a Combined Counter-Provocation Plan (CCP).

Details of the plan are classified, but reports indicate that South Korea will be in the lead to respond to any DPRK provocations that are short of a major war, but with the ability to request assistance from U.S. forces. The CCP provides a series of options for a joint response and according to one U.S. official, "defines action down to the tactical level and locks in alliance political consultations at the highest level."[16] The spokesman for the ROK Joint Chiefs of Staff noted that the CCP improves South Korea's joint readiness posture to "quickly and firmly punish any kind of provocations of North Korea."[17] The USFK press release announcing the CCP stated, "By completing this plan, we improved our combined

readiness posture to allow us to immediately and decisively respond to any North Korean provocation. The completed plan includes procedures for consultation and action to allow for a strong and decisive combined ROK-US response to North Korean provocations."[18]

Since the CCP is designed to respond to North Korean actions short of all-out war, the U.S. lead during wartime OPCON and South Korea's role in normal, peacetime armistice conditions do not change. However, the plan does raise serious questions of what types of actions are defined as low-level provocations short of war and when the situation becomes a "war" to prompt the United States taking the lead. Many analysts of Korean security have lumped all sorts of actions from bombastic rhetoric, nuclear weapons tests, and the sinking of the *Cheonan* as North Korean provocations, yet their character is very different. Trying to address the issue of differentiating between lower level, "local" DPRK actions where Seoul will be in the lead versus actions of war that trigger U.S. OPCON, a ROK JCS spokesman noted "it's hard to answer this. On our end, if there is a local provocation on our land, we have to respond to it."[19]

Alliances have long been not only about reassuring allies but also about a way for a country, particularly if it is the stronger state in the relationship, to exert some degree of control over its partner. For U.S. officials, this has been a part of the ROK-U.S. alliance since its inception and the need to control what was viewed as an unpredictable Syngman Rhee regime.[20] This motive was also likely present in concluding the CCP. When North Korea shelled Yeongpyeong-do, there were many indications that South Korea was ready to retaliate and, perhaps, escalate beyond striking targets associated immediately with the artillery barrage. In his memoirs, Secretary of Defense Robert Gates recalled: "We were worried the exchanges could escalate dangerously. The president, Clinton, Mullen, and I were all on the phone often with our South Korean counterparts over a period of days, and ultimately South Korea simply returned artillery fire on the location of the North Korean's batteries that had started the whole affair."[21] U.S. officials were very concerned about the danger of escalation but recognized that South Korea truly meant what Defense Minister Kim Kwan-jin said at that time regarding any future attack: "Do not hesitate whether to shoot or not. Report after taking action first."[22] Victor Cha, Director for Asian Affairs on the National Security Council at the time recounted "Admiral Mike Mullen, chairman of the Joint Chiefs of Staff, made a special trip to the ROK in the aftermath of the *Cheonan* sinking and Yeonpyeong shelling (December 7, 2010). Ostensibly, this visit was for the purpose of showing alliance solidarity, since rarely does the top military official in the U.S. government make a trip solely to Korea and Japan. But Mullen's trip was also out of concern that the new ROK rules of engagement were too overzealous."[23]

According to some reports, the United States and South Korea were ready to conclude a CCP in January 2013 but delayed the final signing. One press report noted, "U.S. officials appeared uncomfortable with South Koreans taking too aggressive a stance that could risk provocations escalating into full scale war as well as possible conflicts on armistice rules of engagement under the U.S.-led U.N. Command."[24] Thus, for U.S. planners, rather than have the ROK military act alone, it would be better to have the United States be part of a response both in planning and carrying out any military action. Moreover, announcing the intention to have a joint response sends a strong deterrence message to North Korea that there are serious risks should Pyongyang attempt other kinetic provocations.

Though lower level provocations have been the more vexing concern, the United States and South Korea buttressed strategic deterrence as well. On October 2, 2013, officials signed the bilateral "Tailored Deterrence Strategy" that focuses on the threats posed by North Korea's nuclear, chemical, and biological weapons program and lays out a broad set of options to counter these weapons. The strategy grew out of discussions in the Extended Deterrence Policy Committee (EDPC), a ROK-U.S. planning group formed in 2011 to improve bilateral understanding and planning for issues related to nuclear weapons and the U.S. nuclear umbrella. The strategy was formally announced at the conclusion of the October 2013 SCM in Seoul. The SCM Joint Communique noted that the strategy:

> [E]stablishes a strategic Alliance framework for tailoring deterrence against key North Korean nuclear threat scenarios across armistice and wartime, and strengthens the integration of Alliance capabilities to maximize their deterrent effects. The ROK and the United States are committed to maintaining close consultation on deterrence matters to ensure that extended deterrence for the ROK remains credible, capable, and enduring.[25]

Details of the tailored deterrence strategy remain classified, but some reports note that it contains options for preemptive strikes if North Korea appears to be preparing to use nuclear weapons.[26] Also, the strategy moves the U.S. nuclear umbrella into the formal planning process between the United States and South Korea.[27] In the spring of 2014, ROK and U.S. forces applied tailored deterrence for the first time to the KR and FE exercises. According to press reports, the exercises used training scenarios that involved North Korean nuclear and chemical weapons along with related crisis scenarios. From these exercises, defense planners will further refine tailored deterrence plans to better determine the conditions for implementing various strategy options, how the options will be utilized, and the reasons for undertaking any of these measures.[28]

Ballistic Missile Defense

One of the most serious concerns for defense planners is North Korea's ballistic missile program, and its determination to increase this capability through testing. North Korea has 500 short-range SCUD missiles and 150-200 medium-range Nodong missiles capable of reaching all of South Korea and most of Japan. Work continues on longer-range systems such as the intermediate-range Musudan missile and the KN-08, which is believed to be an intercontinental ballistic missile.[29] Both are mounted on mobile launchers and have appeared in North Korean parades, but neither has been flight tested so it is unclear how close these systems are to being operational, despite North Korea moving them around publicly from time to time.[30] Over the past few years, North Korea has conducted numerous tests of short-range rockets and missiles, including short and medium-range ballistic missiles in clear violation of UN sanctions, and what North Korea touted as new tactical missile systems. Pyongyang is also working on a submarine-launched ballistic missile.[31]

To address the North Korean ballistic missile threat, the United States has continued efforts to increase its BMD assets in the region and is committed to building a region-wide BMD system that includes Australia, Japan, and South Korea. A key U.S. BMD asset in the region is its Aegis-class destroyers that are equipped with AN/SPY-1 radar and SM-3 surface-to-

air missiles capable of shooting down ballistic missiles at high altitudes. The U.S. Navy has Aegis destroyers based in Japan and has sent these destroyers to the Korean Peninsula during periods of elevated tension or pending North Korean missile launches. The Pentagon announced in October 2014 that it would be sending two additional Aegis destroyers to Japan by 2017.[32] They combine with South Korea's *King Sejong the Great* Aegis destroyers as well as Japan's *Kongo*-class and *Atago*-class Aegis ships to help track North Korean launches, and if necessary, shoot down any missiles that are judged to threaten either U.S. ally. ROK Navy ships are not equipped with the SM-3 missile and cannot shoot down ballistic missiles, but there are ongoing discussions in South Korea for acquiring this capability.

Washington also deployed the Terminal High Altitude Area Defense (THAAD) missile defense system to Guam in 2013.[33] THAAD is a "hit-to-kill" system with a range of 200 km capable of reaching targets at altitudes of 150 km designed to shoot down short-, medium-, and intermediate-range missiles. The system also has an advanced AN/TPY-2 X-band radar that can operate independently or operate as part of a larger system. Though it is unclear whether North Korea has missiles that can reach and accurately target U.S. bases in Guam, Hagel sent the battery there in response to North Korean threats. In October 2014, the United States sent a second TPY X-band radar to its communications center in Kyoto, Japan to assist in tracking ballistic missile activity in the region. Beijing has not been pleased with U.S. efforts to build a regional BMD architecture. The Chinese Foreign Ministry complained, "the deployment of anti-missile systems in the Asia-Pacific and seeking unilateral security is not beneficial to strategic stability and mutual trust in the region. It is not beneficial to peace and stability in Northeast Asia."[34]

Washington has also raised the possibility of sending a THAAD battery to South Korea to help defend U.S. forces on the peninsula. In June 2014, USFK Commander General Curtis Scaparrotti first recommended deployment of a THAAD battery, and at an October 2014 forum, Assistant Secretary Robert Work indicated discussions between Washington and Seoul continued, noting that the United States was conducting a site survey for possible deployment locations.[35] However, during a visit to Seoul in spring 2015, Secretary of Defense Ash Carter indicated Washington was not planning on formal discussions to deploy THAAD in South Korea.[36] Despite this uncertainty, THAAD is part of a much larger issue for the U.S.-ROK alliance.

For several years, the United States has been trying to convince South Korea to join its BMD system. Assistant Secretary Anita Friedt noted, "developing an interoperable regional missile defense architecture is an important future area of focus in light of the increasing nuclear and missile threats posed by North Korea. We believe that future trilateral cooperation between the United States, the ROK, and Japan can positively impact our deterrence efforts against North Korean aggression and send a powerful message of deterrence to the DPRK."[37] Japan joined enthusiastically in 2005, but South Korea has been reluctant due to cost factors and, more importantly, Chinese objections. In October 2014, a Chinese envoy to the Six-Party talks, Xu Bu complained that "the United States has recently bolstered its military alliance with South Korea and Japan, based on the nuclear crisis of North Korea" and "has also strengthened its military presence in Northeast Asia by pushing to deploy its missile-defense system in the region." Xu argued that these measures and international sanctions will not help to solve the North Korean nuclear problem.[38]

Chinese leaders are convinced that concern for North Korea is a convenient excuse to deploy a BMD system that is really focused on China. Upsetting China is problematic since it is South Korea's largest trading partner and a huge engine for ROK economic growth. Debate continues in South Korea,[39] but the government remains committed to building its own, separate BMD system, (Korea Air and Missile Defense (KAMD)) along with a "Kill Chain" that provides the capability to launch conventional, preemptive strikes on North Korean nuclear and missile targets.

The difficulty for ROK officials is that U.S. deployment of THAAD to the peninsula, though not a ROK system, could be perceived as an incremental step to South Korea joining the U.S. regional BMD architecture. Seoul has indicated it would allow "further interoperability" but is determined to maintain a separate BMD system under KAMD. Indeed, former USFK commander B.B. Bell has argued that while he favors sending a THAAD battery to South Korea, he strongly opposes U.S. pressure on South Korea and "while I believe that most senior Korean security professionals understand the need for and desire deployment of THAAD, we must recognize that this is a complex issue for the South Korean public. We need to give them some breathing room."[40] In November 2014, the U.S. Defense Security Cooperation Agency announced that the State Department approved the sale of 136 PAC-3 missile interceptors valued at $1.405 billion. The sale to an important ally "will increase interoperability between the ROK's ground and sea-based (Aegis) BMD forces and U.S. Forces Korea (USFK), which not only affects ROK national security but also the security of the U.S. personnel assigned in the ROK."[41] Currently, South Korea uses 300 PAC-2 missiles, weapons that use fragmentation warheads and are designed largely to counter aircraft as well as being somewhat capable against short-range ballistic missiles.[42] PAC-3s are more capable, designed for all weather operations with on-board radar and guidance systems, along with "hit-to-kill" technology that can target ballistic and cruise missiles along with aircraft.[43]

Postponing the Transition of Wartime Operational Control (OPCON)

North Korean behavior was also the primary motivation for postponing the transfer of wartime OPCON. The OPCON issue has a long history. When the Korean War began, ROK troops were placed under the OPCON of the United Nations Command. After the fighting ended, OPCON shifted to the U.S. military command in South Korea. President Park Chung-hee eventually raised the OPCON issue in 1968, but the existing command arrangements remained.

In 1978, Seoul and Washington formed the Combined Forces Command (CFC) that allowed South Korea greater participation in command decisions. The CFC is divided into 14 sections with the United States holding the top position of "chief" in eight, including the commander-in-chief. South Korea held the lead position in the remaining six sections. The result was a highly integrated command structure, and U.S. dominance of the CFC helped to reinforce the credibility of the U.S. defense commitment to South Korea.[44] President Roh Tae-woo began discussions in 1990 to change the command relationship, and in 1994 the United States returned peacetime OPCON, giving day-to-day operations during normal armistice conditions to the ranking ROK commander. However, OPCON during wartime remained in the hands of the U.S. commander.

In 2002, Washington and Seoul began another round of talks on OPCON transfer, and the measure was pushed with great enthusiasm after the election of progressive President Roh Moo-hyun. After two years of talks, both sides agreed on the change with the transfer date set for April 17, 2012. Roh argued that the ROK position on OPCON was a matter of sovereignty and "self-reliant national defense,"[45] but critics believed it was an ill-advised move that weakened the alliance and unnecessarily jeopardized South Korean security.[46] Despite fierce debate, the plan moved forward.

Following North Korea's second nuclear test in 2009, the sinking of the *Cheonan* in March 2010, and several missile tests during those years, calls for postponing the OPCON transfer increased. Moreover, April 17 was symbolically a very bad day to complete the transfer, falling as it did close to the 100th anniversary of Kim Il-sung's birthday on April 15 and the likely celebration accompanying the commemoration. In March 2010 in testimony before the Senate Armed Services Committee, USFK Commander Walter "Skip" Sharp provided a telling comment. After insisting that OPCON transfer was the right thing to do and expressing his confidence for South Korea assuming the lead, he mused that "if the Republic of Korea comes and asks for a delay, I'm sure that will be a discussion at the highest levels of both governments, because both governments agreed to this—this timeline of 17 April 2012," a sign that reconsideration of the OPCON transfer was already underway.[47] As the debate intensified, on June 26, 2010, at the G20 summit in Toronto, presidents Lee and Obama announced that the OPCON transfer would be postponed to December 2015. Obama noted that an extension provides "appropriate time—within the existing security context—to do this right because this alliance is the lynchpin of not only security for the Republic of Korea and the United States but also for the Pacific as a whole."[48]

OPCON transfer, now renamed Strategic Alliance 2015, appeared to be proceeding to completion. In May 2013, President Park visited Washington and during their joint press conference, Obama maintained that, "we are on track for South Korea to assume operational control for the alliance in 2015."[49] Park's comments, however, were more measured, noting we "shared the view that in this respect, the transition of wartime operational control should also proceed in a way that strengthens our combined defense capabilities and preparations being made toward that way as well."[50] Yet, sometime in early May 2013, the Ministry of National Defense (MND) approached the Park administration with a proposal to postpone OPCON transfer once again. Park's conditional comments on the transfer may have been an indication that Seoul was already reconsidering its position. One month later at the Shangri-La Dialogue in Singapore, ROK officials are reported to have first broached the subject with the United States.[51] Dialogue continued over the course of the next year, mostly away from the public eye. Then, in April 2014, Obama visited South Korea and at a press conference remarked "President Park recommended, and I agreed, that given the evolving security environment in the region, including the enduring North Korea nuclear and missile threat, we can reconsider the 2015 timeline for transferring operational control for our alliance."[52] This confirmed the rumors that postponing OPCON transfer was back on the table.

The final decision was announced in October 2014 following the annual SCM. Transferring OPCON would shift to a "conditions-based approach" at an appropriate time "when critical ROK and Alliance military capabilities are secured and the security environment on the Korean Peninsula and in the region is conducive to a stable OPCON transition."[53] In the

press conference that followed the meeting, Hagel noted that the delay "will ensure that when the transfer does occur, Korean forces have the necessary defensive capabilities to address an intensifying North Korean threat."[54] ROK Defense Minister Koo added, "considering the heightened nuclear – nuclear missile threat and the fluid security situation on the Peninsula and in the region, this would ensure a stable OPCON transition that enhances the alliance's response capabilities, in addition to strengthening a combined defense force led by the Republic of Korea."[55] He went on to indicate that Seoul will begin the conditions-based assessment in 2018 with mid-2020 as the target date to acquire the necessary military capabilities to reconsider OPCON transfer.[56]

Refining Combat Capabilities

In addition to efforts to enhance deterrence, the United States has undertaken measures to improve its combat capabilities should deterrence fail. One of the most challenging threats is North Korea's ability to launch a barrage of artillery shells and rockets on Seoul. The counter-battery mission designed to neutralize these systems is central to any defense of the capital. As part of the Land Partnership Plan (LPP), the United States is in the process of returning close to 60 U.S. bases back to South Korea. The vast majority of U.S. forces are set to be based south of Seoul in two hubs—Camp Humphreys/Osan Air Base around Pyeongtaek in the northwest and the Daegu/Chinhae hub to the southeast. Due to the concern for North Korea's long-range artillery and rockets, U.S. and ROK officials agreed to keep the 210th Fires Brigade of the U.S. Army in its current position in Dongducheon, north of Seoul. USFK had made this request several times in 2014 during Korea-U.S. Integrated Defense Dialogue (KIDD) meetings, arguing that moving the brigade south would hurt combat readiness.[57] Camp Humphreys is simply too far away to counter North Korean artillery, and it would take too long to move these assets north should they be needed on short notice. During the 2014 SCM, U.S. and ROK officials announced that they had agreed to keep the U.S. unit in place until South Korea's counter-battery units completed their improvements at which time the 210th would move to Camp Humphreys. Local residents who were expecting to receive the vacated land in Dongducheon were not happy with the decision and demanded compensation for the change in the Land Partnership Plan (LPP).[58] In a related agreement, U.S. and ROK officials decided to leave CFC headquarters in its present location in Yongsan, a large military base in central Seoul. As part of the Yongsan Relocation Plan (YRP), USFK was expected to return the base to Korean authorities. The Yongsan base occupies valuable real estate in Seoul that ROK authorities were very anxious to see returned.

Finally, in September 2014, ROK MND officials announced that the allies would be forming a joint division sometime in 2015. During a press briefing in November 2013, General Scaparrotti had indicated that a combined division was under consideration, and that it was a "strong possibility" and a "strong additive to our alliance."[59]A ROK MND statement noted: "The aim of the Combined Division is to enhance the combined defense of the ROK (Republic of Korea) and readiness of the Alliance…the initiative is designed to enhance Alliance capabilities for the defense of the ROK."[60] Though details remain to be worked out, the division will have its headquarters in Uijeongbu with a U.S. two-star general in command and a ROK one-star serving as the deputy commander. Once the facilities at Camp Humphreys are completed, possibly in 2017, the division would move to this new location.

U.S. and ROK troops in the combined division would remain separate during peacetime and train as needed but would come together during wartime to conduct joint operations such as civil affairs missions or securing North Korea's nuclear weapons assets. The size and make-up of the division are uncertain but will include an equal number of personnel with both sides contributing brigade-sized units.

Revitalizing the United Nations Command (UNC)

The U.S. four-star Army general in Korea wears three command "hats" leading USFK, and UNC along with CFC during wartime. The role of commander of the UNC is often the least recognized of these positions yet is important as the custodian of the armistice agreement. After North Korea invaded in 1950, the United Nations created the UNC, consisting of 16 UN member states, to coordinate the responses of nations that came to the defense of South Korea.[61] Representatives of these countries continue to hold regular meetings to maintain the armistice and address all matters under UNC responsibility to ensure security on the peninsula.

Partly in response to North Korean provocations, USFK has begun to revitalize the UNC and increase the involvement of member states, which helps to constrain North Korea's diplomatic space, making this more of an international issue than a dispute solely with South Korea and the United States. UNC members have increased their contributions to military exercises over the past years to include, for example, participation by Australia, Canada, Denmark, and the United Kingdom in KR 2014. When naval vessels from UNC members travel close to the peninsula, they often join U.S.-ROK exercises and operate under the UN flag.[62]

Increasing ROK-Japan-U.S. Cooperation

Washington has long sought to increase trilateral cooperation with its two most important allies in Asia. Their militaries have been able to cooperate to a certain degree and conduct periodic naval exercises, e.g., in July 2014, the three navies conducted a search and rescue exercise off the South Korea island of Jeju.[63] Yet, high-level trilateral cooperation has remained elusive due to ongoing legacies of history and the dispute over islands the Koreans call Dokdo and the Japanese, Takeshima. In June 2012, Seoul and Tokyo were close to signing an intelligence sharing agreement, the General Security of Military Information Agreement or GSOMIA, particularly for sharing information concerning North Korea. Japan has strengths in signals intelligence while South Korea has better human intelligence resources. The United States pushed very hard to have its two allies come together on an agreement of this sort, but the politics were not handled well in South Korea and the pending agreement provoked a firestorm of opposition. Literally, minutes before officials were expected to sign the accord, South Korea pulled out of the deal.

In April 2014, the possibility of a joint information sharing agreement surfaced again when the ROK government indicated it was willing to consider such an arrangement. Japan had continued to express an interest, and South Korea's willingness was the remaining variable. Several trilateral meetings followed including Defense Trilateral Talks later in April and another meeting in May on the sidelines of the Shangri-La Dialogue. The United States continued to push hard, and its persistence in facilitating a deal eventually paid off.

On December 29, 2014, Japan and South Korea joined the United States in a three-way intelligence sharing agreement confined to sharing information only on the DPRK's nuclear weapons and ballistic missile programs and not any China-related intelligence. Seoul was insistent on this restriction so as not to provoke the ire of Beijing. The pact has a relatively small impact on intelligence sharing but is an important first step in advancing trilateral cooperation. Without U.S. efforts, it is likely the deal would not have been concluded.[64]

Looking to the Future

ROK and U.S. defense planners face some difficult challenges in Korea in the years ahead, particularly regarding North Korea's ballistic missile and nuclear weapons programs. Though North Korea has conducted three nuclear tests and continues work on its ballistic missiles, there remain several significant challenges it must overcome to field an effective reliable nuclear deterrent. First, North Korea must be able to miniaturize a nuclear weapon so that it can fit on top of a ballistic missile. Pyongyang has yet to conduct a test that demonstrates this capability or provide other definitive evidence, but the weight of many analysts and government assessments is beginning to tip further to the conclusion that North Korea has mastered this technology.[65] The evidence may not be conclusive, but it is only a matter of time before North Korea is able to successfully equip one of its short- or medium-range missiles with a nuclear weapon.

Regarding ballistic missiles, though North Korea has hundreds of short- and medium-range missiles that can target South Korea and Japan, it has yet to demonstrate the capability of an intercontinental ballistic missile that can reach the United States.[66] Pyongyang's most recent effort in December 2012 was far more successful than the April 2012 launch that blew up shortly after takeoff. North Korea has argued these launches were permissible as part of its space program. However, space launch vehicles use the same technology as ballistic missiles and have been banned in UN Security Council resolutions that followed previous North Korea nuclear weapons tests. Despite these setbacks, North Korea continues work on its long-range ballistic missiles, particularly the long-range Taepodong missile that was used in the 2012 launches and the KN-08. Indeed, recently Admiral William Gortney, commander of NORAD and U.S. Northern Command maintained that "our assessment is they have the ability to put a nuclear weapon on a KN-08 and shoot it at the homeland."[67] However, the DPRK will need to master numerous scientific and engineering challenges including correct burn for multi-stage rockets, proper interface of propulsion, guidance, and weapons systems, a long-range re-entry vehicle that can survive the bruising intercontinental flight, and a warhead that will actually detonate where and when intended.[68] These are serious challenges for North Korea to overcome, but it will continue trying and will likely someday succeed in developing a ballistic missile that can reach the continental U.S. with a nuclear weapon.[69]

In the Middle East, similar progress by Iran on nuclear weapons could provoke a military strike by Israel to take out Tehran's nuclear facilities. North Korea has already passed beyond the red lines Israel set for Iran but there have been no indications of ROK or U.S. intent to launch a military strike to take out the North's facilities. South Korea is preparing its "Kill Chain" that could conduct conventional strikes on North Korean targets should an attack appear imminent, and the United States certainly has this capability, but military action is unlikely given the dangers of escalation and Seoul's vulnerability to North Korean artillery and rockets.

For the United States, North Korea's possession of a long-range ballistic missile tipped with a nuclear warhead will be a serious change in the overall security environment. For years, Pyongyang has threatened nuclear retaliation on the U.S. homeland but planners knew North Korea lacked this capability. In the years ahead, it is likely that North Korea will overcome most of the obstacles to reach the United States with a nuclear tipped ballistic missile. The U.S. response to this eventuality is likely to be three-fold. First, the United States will continue work on improving its BMD capabilities, especially the development of a regional system in East Asia. Though the capabilities of BMD remain limited, the dangers of the DPRK's long-range missiles will prompt further emphasis and spending in this area. Second, Washington will respond to growing South Korean anxiety through continued declarations of the U.S. nuclear umbrella. These assurances will include the regular statements contained in the SCM that South Korea remains under the U.S. nuclear umbrella to occasional efforts to demonstrate this capability such as the spring 2013 fly-over of a B-52 and B-2 bombers during the KR/FE Exercises, a high profile demonstration of U.S. nuclear capabilities. While these actions are intended to reassure South Korea of the U.S. defense commitment, they are also an important part of U.S. non-proliferation policy to convince Seoul to refrain from acquiring its own nuclear weapons.

Finally, the United States in collaboration with South Korea will explore further refinements of their deterrence strategy, at both the strategic and tactical levels. Given the stakes for South Korea, in large part due to the proximity of Seoul to the DMZ, deterring a conflict is the primary goal of the U.S.-ROK alliance. When North Korea possesses a long-range nuclear capability, deterrence will become more complicated for the United States since any action it takes against Pyongyang now risks retaliation against the United States. Yet, any operation North Korea might conduct also risks escalation, including to nuclear weapons that would be tantamount to regime suicide. In the end, Washington is likely to continue its efforts to halt Pyongyang's proliferation activities, continue development of ballistic missile defense, and buttress deterrence against strategic and lower level provocations to demonstrate its resolve to defend South Korea.

Conclusion

As North Korea's nuclear weapons capability grows, security in Korea will become more complicated. Future crises will be made more difficult by DPRK nuclear weapons, the dangers of escalation, and greater potential difficulties with crisis stability.[70] Moreover, the dynamics of a stability/instability condition raises the possibility of increased North Korean provocative behavior knowing it now has the ultimate deterrent. However, it is also plausible to argue that nuclear weapons may prod Pyongyang to be more risk averse since a conventional conflict or even simply a crisis with elevated tension levels could prompt Seoul or Washington to conduct a preemptive strike on North Korean nuclear weapon capabilities or raise the dangers of escalation to nuclear weapons. North Korean leaders might still believe they can continue their provocative behavior certain they can control the escalation ladder. Yet with nuclear weapons, the stakes are much higher for Pyongyang and may produce greater restraint.

In the end, it is uncertain how North Korea or others will act in this new strategic environment of a DPRK with a modest, reliable, and survivable nuclear deterrent. For Washington, most

of its efforts are likely to focus on bolstering deterrence at both the strategic and tactical levels. Working with South Korea and coordinating through the alliance, the U.S. military will continue to buttress the deterrence posture of the alliance. Economic sanctions will remain, but military strikes against North Korea's nuclear program are dangerous and unlikely. Deterrence remains largely the only viable option. However, the United States will also need to craft a policy that continues insistence on the goal of denuclearization while not making that a precondition so as to allow for some level of dialogue that begins to lower regional tensions and, hopefully, moderates North Korean behavior. Dialogue need not mean Washington abandons its goals and principles, but it can be a starting point to address the plethora of issues that impede better relations in Northeast Asia. Security is an important starting point, but there must also be openings for diplomacy and dialogue.

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The views expressed in this report are the author's alone and do not represent the official position of the Department of the Navy, the Department of Defense, or the U.S. government.

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Defense Cooperation Among Japan, the United States, and the ROK: Dealing with the DPRK

Ohara Bonji

This chapter is about how Japan prepares to respond to provocations from North Korea. As background factors, we need to consider how Japan is altering its security policy, how it is assessing the capacities and intentions of the DPRK and also China, and how it is evaluating the role of China on the Korean Peninsula and of defense cooperation with the United States and the ROK. Unlike the responses of Washington and Seoul to possible provocations from Pyongyang, Tokyo is not focused on direct military involvement. It is emphasizing the broader context while recognizing its limitations in responding militarily.

In July 2014 the Japanese government decided on a fundamental change in security policy. The Shinzo Abe cabinet altered the interpretation of the Constitution, allowing Japan to exercise the right to collective self-defense even in peacetime.[1] The reason cited for this decision is a “change in the security environment” around Japan. The government emphasized a “rapid change in the global power balance,” noting that the security environment around Japan has become increasingly severe, as represented by the nuclear and missile development programs of North Korea.[2] Japan recognizes that a DPRK missile attack with a nuclear warhead is a major threat, but this is not the primary reason for the change in Japanese security policy. More fundamental is that the “rise of China” has created a perception of a confrontation between the United States and China in the Asia-Pacific region. Even if there is not now an equivalence of power between the two, the image of confrontation has taken root, with countries around China speaking of a “China threat.” Inside Japan, efforts are ongoing to identify both China’s military capabilities and its intentions—efforts that are proving to be quite difficult.

There are quantitative indicators of capability,[3] but numbers alone do not tell the whole story. Today’s fighting capacity is also determined by intelligence gathering, based not only on systems but also on networks and big data management. It is difficult from the outside to assess the level of such capacity. Even if the capacity is there, without the intention to use it, there is no threat.

Whereas it takes a long time to build a country’s capacity, its intentions can change over a short time, even in opposite directions. Therefore, while continuing to analyze capacity, we must also pay attention to intentions and strive to deepen mutual understanding. With that in mind, Japan and China in December 2014 reopened their consultative dialogue on a “maritime communication mechanism.”[4] Both seek to avoid unexpected collisions on the sea and in the air, or an an escalation of conflict. To realize this objective they are conducting talks to establish necessary procedures. We can see from this that China is a state that seeks to avoid accidental collisions and is willing to work toward that end through discussions.

The challenge with the DPRK is different. It prefers to conceal everything, not just its military capabilities. This makes it extremely difficult to grasp its intentions. Moreover, it intentionally makes irrational moves as a way of threatening others. People grow fearful when they confront something they do not understand. Neighbors doubt that issues can be rationally resolved through direct talks;, so they must be prepared in case North Korea irrationally decides to take military action, including the use of nuclear weapons. This situation forces Japan to doubt that the DPRK shares an intention to avoid military confrontation.

Dealing with the DPRK and the Role of China

In this situation of not being able to understand the DPRK's intentions, Japan recognizes that a multilateral framework is the most effective way of dealing with the country. Japan, the United States, China, Russia and, naturally, the ROK are concerned with stopping the DPRK's program of developing nuclear weapons. These countries view such weapons as a matter that directly concerns their security and exerts a large influence on the regional security environment. They have tried through dialogue to stop its development of nuclear weapons, such as through the Six-Party Talks, an experience that has not gone smoothly. They talksis wereas launched after the DPRK withdrew from the Non-Proliferation Treaty (NPT), with the five other countries aligned against its hardline tactics.[5] However, after the Six-Party Talks began, North Korea, defying criticism from international society and sanctions, continued to conduct missile launches and nuclear tests. In response to the April and May 2009 launches and tests, the UN Security Council adopted resolution 1874, which applied additional sanctions against North Korea.[6] Afterwards, the DPRK declared that it would process highly enriched uranium, and in 2011 it revealed the existence of a plan for a light-water reactor and the operation of a uranium enrichment facility. Moreover, the DPRK, sank the *Cheonan*[7] on March 26, 2010, and on November 23, 2010, fired on Yeonpyeong island, killing civilians as well as South Korean military personnel,[8] going beyond threatening conduct and actually launching military attacks. Given this abnormal North Korean attitude, it became difficult to reopen the Six-Party Talks after 2008.

Despite strong opposition from neighboring states, the DPRK persists in developing nuclear weapons and missiles. Among other aims, it seeks direct dialogue with the United States and conducts missile and nuclear tests to intimidate neighboring countries. The United States and other countries have applied economic sanctions on North Korea, but if even a single country moves out of step, the sanctions will lose their effectiveness. China holds the key to whether they will work or not, since until now it has supported the DPRK. However, this was when bilateral relations were good. China has changed its attitude toward North Korea and opposes the DPRK program of developing nuclear weapons, as do the other countries. One reason is that through the proliferation of nuclear weapons the regional security environment would be destabilized. But what also worries China is that in case of Korean reunification, a united Korea will not necessarily limit itself to maintaining an alliance with China. China will not permit a state to have nuclear weapons so close to its borders.

China wants North Korea to act as a buffer zone between it and the United States. Destabilization within the DPRK is, therefore, not desirable, as it could exert an influence directly on China. Conditions could arise where starving North Korean troops cross the border, stealing the livestock and grain kept by Chinese farmers. When after the death of Kim Jong-il on December 17, 2011, a fierce power struggle appeared possible, and the political situation in the DPRK became unstable, China sent PLA troops to the border to stand guard.[9] And in 2013, when the new leader, Kim Jong-un, executed Jang Song-thaek, the number two figure in the regime and his uncle-in-law, China's leadership dispatched as many as 300,000 troops to the tense Sino-DPRK border.[10] This was because deepening instability in North Korean society resulting from the power struggle was recognized as a negative influence that would extend to China. However, it is extremely difficult to correctly understand what occurs inside North Korea, leading to various speculations regarding the execution. China is

definitely not thinking about directly confronting the U.S. military on the Korean Peninsula. This is why China has always supported the DPRK, even though other countries—led by the United States—have criticized this approach. Limited as China's influence may be at present, it is the only state that can influence North Korea's policy decisions. The reality, though, is that China has not intentionally left North Korea to fend for itself; it has simply been unable to control events there.

Kim Jong-un has not yet paid a visit to China, which has presumably become irritated by the young leader's behavior. Some Chinese officials say that the People's Liberation Army (PLA) would no longer defend the DPRK if a military clash were to break out between it and the ROK and the United States. Chinese society is less inclined to support the dispatch of Chinese soldiers. China may need North Korea as a country, but it is not concerned about protecting any particular leader. When China joined the economic sanctions, their effectiveness was greatly enhanced; the reduced export volume of oil to the DPRK was particularly damaging, for which China took credit. However, North Korea recognizes that China is not hostile. It knows that China will not drive it into a corner, and China will continue to take steps so that North Korea is not destabilized. A China that is trying to control North Korea through economic sanctions may not be a reliable partner, but it continues to be a useful partner. This means that China has a major role to play on the matter of North Korea's development of nuclear weapons, but its influence over the transformation of that country will be limited.

The U.S.-ROK Alliance and Japan

The two sides of the peninsula have not yet concluded a peace treaty, and this means that the Korean War has not ended. North Korea repeatedly asserts that if there is no agreement to end hostilities, military actions will continue to be taken against South Korea. ROK forces are modernized and well-equipped. Their capability is high enough to win a conventional war with the DPRK. But nuclear weapons are the choice of the weak, and they give Pyongyang bargaining power. Mao Zedong had also focused on developing nuclear weapons when the PLA was not strong enough, recognizing that only nuclear weapons could serve as a bargaining chip against the superpowers.

The United States, along with South Korea, demonstrates its intention not only to prepare for a military assault by North Korea but to fight against it if the DPRK should employ nuclear weapons. The joint U.S.-ROK military exercises are effective as a means to make this intention clear. North Korea intensely expresses its opposition each time these exercises are conducted, which stems from its understanding of the significance of the presence of the U.S. military. Of the countries active in Northeast Asia, only the United States can act as a deterrent against North Korea. Even now, North Korea provocatively threatens to launch missiles and test nuclear weapons. These "madman tactics" are the only way it can attract the attention of the United States, but one should not make light of such moves. In case North Korea feels excessively pressured by other countries, the chances are not zero that it would actually take aggressive action, including the launching of missiles tipped with nuclear weapons. That is the reason that China tries to maintain the economic sanctions at manageable levels. The scenario that China is most eager to avoid is the possibility that North Korea would be eliminated as a state as a result of it undertaking a military attack and then suffering military defeat at the hands of the United States and South Korea.

The United States and South Korea have limited means to deal with North Korea because they realize that there is a low possibility that the North will give up its development of nuclear weapons, but neither can they assent to such development. Of course, they do not have the option of a first strike against North Korea. In this case, there is no option but to pressure North Korea through economic sanctions and to prepare for the North's extreme reactions. Under conditions where one cannot conduct constructive negotiations with North Korea, it is necessary to prove to the North that its threats are ineffective so that it will stop thinking about taking extreme measures. To this end, the United States and South Korea, as well as Japan, must convince the North that they will cooperate closely to forge a military force that can render ineffective a North Korean attack—even one including nuclear weapons.

These countries have to march in lockstep with regard to economic sanctions and security cooperation. The U.S. and ROK navies can conduct MIOs (Maritime Interception/ Interdiction Operations), which are aimed at preventing enemy smuggling by routinely boarding and checking merchant vessel traffic to make sure nothing illegal comes from or goes to the enemy. The U.S. Navy has conducted MIOs during the Iraq War and Operation Enduring Freedom in Afghanistan. The former was conducted in enforcing Security Council Resolutions 661, 665, 678, and 986 and involved stopping and boarding ships transiting the Persian Gulf and the Strait of Hormuz to search for oil and weapons. U.S. naval vessels kept conducting the latter with other navies to prevent terrorists from getting weapons and ammunition and also to stop the smuggling of narcotics, which is a source of money for the terrorists.[11] This operation was conducted by a multinational force with the U.S. Navy at the core. Japan sent the Japan Maritime Self Defense Force (JMSDF) to the area to support anti-terrorism operations until 2010, but its operations were limited strictly to conducting replenishment at sea and intelligence.[12]

Japan sometimes follows its own diplomatic course toward the DPRK because it has its own abduction problem with that country. Especially for the Abe administration, bringing home the remaining abductees is a high-priority issue.[13] As for military cooperation, Japan has been able to offer only limited cooperation because it is unable to take military action unless it confronts a planned, organized, large-scale military attack. This limitation is due to the constitutional interpretation the Japanese government has followed until now, which prohibits the use of military force in peacetime and is very restrictive in terms of preparing for contingencies. Even if a military conflict were to erupt on the Korean Peninsula involving the United States and the ROK, Japan would be unable to participate. However, the situation may change in the near future. Japan has begun to consider the use of the Self-Defense Forces even in peacetime, as reflected in the July 2014 cabinet decision expanding the cases under which Japan may exercise its right of self-defense. Even so, it would be difficult for Japan to play a major role in the event of an incident on the Korean Peninsula. In that case, what kind of role could Japan play in responding to North Korea through security cooperation with the United States and South Korea?

Japan's New Role

Abe emphasizes the importance of security cooperation, saying, "In the current world, no nation can maintain peace and security on its own. International society expects Japan to play a more positive role for peace and security."[14] Based on this perception, he declared

that Japan would make a "proactive contribution to peace based on a spirit of international cooperation," which has become Japan's basic principle for international security. Actually, Japan has already offered considerable peace cooperation for the Middle East and other regions,[15] but it had never spoken of supporting countries that are participating in military operations against specific terrorist groups. Japan had hitherto mainly limited its support to humanitarian assistance.

Japanese support programs differed from the approaches of most Western countries to the Middle East and fulfilled a unique and important role in preventing terrorism. Such support contributed to preventing people in vulnerable circumstances from joining terrorist groups, enabling them to develop their lives within international society. Abe promoted this changed meaning of Japanese support in his January trip to the Middle East, especially in his speech in Egypt.[16] "Proactive contribution" has been interpreted to mean that Japan will take measures against terrorism, along with the United States and Western European countries, but Abe's thinking does not necessarily correspond to that of these countries. For example, Abe has sought to establish closer ties with Russia on some matters in spite of the fact that European countries were seriously concerned about Russia's threat.[17] At conferences on security when there are discussions concerning the future of security with NATO personnel, for example, they invariably speak of the Russian threat. And in spite of the fact that the United States is seeking improved relations with China and South Korea, Abe has not necessarily prioritized these ties.

Although Japan established a National Security Council on December 4, 2013, adopted a National Security Strategy (NSS) on December 17, 2013, and announced new National Defense Program Guidelines (NDPG), also on December 17, 2013,[18] it is not prepared to use the SDF in peacetime. This requires further debate both among the Japanese people and in the Diet to create a law concerning a change in security policy, and many do not yet sufficiently understand the meaning of this shift.

The transformed Japanese security policy will have some effect against the DPRK and in cooperating with the United States and South Korea, giving Japan a new role. When a U.S. naval vessel that proceeds together with a MSDF vessel is subject to a missile attack, the Abe administration at the time of the incident can exercise the right of collective self-defense, which it has advocated. This means being able to fire a return missile in place of the U.S. vessel. Japan has deployed Aegis ships in order to defend against ballistic missiles fired by North Korea, for there is a real chance of North Korea firing anti-ship missiles. If the MSDF could assume the burden of anti-air warfare in place of the U.S. Navy, it could help to counter North Korean missiles. Although it cannot join in combat against North Korea on the peninsula, Japan can conduct some military operations in cooperation with the United States and South Korea at sea. Japan's "Ship Inspection Operations Law" allows it to conduct operations in territorial waters, contiguous zones, and international waters in case of "military emergencies in areas around Japan." The law imposes strict limitations on ship inspections, requiring a Security Council resolution and permission from the country with which the ship is registered as well as from the ship's captain before boarding. These conditions for Maritime Interdiction Operation (MIO) are bound to limit its effectiveness, but the JMSDF can conduct Replenishment at Sea operations, for which it already has some experience during Operation Enduring Freedom, and contribute to operations by the United States and South Korea.

The new security policy would allow the JMSDF to join inspection operations. This policy, which the LDP proposed to coalition partner Komeito on February 27, 2015, allows Japan to conduct ship inspections without a Security Council resolution or permission of the country of registration or ship captain.[19] Weapons can be used in order to force the ship's crew to accept the inspection. The JMSDF had already started training crews on ships and aircraft to conduct MIOs from the 1990s, learning from the U.S. Navy and Coast Guard through joint exercises. Japan does not have sufficient tracking information, which is crucial to an MIO, and must find a way to share intelligence with the United States and South Korea.

In actual naval operations, when ships are in fleet formation, it is difficult to determine which ship is the target of an attack. The commanding officer or other officer in the fleet must consider how to defend the fleet and then coordinate a response that takes into account the capabilities of each of its ships. It is unrealistic for each ship to decide on its own how to respond to an attack on the fleet. Japan's security policy can be said to allow for realistic military operations. Because the Aegis ships with which the MSDF is equipped can connect to the U.S. Navy's Aegis network, joint military action in response to a North Korean missile is easy. They can share the track/target information and the command/control/communications in the system. The Aegis system on Japanese ships, too, has already started adding the ballistic missile defense function. The U.S. Navy, with Japan's Aegis vessels, can conduct NIFC-CA (Navy Integrated Fire Control - Counter Air)[20] and other network-centric operations, opening systematic possibilities.

A third newly permitted behavior is information sharing, which is best achieved by sharing the C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance) system and networks. The JMSDF systems would have to be built into U.S. Navy networks. Some Japanese are worried that Japan would be drawn into a war automatically if the SDF forces and equipment are incorporated into the U.S. naval system and that room for Japan to decide on its own what it should do would be lost in the course of joint operations. Actually, this thinking is correct, because today's warfare increasingly is headed in the direction of excluding human judgment due to the rapid improvements in missile technology. There is no time to wait for such judgments in responding to an attack. Therefore, U.S. forces are promoting what is called C5ISR, originally C4ISR, in which the new "C" refers to Combat System.

The kill-chain of NIFC-CA consists of E-2C "Hawkeye" early warning aircraft, JLENS (Joint Land Attack Cruise Missile Defense Elevated Netted Sensor), CEC (Cooperative Engagement Capability), the Aegis system, and the SM-6 standard missile. An enemy missile will be detected, identified, targeted, and shot down by a decision completely within the network. In order to counter North Korean missiles, in case Japan dispatches an Aegis vessel, the most suitable position that ship occupies will be decided by the Aegis system network. In the future there is even a possibility that Japan's Aegis ships will be incorporated into the U.S. Navy's NIFC-CA, whose expansion the Navy will be testing, and it will no longer be possible for each ship to decide what to do. According to Japan's new security law, in the event of a North Korean missile attack, there is a possibility of proceeding as part of a joint operation with the U.S. Navy. Japan will have to deliberate and decide in advance of an operation how it will participate. Limiting the discussion to Japan-U.S. cooperation, however, overlooks the fact that cooperation with South Korea will also be necessary, because it is on the Korean Peninsula where an incident could occur.

Japan-U.S.-ROK Trilateral Cooperation

Japan's Liberal Democratic Party (LDP) sees the object of collective self-defense extending to South Korea and Australia, as well as the United States. In consultations on a security law that began between the coalition partners on February 13, 2015, the LDP proposed to the Komeito party that these three countries be the object of collective defense, which recognized the reality that U.S.-Japan cooperation could lead to Japan-ROK and Japan-Australia cooperation. South Korea possesses Aegis ships as well. If these and Japan's ships were connected to the U.S. Navy Aegis network for conducting fighting operations, there would automatically be trilateral cooperation. However, incidents on the Korean Peninsula need not be limited to North Korea firing a missile. The possibility exists of military operations on land or in nearby waters. What would Japan's response be then?

The JMSDF has consistently promoted mobilization since the end of the Cold War, as in the deployment of *Osumi*-class tank landing ships and DDH *Hyuga*-class helicopter carriers, built for sending troops/vehicles immediately to an area where there is a military confrontation. They are based on intelligence anticipating situations that might arise, which is also the direction that U.S. forces are taking. JMSDF has the capability to transport land troops on the Korean Peninsula, maintaining interoperability with the U.S. Navy.

For two reasons, however, it is unrealistic that Japan would send its SDF to military operations on the Korean Peninsula should a situation arise there. First, the Japanese people are strongly opposed to dispatching the SDF to another country. Second, the Korean people are strongly opposed to Japanese forces entering their territory. It is thus unimaginable for that to happen under present circumstances. Yet, there are still situations on the peninsula that Japan could face, such as assistance for or the evacuation of its citizens. There are many Japanese living in and visiting South Korea who may need to be evacuated if North Korea attacks South Korea. The Self-Defense Force Law Article 84-3 limits the JSDF to land, maritime, and air transportation of Japanese nationals. The LDP is trying to change this to allow the JSDF to conduct rescue operations. Although the two ruling parties are discussing such evacuation operations, it is inconceivable that the government would allow the JSDF to conduct rescue operations in an armed conflict zone.[21] Komeito is opposed to an operation that would leave Japanese dead and injured and seeks a guarantee of the safety of JSDF personnel. This would probably limit SDF involvement to evacuation operations before North Korea commences firing, even after the changes in Japanese security policy are finalized.

Given the current deterioration in bilateral relations, the possibility is low that the ROK would permit Japanese forces to enter the country. Japan would then have to ask U.S. naval vessels for protection to evacuate its citizens; however, it is unlikely that the United States would prioritize saving Japanese nationals in Korea. Therefore, Japan needs to proceed on its own to rescue them. The cooperation of the Korean government is indispensable. Whether for saving Japanese or for joint operations, Japan must first improve relations with South Korea.

To date, Japan has only considered cooperating with the United States in regard to its own security, downplaying multilateral security cooperation. Yet, as the security environment has changed, Japan must consider other options. One factor is the relative decline of U.S. influence. Not only in the event of an incident on the Korean Peninsula but also in response to events impacting Japan's security elsewhere, there is new awareness that the U.S. alliance does not suffice.

After Japan establishes its new security policy, limits on the use of the SDF will remain. Even so, it will be necessary to consider security cooperation with countries other than the United States. Especially in regard to security in the East Asian region, cooperation with South Korea is indispensable. Although the leading role of the United States in Asia-Pacific security will not change, U.S. allies will have to strengthen their relations with each other. The Japan-U.S. alliance is the nucleus of Japan's security policy, and the U.S.-ROK alliance serves a similarly important role for South Korea. These two alliances provide favorable conditions for security cooperation between Japan and South Korea, including interoperability with the United States, on which cooperation in the use of force centers. Even if the SDF could not participate in joint operations or information sharing, a basis for Japan-ROK cooperation has been established. South Korea has already signed a contract to purchase four Northrop Grumman RQ-4B Global Hawk Block 30 high-altitude long-endurance (HALE) unmanned aerial vehicles (UAVs) at a cost of $800 million.[22] Japan's Air Self Defense Force (ASDF) similarly has decided to introduce them. This UAV system will provide real-time intelligence concerning threats posed by the DPRK. It would help all three countries to understand the DPRK's intentions if they can share intelligence gathered by the drones. Japan and the ROK could cooperate in operations because they will operate the same UAV system. Although it is unrealistic to think that Japan could fly its UAVs over the Korean Peninsula, it could gather intelligence in nearby areas. Not only Aegis ships but also P-3 reconnaissance aircraft are possessed by both Japan and South Korea. There is a lot of intelligence to share, including surface pictures and anti-submarine know-how. Such cooperation, which began between the two countries in the mid-1990s, would contribute greatly to regional security. All that remains is political determination.

Conclusion

It is not easy to specify how Japan is preparing to respond to provocations from North Korea for two reasons. First, the government has not yet decided on the content of its new security policy. Although the LDP has entered into discussions with Komeito, the Abe administration will not make public what Japan can do until May.[23] Some Japanese officials believe that the United States and European countries expect too much of Japan's military contributions. Second, the strained relationship between Japan and South Korea means that Japan will not be allowed to conduct any kind of military operations over Korean territory in the event of a crisis involving North Korea. Japan's Ministry of Foreign Affairs removed the reference to Japan and Korea being "important neighbors that share basic values such as freedom, democracy, and a market economy" on its website. It now simply notes, "South Korea is one of the most important neighbors of Japan."

When one thinks about security in the East Asian region, there is no doubting the importance of Japan-ROK-U.S. cooperation, despite the difficult relationship between Japan and South Korea. The only way for the two countries to cooperate is through their respective alliances with the United States. The U.S. rebalance to Asia will result in the allocation of 60 percent of U.S. air and naval forces to Asia by 2020, mainly to counter the "rise of China." Countries in the region have adopted security policies based on their own images of China's rise and cuts in the U.S. defense budget, potentially leading to a U.S.-China equilibrium or a power transition. But Washington's Asian policy is not simply in opposition to China, and the view that U.S. influence is in decline is too pessimistic. The United States has allies in the Asia-

Pacific region, including Japan, South Korea, and Australia, which can complement each other, forming a network of bilateral security cooperation that goes beyond the hub-and spoke configuration of the past. Thus, the United States, together with its allies, can avoid a relative decline in the region.

There has been criticism that Japan has received a "free ride" on security, but Japan can and is ready to lessen the burden of the United States in the region. If Japan and the ROK, as U.S. allies, can cooperate in confronting the North Korean threat, this would lighten the U.S. burden and make deterrence more effective. The United States provides military support, as Japan and South Korea alone cannot maintain the security environment in the East Asian region. U.S. allies, in turn, must continue to supplement U.S. capabilities in the region. The hub-and-spoke structure is not strong enough. There are uncertainties in South Korea, as seen in the March 5 knife attack on U.S. Ambassador Mark Lippert by a South Korean nationalist demanding an end to U.S.-ROK joint military drills and in the outrage in South Korean society over U.S. Undersecretary of State Wendy Sherman's remarks a few days earlier on historical issues. Although the South Korean government was eager to repair relations, history looms in the background with the United States as well, not only in Japan-ROK relations.

As Japan changes its security policies, concern has arisen in some neighboring states that it is turning to the far right and reverting to militarism. In striving to strengthen security cooperation with South Korea, Japan must secure Korean understanding of its intentions. To reduce lingering distrust and improve security cooperation, the United States has a central role in the discussions. It should be made clear that Japan's shift in security policy and cooperation with South Korea is to lessen the U.S. burden. In order to achieve cooperation it is important that each country's cooperative intentions be well understood.

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Dealing with North Korean Provocations: A Chinese Perspective

Cheng Xiaohe

For a variety of reasons, North Korea at times behaves in a provocative fashion. This chapter starts with a discussion of the concept of provocation and its nature. A careful exploration of North Korea's provocations is conducted in an effort to identify the domestic and external causes. With a diagnosis of the pattern of provocations, the chapter suggests ways to cure the symptoms as well to eliminate the root causes. It concludes: 1) to cope with North Korean provocations is a collective endeavor rather than China's lonely adventure; 2) military intervention is not China's policy choice, but in order to deal with the hazard caused by North Korea's unreliable nuclear technology, China should prepare to use force; 3) since persuasion plus material incentives alone fail to find receptive ears in Pyongyang, China's pressure is necessary; 4) as change within North Korea could fundamentally temper its external behavior, resuming the stalled Six-Party Talks may be the only viable way to root out important external factors that cause North Korea to take bold, costly provocations.

The Korean Peninsula has been called a barrel of gunpowder in Asia, which may explode at any time, thanks to the drawn-out competition between the two Koreas. The intervention of the major powers in the inter-Korean rivalry has complicated the situation, making it volatile and precarious. In this context, the DPRK has stood out for its provocations in recent years.

Provocation and its Subjectivity

According to *The New Oxford Dictionary of English,* the word "provocation" means an "action or speech that makes someone annoyed or angry, especially deliberately."[1] In international relations, a provocation could be an action or speech that usually targets specific actors. Judging the nature of one nation's actions is quite subjective for a number of reasons. First, it is always arguable who provokes first. From the perspective of the initiator of an action, its behavior may not be provocative, but rather justified as a legitimate reaction to another nation's provocation. For example, China's recent moves in the South China Sea are perceived as provocative by some nations in the Southeast Asia, but China believes that its moves were necessary responses to other nations' actions in the region. Second, perceptions of the same act can be influenced by relations with the parties in question, ideological orientation, historical experiences, or something else. For example, a suicide bomber against Israeli civilians is widely regarded as a terrorist in the United States, but he/she may be claimed as a martyr in some Arab countries. In the same fashion, North Korea's provocations against South Korea during the Cold War were perceived by the Chinese as heroic acts but denounced by the United States as reckless, risk-taking moves. Third, the absence of one authoritative institute, which is able to deliver a universally accepted verdict over one country's provocation, makes the debate over that country's external behavior confusing.

Even recognizing the subjective nature of what constitutes a nation's provocation, the international community can still pass judgment. Among the criteria used as a yardstick against which to measure behavior are: 1) any nation that violates resolutions passed by the United Nations Security Council is committing a provocation, even though the UNSC is notorious for its biases; and 2) any nation that acts in violation of international treaties or laws can also be perceived as causing a provocation, even though the treaties or laws do not always stand for justice and fairness. Taking the above-mentioned points into consideration, North Korea's ongoing development of long-range missile technology and nuclear weapons

certainly violates UNSC resolutions and the Non-Proliferation Treaty (NPT) and warrants careful analysis.

Sources of North Korea's Provocations

North Korea's provocations have their root causes in its external environment and domestic politics. Sometimes, a single factor triggers a provocation from North Korea; sometimes, multiple external and internal factors interplay and push Pyongyang to take actions, which intentionally anger its enemies. The external environment refers to the special geopolitics on the Korean Peninsula, i.e., the political division and military confrontation. Technically, the two Koreas are at war; efforts to replace the armistice treaty with a permanent peace mechanism on the peninsula have gone nowhere. In the past 70 years, North and South Korea have been locked in a drawn-out competition for superiority in terms of their political and economic systems. Both have tried to unify the peninsula on their own terms. Such a competition has made the peninsula one of the most fortified and dangerous places.

The situation on the Korean Peninsula can be characterized as follows. First, even though entente and tension between the two Koreas have alternated, the former is short-lived and the latter always prevails. Sporadic military incidents from time to time have thrown the peninsula into crises, which always fuels talk of war; therefore, provocations from both the Koreas have become a matter of routine.

Second, the inter-Korean rivalry has been further complicated by Sino-Japanese and Sino-U.S. rivalries. Since the end of WWII, major powers have intervened in Korean affairs and helped to perpetuate the division. Inter-Korean rivalry has usually been accompanied by the involvement of major powers. With China emerging as the second largest economy, the geopolitical landscape in Northeast Asia has begun to experience significant change. Age-old rivalries between China and Japan and China and the United States resumed, gained momentum, and inevitably spilled over into inter-Korean relations.

Third, the traditional inter-Korean rivalry has come under the shadow of nuclear threat. In the past 25 years, North Korea's nuclear program, mainly designed to counter the loss of the power balance on the peninsula in favor of South Korea, has brought some sense of security to North Korea, but with a high price. North Korea has estranged China, its traditional ally, and invited sanctions resolutions from the Security Council. Its nuclear program remains an inflammatory issue that not only makes North Korea combative in an effort to safeguard its right as a nuclear state, but also forces other players—such as South Korea, the United States, and Japan—to take countermeasures, individually or collectively.

North Korea's provocations are rooted in an external environment, which is hostile, volatile, and charged with nationalistic emotions. As long as North Korea's relations with South Korea and the United States remain antagonistic, its provocative behavior will continue unchanged. Its domestic politics also play an important role in shaping North Korea's external behavior, as listed and explained below:

Power transition. From the end of the Cold War, North Korea's leadership has twice experienced major changes. Kim Il-sung's death in 1994 gave birth to Kim Jong-il's regime; Kim Jong il's sudden death paved the way for young Kim Jong-un to gain ascendancy. As new leaders came to power, they could not resist the temptation to stir up a crisis, in

which they could flex their muscles towards South Korea, the United States, or both, in an effort to boost their reputation and consolidate their power base at home. Kim Jong-un, inexperienced and untested, demonstrated his risk-taking propensity by scrapping the "2/29 agreement," conducting a new round of long-range missile and nuclear tests, and shutting down the Kaesong Industrial Park. With the serial provocations, he hoped to achieve a number of objectives: 1) to legitimize his leadership and consolidate his power base by arousing patriotism and nationalism among the North Koreans; 2) to signal to the outside world that he is a tough leader who should not be taken lightly; and 3) to quickly learn how to handle and control a crisis with the outside world and to establish a solid foundation for him to manage foreign affairs.

Economic hardship. North Korea's economy always relies on external assistance. To receive foreign aid, North Korea worked hard to cultivate friendships with major powers; it also resorted to coercive measures to extract aid from rivals. The collapse of the Soviet Union and regime changes in East European countries disrupted North Korea's commercial ties with these countries. It lost most of its traditional trading partners. Coupled with deteriorating relations with China, North Korea experienced economic hardship, dubbed the "Hard March"' by the government. Economic devastation forced North Korea to take provocative actions in its foreign relations with the aim of extracting economic benefits from the outside world. In fact, its external provocations sometimes worked. In the early 1990s, North Korea's withdrawal from the NPT helped it to ink the Agreed Framework, in which it secured a supply of free heavy oil and the construction of two light-water reactors from the United States, South Korea, and Japan.

Diplomatic isolation. Diplomatic recognition between South Korea and China plunged North Korea into diplomatic isolation thanks to the failure of "cross recognition." Losing its friendship with the former Soviet Union and Eastern European countries, North Korea's diplomatic isolation was further heightened. To break its isolation, North Korea has two options: to seek diplomatic recognition through peaceful means or to pull a nation to the negotiating table through provocative means. As the United States and Japan are reluctant to enter negotiations to discuss diplomatic ties, North Korea has had to resort to intimidation to force the United States or Japan to the table. Normalizing relations with the United States has become North Korea's top diplomatic priority. As the United States fails to respond to North Korean overtures, it opts to take actions to provoke the United States into talks.

Nuclear Weapons. The precarious situation on the Korean Peninsula gave birth to North Korea's nuclear weapons, which, in turn, made the situation more dangerous. North Korea's development and possession of nuclear weapons directly led to two grave consequences. First, they emboldened North Korea to engage in provocations in its relations with South Korea and the United States; second, as a new bargaining chip, provocations may help it to extract more concessions from its competitors. In fact, North Korea's nuclear programs have reshaped the geopolitical landscape, in which other non-nuclear actors might be ensnared into a competition for nuclear weapons. Every time North Korea detonated a nuclear bomb, the whole region was pushed into a maelstrom. Its nuclear program has become a bone of contention in the region and triggered one crisis after another.

Northeast Asia is experiencing a new round of changes in its geopolitical landscape. Major players in the region, such as China and Japan, sometimes behaved in a provocative fashion

in order to influence the changes to their advantage. The external and internal factors mentioned above interact with each other to make North Korea particularly prone to take risks in its relations with other players in Northeast Asia.

Pattern of North Korea's Provocations

Northeast Asia has shown itself to be the most economically dynamic region in the world, now embarking on regional integration. North Korea stands as a maverick, which still embraces a command economy and cannot take meaningful steps to reform and open its doors to the outside world. Even though it goes against the economic and political trend, North Korea's external behavior does not deviate from other actors too much. The pattern of North Korea's provocations can be categorized into two types, defensive and offensive. The former is for self-defense, whereas offensive provocation is action or speech initiated to threaten, frighten, or enrage a targeted actor(s). The line between defensive and offensive is thin and can be quite subjective. The relationship between defensive and offensive provocations is also not static; as situations change, a defensive provocation may be transformed into an offensive one.

North Korea is weak in comparison to South Korea or the United States in economic or overall military strength. In addition, it suffers from a number of other major disadvantages: 1) as North Korea's relations with China become increasingly troubled, the U.S.-South Korean alliance remains solid; 2) South Korea and the United States conduct large-scale joint military exercises on a regular basis, perceived as a threat by North Korea; 3) North Korea is isolated, and its economy has to weather international sanctions imposed by the Security Council; and 4) North Korea's regime is rigid and vulnerable to power succession. With these facts in mind, a weak North Korea usually responds to external threats in a defensive, provocative fashion. For example, its pursuit of nuclear weapons is mainly a response to the unfavorable power transition on the Korean Peninsula. Although a defensive move, it crosses certain boundaries, such as withdrawal from the NPT, and thus constitutes a provocation. North Korea's alleged cyber-attack against Sony Pictures was a defensive reaction to a movie, The Interview, which made fun of its paramount leader Kim Jong-un. It crossed a red line—an act of vandalism, an unabashed provocation.[2]

Its relatively weak position does not prevent North Korea from initiating an offensive provocation, which may help it to achieve a number of objectives: 1) to hide its greater weakness during some period of time, such as leadership change; 2) to prevent South Korea or the United States from taking action deemed harmful to it, such as by shooting South Korean activists who try to send leaflets to the North; 3) to boost the leadership's reputation by winning a competition with South Korea, such as in missile development; 4) to influence South Korean and U.S. domestic politics, particularly during general elections; and 5) to build a convincing military deterrent, conventional and nuclear. Therefore, even when its position is weak vis-a-vis South Korea or the United States, North Korea still has strong motivations to provoke.

Some North Korean provocations lie in a gray area and are hardly discerned as defensive or offensive acts. Regular verbal attacks on South Korean and U.S. leaders in state-control media are part of daily propaganda campaigns, although some finger pointing and name calling deviate from well-recognized ethics. Under certain conditions, some defensive provocations can be transformed into offensive ones. For example, North Korea's pursuit

of nuclear weapons in the 1990s might be perceived as a defensive provocation, but as it conducted its first nuclear test in 2006 and explicitly threatened to use its nuclear weapons against South Korea, Japan, and the United States in later years, these provocations can be regarded as offensive.

China's Two-Faced Attitude Towards North Korea's Provocations

On the one hand, China wants both Koreas to refrain from taking any provocations in order to achieve the basic objective of "no war" and "no chaos" on the peninsula.[3] Even though China has exercised caution in its response to the provocative interactions between the two Koreas, its attitudes toward North Korea and South Korea have some subtle differences. Beijing has been forthcoming in venting its disapproval of some South Korean-U.S. activities, such as the joint military exercises in the Yellow Sea in 2011[4] and the possible deployment of THAAD in South Korea,[5] but rarely has it explicitly censured North Korea's conventional provocations. Yet, China has pursued the goal of "no nuclear" weapons on the peninsula, growing less tolerant of North Korea's nuclear development. When North Korea defied international opinion and conducted missile tests in July 2006, China broke its silence, implicitly denounced them,[6] and endorsed passage of the Security Council's resolution 1695. When North Korea detonated its first-ever nuclear test in October 2006, China responded with explicit condemnation, exclaiming, "The DPRK ignored the universal opposition of the international community and flagrantly conducted the nuclear test. The Chinese government is resolutely opposed to it."[7] Since then, China has consistently opposed North Korea's nuclear tests.

China's two-faceted attitude towards North Korea's provocations demonstrates deep-seated thinking: 1) in comparison with South Korea and the United States, which are used to China's tough words, North Korea has been sensitive to and less tolerant of China's public criticism, let alone condemnation; 2) bound by the alliance treaty signed in 1961, China has avoided making any remarks about North Korea's external behavior on the grounds that China has no right to infringe on a country's sovereignty; 3) from China's perspective, North Korea's provocations have their own historical and geopolitical causes and should not bear sole blame; 4) the tit-for-tat conventional provocations between the two Koreas are perceived to be so frequent and intertwined, it is difficult to identify who is the initial perpetrator (China prefers to remain silent or express general, but ambiguous, statements rather than point the finger of blame); and 5) North Korea's nuclear tests crossed a threshold that China could not tolerate for at least three reasons. They are: the disruption of the Six-Party Talks and of China's efforts at denuclearization of the Korean Peninsula; the possibility of a chain reaction from South Korea and Japan going nuclear and making Northeast Asia a more dangerous place with the most nuclear states; and as a permanent member of the Security Council and a rising world power, China has a strong motivation to do its part to prevent nuclear proliferation and to contribute to the collective good.

Given the reasons above, China generally turns a blind eye to North Korea's conventional provocations and avoids publicly criticizing its behavior. At the same time, China has been quite critical of North Korea's pursuit of nuclear weapons and has been willing to take actions to punish North Korea for its nuclear provocations.

What Can China Do?

North Korea's provocations not only have a direct impact on the security of North Korea, the United States, and Japan, they also have caused deep concern in Beijing, which believes that North Korea's uncontained provocations in conventional and nuclear fields might cause unwanted consequences. First, they might trigger an escalation of provocations or crises on the peninsula or in the region, as we have witnessed in the past. Given the tense situation, a minor provocation could turn into a big flare-up that traps China into an unwanted conflict or war. Second, a provocation would further complicate relations among the major powers, already simmering in resurrected rivalries, as they take different, if not conflicting approaches to the provocation (e.g., pitting China against the United States at the Security Council over the wording of the resolution against North Korea). Third, as North Korea's nuclear test sites are so close to China's border, its nuclear development poses a direct threat to China's security. If not a military response, China has to adopt other, cohesive measures to deal with North Korea's provocations.

Efforts to eliminate North Korea's provocations are doomed to fail, but to reduce them is still desirable and possible. From China's perspective, to use or threaten to use military force against North Korea is not an option in the foreseeable future for three reasons: 1) as China's core national interests are not in real danger, it sees no reason to do so; 2) technically, North Korea is still China's ally, to use or threaten use military forces against it would tarnish China's credibility, and there is no indication that either it or North Korea will turn against the other in the near future; and 3) even though North Korea has been widely perceived as a maverick, which does not follow regular rules, its conventional provocations have remained within bounds, which make external military intervention unnecessary.

North Korea's nuclear test technology is quite primitive: it did not seal the test tunnel well in the first nuclear detonation; and the second detonation, almost equal to an earthquake of magnitude 4.0, shattered the mountain badly and left cracks through which nuclear radiation may have leaked. Nearby border areas in China may have suffered nuclear contamination. Although the Chinese could not feel it, their children may bear the consequences.[8] Given such dangers, China may use its military force to intervene under the following conditions: 1) North Korea conducts a new test, which might cause nuclear contamination into China's territory; 2) North Korea's nuclear facilities fail and may cause nuclear hazards, which may get out of control and impact China; 3) North Korea uses nuclear weapons against South Korea or the United States; or 4) the United States takes a surgical action in an attempt to take out North Korea's nuclear weapons. Military force may also be necessary in case of contingencies to stem the exodus of Korean refuges.

As China's retired lieutenant general Wang Hongguang revealed, North Korea has paid little attention to China's words and has done what it wanted to do.[9] Yet, there have been cases of successful quiet diplomacy by China, as in late 2010, when Dai Bingguo's mediation during the Yeonpyeong crisis persuaded North Korea not to take further action as South Korea's military resumed its shell firing exercise.[10] Coercive measures to pressure North Korea to do what it would not have done otherwise could, in some circumstances, be employed. It is no secret that China has applied pressure on North Korea for its diplomatic objectives—at the beginning of the Cultural Revolution, it forced North Korea to choose between itself and the Soviet Union.[11] Yet, it is quite rare for China to resort to coercive measures in its

relations with North Korea. After North Korea detonated its first nuclear bomb, China went public with its disapproval of North Korea's provocations, punishing it through the Security Council in order to avoid a one-on-one confrontation with North Korea. Recently, when North Korea defied China and stubbornly pressed ahead with its nuclear and missile tests, China's response was increasingly tough. In the wake of North Korea's third nuclear test, a frustrated Beijing tightened its economic grip on Pyongyang by strictly enforcing Security Council resolutions against it.[12] So far, China's coercive diplomacy has not worked well, the stalled Six-Party Talks remain suspended, and North Korea shows no sign of embracing the idea of denuclearization.

Two caveats should be borne in mind: first, to persuade or force North Korea to give up its nuclear weapons is a collective task rather than China's sole responsibility. Concerted actions among major nations can produce an amplified effect. Second, persuasion plus material incentives and pressure are quick and easy ways to reduce North Korea's provocations, but they can only cure the symptoms rather than tackle the fundamental causes.

Tackling the Root Causes

North Korea's external provocations arise from within and without. If we expect North Korea to behave in a moderate manner, we should encourage it to change from within, including regime change and policy change. For the time being, policy change in North Korea is the more realistic expectation. If Pyongyang decides to open its door to the outside world and undertake meaningful reform, its external behavior will become increasingly moderate, because a peaceful and stable external environment is necessary for such a change. History shows that the international community rarely forces a country to make a fundamental change unless the ruling class wants to change. China could encourage North Korea to reform with the objective of reducing its desire to provoke in its external relations.

In addition, China is prepared to work with other partners to deal with the external factors that stimulate North Korea's combative spirit. The geopolitical division among Koreans is still the most destructive factor. Although the Korean people bear the major responsibility to iron out their differences and achieve national unification, China and other stakeholders can help to tackle two interconnected issues: the truce on the peninsula and North Korea's nuclear weapons. The truce makes the two Koreas nervous since they still live under the shadow of war. In comparison with South Korea, North Korea may be more worried about its security as the United States still firmly stands behind South Korea. Turning the truce treaty into a permanent peace treaty and ending the war on the peninsula can help to create an environment conducive to reducing North Korea's provocations.

North Korea's nuclear weapons are a direct result of inter-Korean rivalry. According to North Korea's calculations, nuclear weapons can help it to stave off invasion from South Korea and the United States and give it added strength in its competition with South Korea. Unfortunately, these weapons became a problem in the region and hurt North Korea itself, as seen in Security Council sanction resolutions; China's alienation; the further deterioration of inter-Korean relations; and the fact that North Korea-U.S. normalization is still beyond reach. In fact, as South Korea and the United States took steps to prevent North Korea from launching a nuclear attack, including joint military exercises and possible deployment of THAAD in South Korea, North Korea's security itself was surely further jeopardized.

To continue to push for early resumption of the stalled Six-Party Talks is a viable way to eradicate some of the root causes of North Korea's provocations, but so far North Korea shows no sign of giving up its nuclear weapons. Even though North Korea continues to insist that "to achieve denuclearization of the Korean Peninsula is Kim Il-sung and Kim Jong-il's testament, and Korea is willing to participate in any kind of talks, including the Six-Party Talks, to settle the nuclear issue peacefully through negotiations,"[13] it remains deadlocked with South Korea and the United States over a variety of issues with regard to the resumption of the Six-Party Talks.

Conclusion

North Korea's provocations constitute one of the prominent security threats in Northeast Asia, but they are not alone. Other actors have also behaved in a provocative way from time to time and caused tension or crises in their external relations. In comparison with other actors, North Korea's provocations stand out in a number of ways: their high frequency, their conspicuously offensive nature, their unabashed verbal abuse of competitors' leaders with racial and sexual discrimination undertones, and their enlarged scope with nuclear and missile tests and explicit threats to use nuclear weapons against competitors. As North Korea's immediate neighbor and long-term ally, China has mixed feelings toward North Korea's provocations. On the one hand, it fully understands that North Korea's provocations have internal and external causes and do not stand alone as rivalries among major powers in the region intensify. China itself is criticized for being aggressive in some territorial disputes, but as it emerges as a leading power, it may come to realize that it has to do something to rein in North Korea's external provocations if it wants to exercise leadership and keep its own security free from nuclear threat.

To temper North Korea's external behavior is a collective mission rather than China's sole responsibility. Every other stakeholder should take responsibility to create favorable conditions that encourage North Korea to take moderate action in its foreign relations. China can do so by persuading North Korea behind the scenes with material incentives. If persuasion fails, China can apply pressure, including assistance cuts and economic disengagement. So far, China has entered the stage of using persuasion and pressure simultaneously in its relations with North Korea. Although military intervention is not an option, given the geographic proximity of North Korea's nuclear sites and its primitive nuclear technology, China has to be militarily prepared for possible nuclear hazards.

To restrain North Korea's provocations, Beijing can register its disapproval by imposing limited sanctions against it, following UNSC resolutions, but the approach China has adopted can only alleviate or cure the symptoms. To root out the fundamental causes of North Korea's provocations, China and other stakeholders, especially South Korea and the United States, should work together to encourage North Korea to open its door to the outside world and reform. They should also jump start the Six-Party Talks in order to tackle the three old, interconnected issues: North Korea's nuclear weapons, replacement of the armistice treaty with a permanent peace mechanism, and normalization of relations between North Korea and the United States and other nations. With the three issues settled, we can reasonably expect a tangible reduction of North Korea's provocations.

Certainly, unification will be the ultimate solution to North Korea's provocation. As unification is still remote, provocations from both Koreas will be a matter of routine. North Korea continues to resist the international call to give up its nuclear weapons and may counter the call by conducting a new round of long-range missile and nuclear tests. China and other stakeholders should be prepared.

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