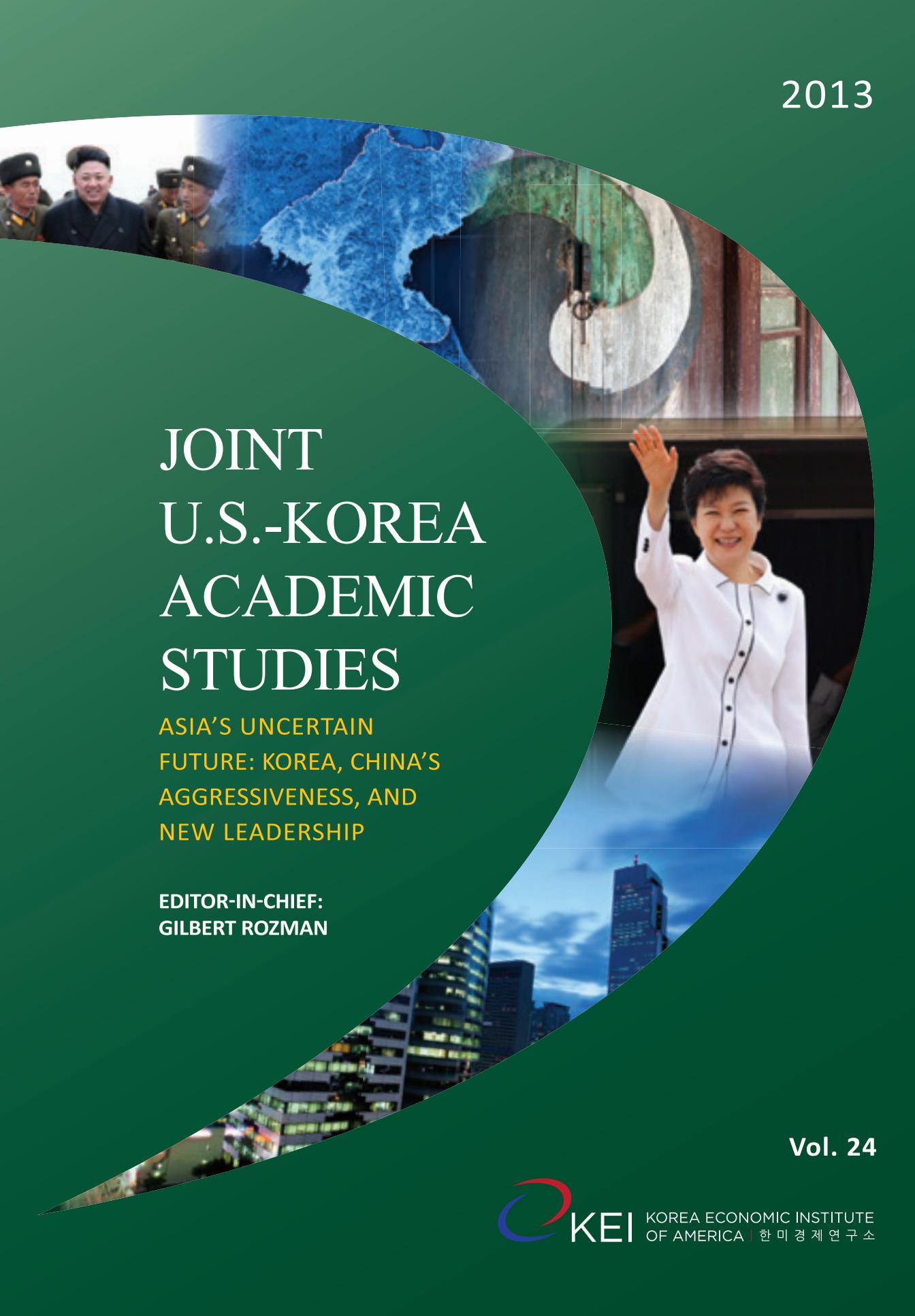


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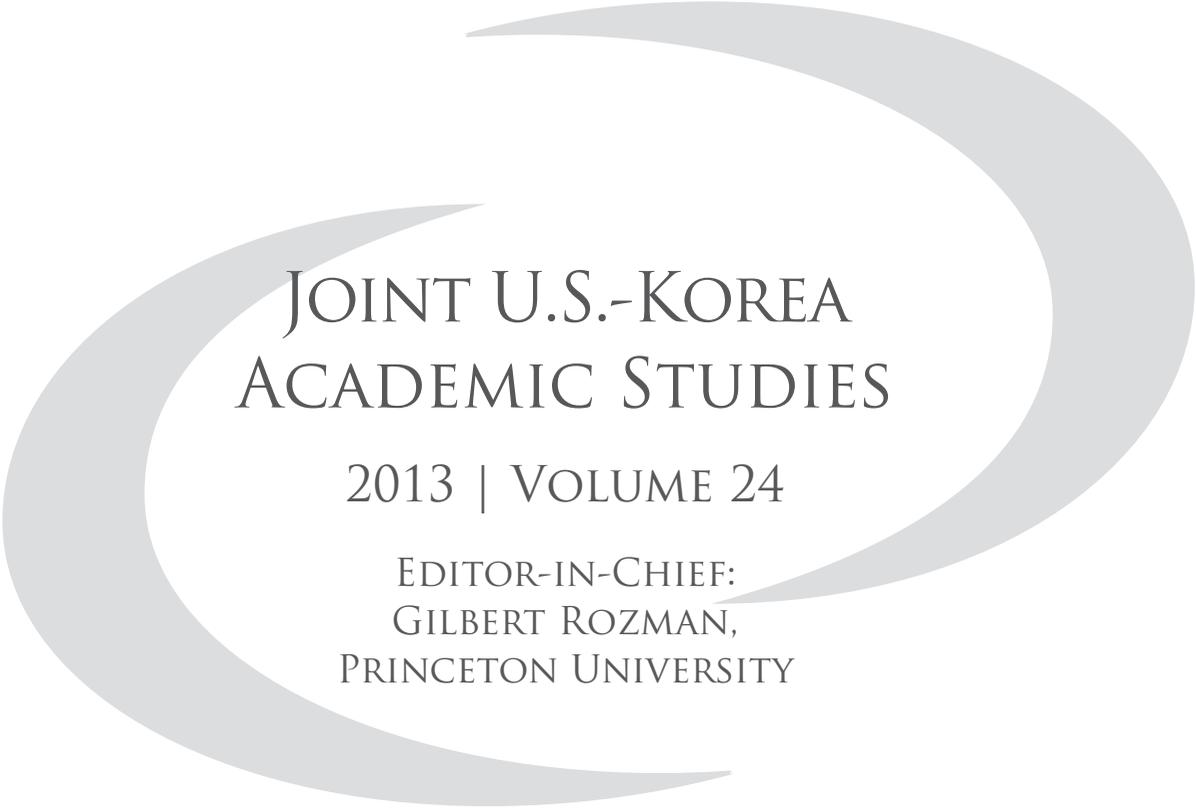


JOINT U.S.-KOREA ACADEMIC STUDIES

ASIA'S UNCERTAIN
FUTURE: KOREA, CHINA'S
AGGRESSIVENESS, AND
NEW LEADERSHIP

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BILATERAL COMPETITION AND
COOPERATION UNDER NEW LEADERSHIP

INTRODUCTION

In the first months of 2013 the leadership transitions in Northeast Asia were completed. After a year in office Kim Jong-un was consolidating his grip on power and clarifying, through belligerent actions after the successful test of a long-range missile had prompted a critical United Nations Security Council resolution, the legacy handed to him by Kim Jong-il. Wrapping up the first year of a new term as president, Vladimir Putin proved that personal authority could refocus Russian foreign policy almost at will, intensifying anti-Americanism while expanding cooperation with China as he repressed the nascent forces of civil society through the charge that they are in the forefront of foreign subversion. In China, Xi Jinping added the post of president to that of party secretary, while sending China's ships and planes into areas around the Senkaku/Diaoyu islands considered in Japan to be its sovereign territory, as he stimulated talk of China's rejuvenation—the China dream—in opposition to global or regional ideals. Recognizing that Putin was troubled by Kim's provocations and Xi was still in the process of orchestrating China's response, newly reelected Barack Obama sent Secretary of State John Kerry to Beijing as well as Seoul and Tokyo and National Security Advisor Thomas Donilon to Moscow for mid-April meetings vital in determining whether the new leadership teams would cooperate on North Korea.

Setting aside some provocative themes in the LDP platform, Abe Shinzo and a new pro-revisionist cabinet stressed realism as he traveled first to Southeast Asia to highlight shared security interests and universal values and, as soon as possible, to the United States, where he strengthened Japan's alliance. By the time that Park Geun-hye was inaugurated, her hopes for revitalizing ties to North Korea on the basis of denuclearization were in tatters and her appeal to China for upgrading relations was blunted by the direction China seemed to be heading and the troubled atmosphere in Sino-U.S. and Sino-Japanese relations. Although Park and Abe had to tread carefully in managing the frayed relationship between their countries, both faced, along with the United States, warnings of horrific attacks by North Korea and drew close to Obama amidst doubt that his new foreign policy team, including Chuck Hagel as secretary of defense, could regain the initiative in this now volatile region.

China had become the driving force in territorial disputes, increasingly in the forefront in regional relations, and in decisions about how to deal with North Korea. As chapters in Part III make clear, it is pushing for the China-Japan-Korea Free Trade Agreement (CJK FTA) and also a Sino-South Korean FTA. Chapters 2 and 7 show China setting the terms for relations with Russia and making increased inroads into Central Asia. Chapters 5 and 6 illuminate its impact on Japan as well as South Korea. Setting the scene for all that follows is Chapter 1 on the state of Sino-U.S. relations. It shows the critical nature of this bilateral relationship for relations throughout East Asia and for the deepening instability in the region.

Robert Sutter notes China's call for a "new type of great power relationship" to overcome deepening Sino-U.S. distrust, but he explains that this is a term whose meaning is loaded with one-sided U.S. concessions. Backed by many "extraordinary demonstrations of state power" toward U.S. allies and partners, China's appeal puts pressure on the United States, making bilateral meetings "increasingly acrimonious" and leading to U.S. countermeasures. Sutter is careful to take note of continued U.S. moderation and efforts

to soft-pedal adversarial competition. While on the U.S. side he sees the likelihood of continued pragmatism, even in the face of a nasty Senkaku-Diaoyu island dispute for which U.S. support goes to Japan's administration if not its sovereignty, he warns of a righteous mood among China's elite and public opinion pushing for further Chinese expansion. As Obama's new foreign policy team begins to engage Xi's new team, the region will be watching to see if the troubles gathering force in 2009-10 and intensifying in 2012 will be ameliorated or exacerbated.

Sino-Russian relations are increasingly becoming a factor in the stability of Northeast Asia. They shape the atmosphere in Central Asia as the U.S. pullback in Afghanistan affects the region, and they determine not only how the UN Security Council responds to North Korean belligerence but also how much support North Korea receives in the region for its strategy. Sergey Radchenko exposes the tone of Russian praise of the 18th Party Congress as reminiscent of party-to-party relations in the heyday of the socialist bloc. Although he warns that insufficient assurances by China in dealing with Central Asia and redressing trade imbalances could jeopardize long-term relations, he puts primary emphasis on Russia's vision as an intermediary in a multipolar world and a partner with China enabling it to bridge East and West. The optimistic tone about Sino-Russian relations, however much it belies enduring Sinophobia, is growing more pronounced and complicating regional reorganization.

While coverage of U.S. and Chinese relations with Japan and South Korea only appears in Part II, these relations loom in the background in South Korean-Japanese relations, which are assessed in Chapter 3. During the Lee Myung-bak era there usually was warmth to U.S.-South Korean relations, lacking in U.S.-Japanese relations. The successful conclusion of the KORUS FTA contrasted with the lingering dilemma of the Futenma base in Okinawa. If the Japanese increased appreciation for their ally with Operation Tomodachi, following the Fukushima nuclear disaster, and a renewed sense of reassurance in the face of Chinese and North Korean threats, this was not the same as the image of Global Korea and the United States marching hand in hand in values, economic ties, and security cooperation in dealing with North Korea. Yet, the images of the two allies were beginning to change in 2012, as Lee aroused concern for his provocative behavior toward Japan and the presidential campaign showcased two candidates vying to show independence from the United States in their plans for strengthening diplomacy with China and reengaging North Korea, while both Noda and Abe, in preparing his political comeback, gave unprecedented support to Japan's ally. By early 2013 Japan appeared keener on coordination, even in joining the TPP, and in the increasingly urgent task of widening security partnerships to face China.

Xi Jinping posed a different challenge to Abe and Park. It was not just that he saw Abe as the heir to unrepentant Japanese militarism. More important was the imperative, as seen by the People's Liberation Army, to extend the range of ships to strengthen China's security and secure access to oil and gas beneath the sea. There was little prospect of a significant turnaround in Sino-Japanese relations, even if a way were found to start talks on the territorial dispute. In contrast, Park is being tempted to draw closer to China as it seeks a return to the Roh Moo-hyun diplomacy of deference and even the notion of balancing powers. The economic pull of China is far greater for South Korea. The Ming Wan and See-Won Byun chapters in Part II put these two relationships in a national identity context as the new leaders take office.

Cheol Hee Park's Chapter 3 covers Japan-South Korea relations in this period of leadership transitions, noting that the seesaw nature of past relations was repeated in 2012 with a sharp deterioration occurring over the summer. He traces how over the period August 2011 to June 2012, issues arose that raised tensions in relations. But only in August, with Lee's visit to Dokdo/Takeshima, did ties significantly deteriorate, with a degree of damage control achieved just in October. Park interprets the LDP party platform as a collection of offensive proposals to South Koreans, observing that as "ministers in charge of politically sensitive issues like abductees, territory, education, and telecommunications, Abe appointed hard-lined right wingers." Despite Abe's "values diplomacy" and invigorated regional strategy, South Korea is not explicitly included. Cheol Hee Park concludes that South Korea is likely to respond cautiously.

Bilateral relations showed a new urgency in early 2013 with the visit of Abe to Washington and Xi to Moscow. Each leader sought to win greater support for a bolder agenda, while recognizing that some price would have to be paid. After all, Obama aims to broaden TPP negotiations to include Japan on terms that Abe previously regarded as onerous for his LDP constituencies, and Putin seeks a gas pipeline deal with prices more in keeping with those Russia has been getting from Europe than those China is prepared to pay. A primary focus for Abe and Xi is security, beginning with their territorial dispute in the East China Sea. Obama has backed Abe, but he may be more interested in calming the dispute than in throwing U.S. weight firmly behind Japan. Putin has drawn closer to China, but he has not supported it in the dispute with Japan, as he explores improving relations with that country, as seen in a late April visit to Moscow by Abe. As discussed in Part II, Abe also seeks to combine closer U.S. ties on values with a revisionist approach to Japan's history, while Xi welcomes closer Russian ties on values with a sinocentric approach to China's role in Asia. These tricky combinations do not make it easy for Abe and Xi's overtures to achieve complete success, even if recent developments are leading to increasingly close relations between each pair of countries.

In April 2013 North Korean threats to unleash a war formed the backdrop to the maiden visits of the new Obama foreign policy team to Asian capitals. The prevailing tone was conciliatory, leading by calming tensions. As long as North Korea agreed to pursue denuclearization, Obama was ready to resume negotiations, while Park Geun-hye offered humanitarian assistance and Xi could take comfort that U.S. moves to counter the North's threat would be reversed. The door to greater regional stability was being opened a crack, but Kim Jong-un insisted there would be no denuclearization, while Xi and Putin had not indicated the stability sought by Obama was consistent with their regional plans.

By the end of April conditions were not improving. South Korea withdrew its last managers from the Kaeseong industrial park after North Korea had sent its workers away and rejected further shipments of food and medical supplies. China informed the visiting U.S. chairman of the Joint Chiefs of Staff, Martin Dempsey, that the Senkaku islands are its "core interest," elevating the clash with Japan in priority. Following the terror attack on the Boston Marathon, U.S. nerves were on edge, as talk of greater cooperation with Russia on suspected terrorists, a failing exposed in this case, barely concealed renewed distrust. Japanese-South Korean relations were further scarred by visits to the Yasukuni Shrine by an unprecedented number of Japanese cabinet members as well as by Abe's

answer before the Upper House of the Diet questioning the use of the term “aggression” (*shinryaku*) for Japan’s wartime behavior. The security atmosphere was deteriorating. In this context, Park Geun-hye visited Washington in early May, coordinating with Barack Obama in support of further engagement with North Korea, but only on condition of new commitment to denuclearization. In a tense region, Pyongyang could either restart talks aimed at managing differences or light the spark that threatens greater instability. China showed more interest in pressuring it to choose talks, but China also increased warnings toward Japan that indicated impatience to change the status quo is China’s driving force.

The United States and China

Robert Sutter

2012 was a year of leadership transition in China and a presidential election in the United States. At the 18th Congress of China's Communist Party in November, Hu Jintao passed party and military leadership positions to Xi Jinping, who was named president during the National People's Congress meeting in March. Barack Obama ended a long and acrimonious presidential campaign, defeating Republican nominee Mitt Romney. Meanwhile, North Korea's leadership succession following the death of Kim Jong-il in December 2011 and elections in such key regional governments as Taiwan, South Korea, and Japan influenced circumstances along the rim of China—the main arena where China and the United States are encountering one another in increasingly competitive ways.

The PRC has always exerted its greatest influence in nearby Asia, and this area has always received the lion's share of Chinese foreign policy attention. The region is essential to China's national security; it contains the disputed sovereignty issues that remain of top importance to the leaders as well as to the strongly patriotic Chinese popular and elite opinion. Nearby Asia is more important than any other world area to China's economic development; it determines the peaceful international environment seen by post-Mao Chinese leaders as essential in pursuit of economic development, the primary source of legitimacy for continued Communist Party rule in China.

The long record of the policy and behavior of the PRC in the Asia-Pacific region shows repeated maneuvering to keep China's periphery as free as possible from hostile or potentially hostile great-power pressure. Among the sovereignty and security issues that have been at the very top of foreign policy priorities in most years is the longstanding goal of reunifying Taiwan and the Chinese mainland. Also included are such security issues as opposition to U.S. containment in the 1950s and 1960s, followed by opposition to perceived Soviet use of military force and alignments with Vietnam, India, and others to "encircle" and constrain China during the 1970s and 1980s, followed, in turn, by renewed public opposition to U.S. alliances and military deployments in the 1990s and into the early 21st century.

Chinese efforts to keep this periphery free of potentially hostile great-power presence and pressure shows persistent wariness and sometimes overt hostility toward such large outside powers, notably the United States. China has used offensive and defensive measures to thwart the perceived great-power ambitions in the region. This trend has continued, along with the growing Chinese economic integration, increasing political and security cooperation and active engagement with various multilateral organizations in the region since the 1990s. Thus, as Chinese officials in recent years declare greater confidence as China rises in influence in Asia, they work assiduously in trying to ensure that the United States and its allies and associates do not establish power and influence along China's periphery that is adverse to Chinese interests.

For its part, the United States has long regarded East Asia, and especially Northeast Asia, as among the most important international areas in American foreign relations, on a par with Western Europe. Since the end of World War II, the United States has expended enormous resources and lost many tens of thousands of lives in wars in Korea and Vietnam and other military confrontations to sustain stability and promote economic and political access and openness along lines favored by the United States. America's post Cold War role as regional

security guarantor has not gone unchallenged by North Korea and, to a degree, China. The Obama administration has undertaken recent efforts to broaden and deepen U.S. security, economic, and diplomatic engagement throughout the region, giving special new emphasis to ties with Southeast Asia, Australia and regional multilateral organizations.¹

GROWING DIVERGENCE AND COMPETITION

Growing divergence and competition in Asia headed the list of issues in 2012 that tested the abilities of American and Chinese leaders to manage their differences, avoid confrontation, and pursue positive engagement. Senior U.S. and Chinese leaders stayed in close contact with one another in an avowed effort to search for a “new type of great power relationship” which would avoid conflict and manage tensions as China’s rising power and expanding interests rub against American interests, policies, and practices. Nevertheless, competition for influence along China’s rim and in the broader Asia Pacific region exacerbated an obvious security dilemma in this sensitive region featuring China’s rising power and America’s reaction, shown notably in the two sides’ respective military build-ups. These problems and differences on a wide range of international issues and domestic pressures led to what leading specialists Kenneth Lieberthal and Wang Jisi characterized as pervasive and deeply rooted distrust between the two governments.²

The Republican presidential primaries saw sharp and often hyperbolic attacks on Chinese economic and security policies. Romney emerged from the pack as the party’s nominee, supporting tough trade and security measures to protect U.S. interests against China. Obama joined the fray with harsh rhetoric not seen in his presidential campaign in 2008. In the third presidential debate on October 22, veteran China specialist Donald Keyser noted that the president publicly referred to China for the first time as “an adversary” though the president added that it is a “potential partner in the international community if it follows the rules.” Highlighting his administration’s reengagement with countries in the Asia-Pacific region as a means to compete with China in security, economic, and other terms, he went on to emphasize “we believe China can be a partner, but we’re also sending a very clear signal that America is a Pacific power, that we are going to have a presence there...And we’re organizing trade relations with countries other than China so that China starts feeling more pressure about meeting basic international standards.”³

Obama’s reengagement policy toward the Asia Pacific indeed underlined a stronger American determination to compete more broadly for influence in the region.⁴ The security aspects of the so-called pivot to Asia received high-level attention by the president, secretary of defense and secretary of state. They explained in speeches throughout the Asia-Pacific region and in the release of a defense planning document in January 2012 the purpose and scope of U.S. redeployment of forces from the Middle East and other areas to the Asia Pacific and the determination of leaders to sustain and advance U.S. security relations and power despite anticipated cuts in overall defense spending. Actual advances in force deployments remained modest though the scope, tempo, and intensity of U.S. military interactions with the region continued to grow.

American diplomatic activism in support of its interests was registered with an impressive advance in senior U.S. leaders headed by Obama traveling to the region and participating actively in bilateral relations and in existing and newly-emerging regional groupings involving

the United States. Problems impacting U.S. interests in regional stability, freedom of navigation, and relations with allies and partners saw leaders take an active role in discussing ways to manage and hopefully ease tensions over sensitive sovereignty and security concerns in disputed maritime territories along China's rim.

As Obama indicated in his remarks in the October debate, the United States also was more active in competing in support of its economic interests as part of the reengagement with Asia. A highlight of U.S. interest has been the proposed Trans-Pacific Partnership FTA involving the United States and countries on both sides of the Pacific in an arrangement seen moving forward American interests in regional and international trade liberalization. The proposed agreement is viewed as competing with groupings favored by China that require less trade liberalization and that exclude the United States.

Chinese media and officials condemned the so-called China bashing seen in the American presidential and congressional election campaigns. Chinese leaders remained firm in deflecting American pressure on the value of China's currency and broader trade practices and strongly rebuffed U.S. efforts to get China's cooperation in dealing with some sensitive international issues, notably the conflict in Syria. China continued to give priority to nurturing close ties with the new North Korean leadership despite repeated provocations such as long-range ballistic missile tests in April and December 2012 and U.S. calls for greater pressure on Pyongyang. It remained to be seen what significant changes, if any, would come from North Korea's third nuclear weapons test in 2013.⁵

Concurrent with the increased competition between the United States and China for influence in the Asia Pacific, China resorted to extraordinary demonstrations of state power, short of direct use of military force, in response to perceived challenges by U.S. allies, the Philippines and Japan, regarding disputed territory in the South China Sea and the East China Sea. Chinese commentary accused the United States of urging neighboring countries to be more assertive in challenging China's claims as part of alleged efforts to contain China under the rubric of Obama's reengagement with the Asia-Pacific region. Top Chinese leaders countered American supported efforts for dealing with the disputed claims and also highlighted regional trade arrangements that excluded the United States in order to undermine American-led efforts to advance U.S. interests through the TPP.⁶

Against this backdrop, David Shambaugh joined other commentators in concluding at the end of the year that the overall U.S.-China relationship has become "more strained, fraught and distrustful." Intergovernmental meetings meant to forge cooperation are becoming more pro forma and increasingly acrimonious, he said; the two sides wrangle over trade and investment issues, technology espionage and cyber hacking, global governance challenges like climate change and Syria, nuclear challenges like Iran and North Korea, and their security postures and competition for influence in the Asia-Pacific.⁷

THE TROUBLING MIX OF TERRITORIAL DISPUTES AND CHINESE DOMESTIC POLITICS

The reengagement in Asia ran up against rising Chinese assertiveness and coercive and intimidating actions to protect and advance Chinese sovereignty and security interests in

disputed territories along China's rim. The Chinese actions have been influenced and strongly supported by broad and patriotic elite and public opinion that viewed the U.S. activism as a justification for China to take more coercive actions to protect and advance its interests. In effect, the U.S. and Chinese initiatives represented the most important challenge or test of the durability of cooperative Sino-American engagement during 2012. The testing has continued into 2013.

The roots of China's recent assertiveness and expansion in disputed parts of nearby Asia go back to 2009. In general, the assertiveness seen in 2009-2010 focused on disputes regarding Korea, Japan and Southeast Asia and on the United States for its role in the region and key issues in U.S.-China relations including Tibet and arms sales to Taiwan. There appeared to be divergence of opinion in Beijing on how forceful or not China should be in dealing with various disputes. Those arguing against assertive Chinese behavior, which disrupted China's continued emphasis on peaceful development in foreign affairs, seemed to attain the upper hand in the debates by late 2010. President Hu Jintao's visit to the United States in early 2011 came amid some moderating signs in recent Chinese assertiveness.

Nevertheless, the pattern of assertiveness resumed and showed remarkable features in defending Chinese disputed claims in the South China Sea and the East China Sea.⁸

Round One

The first round of Chinese assertiveness over territorial issues in 2012 involved the South China Sea. Authorities used extraordinary demonstrations of security, economic, administrative, and diplomatic power to have their way:

- China employed its large and growing force of maritime and fishing security ships, targeted economic sanctions out of line with international norms and WTO rules, and repeated diplomatic warnings to intimidate and coerce Philippine officials, security forces, and fishermen to respect China's claims to disputed Scarborough Shoal.
- China showed stronger resolve to exploit more fully contested fishing resources in the South China Sea with the announced deployment of one of the world's largest (32,000 ton) fish processing ships to the area and the widely publicized dispatch of a fleet of thirty fishing boats supported by a supply ship to fish in disputed areas.
- China created a new, multifaceted administrative structure backed by a new military garrison that covered wide swaths of disputed areas in the South China Sea. The coverage was in line with broad historical claims depicted in Chinese maps with a nine-dashed line encompassing most of the South China Sea. The large claims laid out in Chinese maps also provided justification for a state controlled oil company to offer nine new blocks for foreign oil companies development that were far from China but very close to Vietnam. Against this background, little was heard in recent Chinese commentary of the more moderate explanation of territorial claims made by the foreign ministry spokesperson on February 29, 2012 who said that China did not claim the "entire South China Sea" but only its islands and adjacent waters.
- Chinese authorities later prompted some alarm when provincial authorities announced that maritime police patrols would board and hold ships carrying

out illegal activities in the claimed Chinese areas of the South China Sea. And Vietnam and the Philippines as well as Taiwan joined India and other countries in condemning new Chinese passports that showed the South China Sea and other disputed areas along the rim of China as Chinese territory.

- China advanced cooperative relations with the 2012 ASEAN chair, Cambodia, thereby ensuring that with its cooperation South China Sea disputes did not receive prominent treatment in documents in the annual ASEAN Ministerial Meeting in April and later ASEAN related meetings in November. A result was strong division on how to deal with China that resulted in unprecedented displays of ASEAN disunity at those meetings.

Chinese officials and official media commentaries endeavored to bind and compartmentalize the South China Sea disputes. Their public emphasis remained heavily on China's continued pursuit of peaceful development and cooperation during meetings with Southeast Asian representatives and those of other concerned powers including the United States. What emerged was a Chinese approach having at least two general paths:

1. One path showed South China Sea claimants in the Philippines, Vietnam, and others in Southeast Asia, as well as their supporters in the United States and elsewhere how powerful China had become in disputed South China Sea areas; how China's security, economic, administrative, and diplomatic power was likely to grow in the near future; and how Chinese authorities could use those powerful means in intimidating and coercive ways short of overt use of military force in order to counter foreign "intrusions" or public disagreements regarding Chinese claims.
2. Another path forecast ever closer "win-win" cooperation between China and Southeast Asian countries, ASEAN, and others including the United States. It focused on burgeoning China-Southeast Asian trade and economic interchange and was premised on treatment of South China Sea and other disputes in ways that avoided public controversy and eschewed actions challenging or otherwise complicating the extensive Chinese claims. China emphasized the importance of all concerned countries to adhere to efforts to implement the 2002 Declaration of the Conduct of the Parties in the South China Sea (DOC). It duly acknowledged recent efforts supported by ASEAN to reach the "eventual" formulation of a code of conduct (COC) in the South China Sea, implying that the process of achieving the latter may take some time.

In sum, China set forth an implicit choice for the Philippines, Vietnam, other Southeast Asian disputants of China's South China Sea claims, ASEAN, and other governments and organizations with an interest in the South China Sea, notably the United States. On the one hand, based on recent practice, pursuit of policies and actions at odds with Chinese claims would meet with more demonstrations of Chinese power along the lines of the first path, above. On the other hand, recent leaders' statements and official commentary indicated that others' moderation and/or acquiescence regarding Chinese claims would result in the mutually beneficial development seen in the second path. The Philippines, Vietnam, and other disputants of Chinese claims did not seem to be in an advantageous position in the face

of Chinese power and intimidation. ASEAN remained divided on how to deal with China. And options of the United States and other concerned powers to deal effectively with the new greater muscle, short of military use of force, in Chinese practices regarding the South China Sea remained to be determined.

Round Two

The second round of Chinese assertiveness on sensitive sovereignty and security issues came with the more widely publicized and still ongoing dispute with Japan over the Diaoyu/Senkaku Islands.⁹ Even more so than in the recent case in the South China Sea, China's response to a perceived affront by Japan involved a variety of extralegal measures sharply contrary to international norms. They included, in particular, trade sanctions and failure to provide security for Japanese people and property in China. As large demonstrations emerged in over one hundred Chinese cities fostered by well-orchestrated publicity efforts of authorities, the security forces tended to stand aside as agitated demonstrators destroyed Japanese properties and manhandled Japanese citizens. The displays of violence were eventually mildly criticized by Chinese official media commentary but the publicity organs were full of support of Chinese peoples' "righteous indignation" against Japan as the violence spread throughout the country. Meanwhile, the authorities deployed maritime security forces and took legal steps that showed Japan and other concerned powers that the status quo of Japan's control of the islands had changed amid continued challenge from China employing security forces and other means short of direct use of military force.

Popular and elite opinion reacted positively to the Chinese actions in the South China Sea and the East China Sea. Some Chinese officials and media also viewed approvingly the reaction of the United States, which was seen as less willing in 2012 to confront China on such assertive actions than in the period of disputes in 2010.

Chinese media flagged with prominent headlines Obama's reassurance to Prime Minister Wen Jiabao in Phnom Penh on November 20, 2012 that the United States "will not take sides on disputes" in the seas bordering China. They noted positively the president's voiced conviction that China's peaceful rise and success is in the interests of the United States as it is "crucial to world security and prosperity." A commentary by a specialist in the Chinese foreign ministry affiliated think tank said that the "smarter" reengagement with Asia features a change in favor of China, a "more cautious" U.S. approach toward territorial disputes in the region, whereas it was said in the recent past to have been "active and even aggressive in interfering in the regional territorial disputes."¹⁰

In sum, Chinese elite and public opinion saw China triumphing with effective use of often extralegal coercive measures to advance territorial claims and show firm resolve against perceived challenges. Some foreign and Chinese specialists also observed that unlike the debates and various policy options stressed in Chinese commentary during the period of assertiveness in 2009-2010, the actions and commentary regarding the South China Sea and the East China Sea in 2012 showed effective coordination and little sign of debate even though the Chinese actions involved extraordinary use of coercion, intimidation, and extralegal means well beyond the pale of international norms said to be respected by the Chinese government.

COOPERATION AND MODERATION

On the other side of the ledger in 2012 were Sino-American developments arguing for continued pragmatism on both sides in seeking to manage escalating competition without major incident. The overall trend of resilient and positive U.S.-China engagement continued. Among instruments serving to moderate the frictions, the wide range of official exchanges through an array of over seventy bilateral dialogues continued and made significant progress in several areas. An important dialogue initiated in 2011 reportedly at China's request involved U.S.-China relations in the Asia-Pacific region. They also provided mechanisms for dealing with contentious issues and advancing common ground. The on-again off-again pattern of exchanges between the military leaders of both countries—the weakest link in the array of dialogues between the two countries—was on-again with improved exchanges in 2012.¹¹

The so-called Taiwan issue—historically the leading cause of friction between the United States and China—has remained on a recent trajectory of easing tensions. The sharp turn by the Taiwan government from longstanding and often virulent competition to extensive engagement with China came with the election of President Ma Ying-jeou in 2008. The change was strongly welcomed by the Chinese and American governments. In January 2012 the reelection of Ma validated the continued moderate approach to cross strait relations, foreshadowing closer engagement along lines welcomed by both Beijing and Washington. A possible exception to U.S.-Chinese convergence over Taiwan is American arms sales sought by Taiwan, which are always a sensitive issue in China and in recent years have, at times, prompted stronger Chinese reactions than in the past.¹²

Despite pervasive Sino-U.S. distrust, there were also episodes over the past year demonstrating notable cooperation and seeming trust building. On February 6, 2012 Wang Lijun, head of police in Chongqing municipality and a key actor in what would turn out to be the most important Chinese leadership purge in many years, drove to Chengdu and entered the American consulate there, reportedly fearing for his life and seeking refuge. While there he was said to have shared information about abuses of power carried out by Chongqing leader and prominent Communist Party Politburo member Bo Xilai and his wife, notably involving the murder of British businessman Neil Heywood. Wang left the consulate the next day, was arrested and taken to Beijing where he was tried and sentenced in September.

Wang's seeking American help in Chengdu began a major crisis for the Chinese leadership then in the final stages of delicate and highly consequential arranging of leadership succession plans for the 18th Communist Party Congress, which was eventually held in November. The central authorities removed Bo from power in April, and later expelled him from the Communist Party, opening the way for criminal prosecution. Bo's wife was convicted of the murder of Heywood in August. Throughout the crisis faced by Chinese leadership as they dealt with the egregious abuse of power by Bo, his wife and associates, and their wide implications for the leadership succession plans, the American government refused comment and disclosed nothing of what Wang had said during his stay in the consulate. A less discreet U.S. approach could have had complications for the top leaders managing the scandal and its broader consequences. There are few better ways to build trust between two wary states than one side [the United States in this case] choosing to

behave in the interests of the other [China] during a period of crisis when it could easily damage the other in serious ways.¹³

An instance of close and successful cooperation over highly sensitive issues involving sovereignty and strong national sentiment was the Sino-American handling of the case of Chen Guangcheng. The prominent Chinese civil rights activist in April 2012 escaped house arrest and fled from his home province to Beijing, where he eventually took refuge in the U.S. Embassy. After several days of talks between U.S. officials working with Chen on one side and Chinese officials on the other, a deal was reached to safeguard Chen and his family, providing Chen with medical treatment. He subsequently changed his mind and sought to go to the United States with his family. He appealed for American support, notably in a highly publicized phone conversation directed to a U.S. congressional committee hearing. Intensive renewed U.S.-Chinese talks concurrent with the annual Security and Economic Dialogue between leaders then underway in Beijing resulted in a second deal where Chen and his family were allowed to leave on May 19.¹⁴

Meanwhile, the Obama government has endeavored in recent months to stress its interests in sustaining broader and deeper American engagement with the Asia-Pacific region, while playing down emphasis in the recent past on American security and military moves that add directly to the growing security dilemma with China. Obama's trip to Southeast Asia and meetings with regional leaders at summits in November received extraordinary U.S. government publicity. In a notable departure from past practice, U.S. National Security Advisor Thomas Donilon left the White House and gave a public speech at a Washington think tank supporting the president's trip. He stressed sustained engagement in non-security as well as security areas and played down competition with China. The normal press briefing on the trip also broke with past practice by identifying the senior officials doing the briefing in an on-the-record manner, making the transcript more widely used and authoritative. The detailed remarks underscored the National Security Advisor's emphasis on sustained cooperation along a broad array of economic, diplomatic as well as security areas and soft-pedaled competition with China.¹⁵

The president's trip was heralded by visits to the region by the secretary of defense and the secretary of state, both of whom emphasized the broad and multifaceted reasons for strong and sustained American engagement with Asia. Competition with China was not a prominent feature of their trips. U.S. moderation in handling sensitive territorial issues in the South China Sea and the East China Sea, and China's repeated extraordinary use of coercive measures and intimidation short of employing military force in order to make advances were duly noted with approval by some Asian and American commentators, including some in China. The U.S. stance was seen as different from the more direct American statements and interventions during similar high-level U.S. official meetings with Asian leaders including Chinese leaders in 2010 and 2011.¹⁶

Finally, specialists on both sides seemed to agree that effectively managing differences through a process of constructive engagement remains in the interests of both countries.¹⁷ American specialists have noted three general reasons for this judgment:

- Both administrations benefit from positive engagement in various areas. Such engagement supports their mutual interests in stability in the Asia-Pacific, a

peaceful Korean Peninsula, and a peaceful settlement of the Taiwan issue; U.S. and Chinese leaders recognize the need to cooperate to foster global peace and prosperity, to advance world environmental conditions, and to deal with climate change and non-proliferation.

- Both administrations see that the two powers have become so interdependent that emphasizing the negatives in their relationship will hurt the other side but also will hurt them. Such interdependence is particularly strong in Sino-American economic relations.
- Both leaderships are preoccupied with a long list of urgent domestic and foreign priorities; in this situation, one of the last things they would seek is a serious confrontation in relations with one another.
- Prominent Chinese specialists visiting Washington at the end of 2012 underscored the futility of conflict and the need for cooperation in a somewhat different way. They averred that the U.S.-China relationship has become increasingly important to both sides and that three “realities” compel the two governments to seek ways to manage their differences while trying to broaden common ground:
- Each country is too big to be dominated by the other.
- Each country has too unique a political and social structure to allow for transformation by the other.
- Each country has become too interdependent with the other to allow conflicts to disrupt their relationship.

OUTLOOK: CONTINUED PRAGMATISM AMID CAUSES OF CONCERN

In the view of this observer’s experience with the ups and downs of U.S.-China relations since the opening of relations over forty years ago,¹⁸ the balance of competition and accommodation reviewed above argues for cautious optimism that pragmatic considerations will remain primary in both the reelected Obama administration and the incoming administration of Xi Jinping. Both governments will be constrained from harsh actions toward one another by ever-deepening interdependence; and the forecast for both involves a variety of high priority and difficult issues that will reinforce their respective interests in avoiding serious problems with one another. Of course, the competitive aspects of the relations appear to be growing, making forward movement difficult.

American domestic politics also promise to be an overall drag on progress in U.S.-China relations.¹⁹ American public opinion and media coverage that tends to reflect public opinion show a majority of Americans disapprove of the Chinese government and its policies and practices. The majority is a slim one, and younger Americans are seen to have more favorable views of China. There also seems to be a consensus among Americans that the government should eschew serious trouble with China. For example, only a small minority of Americans favors coming to Taiwan’s defense in the face of a Chinese military attack.

Adhering to its mission to protect the United States from present or future dangers, the large U.S. defense, intelligence and overall security apparatus and their supporters in Congress, business and among the public and media reflect a wary view of China's rise as a strategic power. The implications of China's rise for the balance of power in the Asia Pacific and U.S. interests in relations with allies and other countries in the region are high on the list of concerns for these Americans.

U.S. congressional opinion tends to be more negative toward China than overall public opinion. There are two congressional created commissions who see their mission as highlighting various actions of the Chinese government at odds with American interests. Nonetheless, many in Congress reflect the interests of business constituents who are investing in China or otherwise have an important stake in the burgeoning U.S.-China economic relationship. And many members of Congress have been active in several congressional working groups that regularly hold dialogues with Chinese counterparts, often leading to more nuanced views. Meanwhile, congressional attention on China issues has been secondary to more important domestic issues and more pressing international crises such as Iran, Syria, and the broader Middle East. Congress in recent years also has demonstrated a strong tendency to defer to the president and not to assert its prerogatives on China or other foreign policy issues unless there is no serious danger for the United States and particularly for U.S. military service personnel and the president's policies seem to have failed.

Reflecting pragmatism amid continued wariness about China, Obama upon reelection did not follow Romney's injunction to label China as a currency manipulator. Rather the Treasury Department followed past practice in its periodic reports on these matters with muted treatment of China. Following Obama's moderate approach to China during his visit to Southeast Asia, officials at all levels played down the sensitive security and competitive aspects of the reengagement policy that had been featured in public pronouncements in 2011 and early 2012.

CHINA'S UNCERTAIN OUTLOOK

The course of Sino-American relations has always involved serious obstacles, differences, and possible flash points that if not managed effectively could lead to sharp deterioration in U.S.-Chinese relations. The judgment of this assessment is that these obstacles and differences are offset for now by the strong reasons for pragmatic engagement noted above. Nevertheless, prudence requires care in considering the main uncertainty we currently face as to what degree the Xi Jinping government intends to deal pragmatically with the United States. Xi participated in the decision making behind Chinese behavior in 2012 which showed a pattern of exploiting incidents in nearby seas and thereby expanded Chinese control of contested territories and territorial rights through extraordinary use of coercion and intimidation short of direct application of military force. The fact that the United States has done little and others seem unwilling or unable to take strong actions in the face of Chinese advances adds to reasons why domestic decision makers and broader Chinese elites and public opinion are said to see the Chinese advances as victories for China. Their sense of triumph is viewed by some prominent specialists in China and abroad to argue for further Chinese expansion at the expense of U.S. allies and associates.

The rise in international tensions among China and other claimants to disputed territory and natural resource claims in the South China Sea and the East China Sea seems likely to continue. Confrontations between Chinese and other claimants' maritime security vessels, fishing ships, and oil survey vessels have been accompanied by repeated protests, economic and diplomatic sanctions and threats, and popular demonstrations in the respective countries. Such confrontations have occurred in the past and resulted in military clashes with many casualties, notably between China and Vietnam in 1988. Thus far, the recent rise in tension has not escalated to the point of military conflict, though the factors driving competition over the contested territory are increasing in importance.

Among factors driving competition is the perceived growing need to exploit energy and fishing resources in the contested seas. Vietnam and the Philippines see oil exploitation in the South China Sea as particularly important for their development. China views the enhanced oil and gas exploitation of the sea resources by Hanoi and Manila as further unjustified infringement on the very broad and not well-defined Chinese sovereign claim to all South China Sea islands and related resources; China also has demonstrated stronger efforts than in the past to exploit the oil and gas resources in the South China Sea areas claimed by others and in the East China Sea in areas claimed by Japan.

The rising tensions in the nearby seas also have important security dimensions for China involving the United States. Chinese commentators claim that Japan and the Philippines, formal allies of the United States, and Vietnam, a state building closer military ties with the United States, have been emboldened and supported by the United States in their confrontations with China. The rise in protests and disputes over the contested seas is linked with U.S. re-engagement with Asia-Pacific countries that is seen to foreshadow stronger American-Chinese security, economic, and diplomatic competition. Chinese commentators complain that American "meddling" in the disputes is designed to divide China from its neighbors and weaken China's overall influence in nearby Asia as the United States endeavors to strengthen its strategic position along China's periphery. A stronger American strategic position along China's periphery and stronger perceived efforts to compete with China for influence in the Asia-Pacific, to weaken China's position and to divide China from its neighbors, add to a sense of insecurity among Chinese commentators and officials. Meanwhile, popular and elite opinion is seen by Chinese and foreign commentators to compel Beijing to adopt tough positions regarding dealing with the South China Sea and the East China Sea and related issues with the United States.²⁰

Foreign specialists judge that a good deal of the impetus for popular and elite pressure for a tough Chinese approach on these territorial issues rests with the type of nationalism that has been fostered with increased vigor by Chinese authorities. Patriotic discourse emphasizes that since the 19th century, China has been treated unjustly and its territory and related sovereign rights have been exploited by other powers; China remains in a protracted process building power sufficient to protect what China controls and regain disputed territory and rights. On the whole, the patriotic discourse leads to a sense of "victimization" by Chinese people and elites, who are seen having greater influence on decision making on foreign affairs now that strong-man politics have given way to a collective leadership more sensitive to nongovernment elites and popular views.²¹

The strong patriotism fostered by Chinese authorities has included extensive efforts to build an image of China as a righteous actor on the world stage, different from the other world powers seen to follow selfish pursuits of their interests. These efforts have been carried out by: the Chinese foreign ministry; various other government, party and military organizations that deal with foreign affairs; various ostensibly nongovernment organizations with close ties to Chinese government; party and military offices; and the massive publicity/propaganda apparatus of the Chinese administration. They boost China's international stature while they condition people in China to think positively about Chinese foreign relations.

China's foreign policy is said to follow principles in dealing with foreign issues which assure moral positions in Chinese foreign relations. Principled and moral positions provide the basis for effective Chinese strategies in world affairs. Remarkably, such strategies are viewed to ensure that China does not make mistakes in foreign affairs, an exceptional position reinforced by the fact that the PRC is seen to have avoided publicly acknowledging foreign policy mistakes or apologizing for its actions in world affairs. Undoubtedly, some Chinese foreign policy officials and specialists privately disagree with the remarkably righteous image of Chinese foreign relations; but they do not depart from the official orthodoxy, which is broadly accepted by elite and public opinion. Whatever criticism elites and public opinion register against Chinese foreign policy tends to focus on being too timid and not forceful enough in dealing with foreign affronts.

Today, China's image building efforts support a leading role for China in Asian and world affairs, which enjoys broad support from the Chinese people and various constituencies in China. They forecast optimistically that China will follow benign policies emphasizing recent themes stressed by the administration. The themes include promoting peace and development abroad, eschewing dominance or hegemonism in dealing with neighbors or others even as China's power grows, and following the purported record of historical dynasties in not seeking expansionism as China's power increases.

In contrast, many of China's neighbors and foreign specialists see the evidence of a moral, principled and benign foreign approach has been the exception rather than the rule in the zig-zags of often violent foreign relations of the PRC through much of its sixty years. This has been the case particularly in the area surrounding China. Most of China's bordering neighbors have experienced intrusions or invasion by PRC security forces; they and others further away have contended with insurgent armies or armed proxies fully supported by China and targeting them. Such violence and excesses continued after Mao Zedong's "revolutionary" rule. Strong Chinese support for the radical Khmer Rouge increased in the later Maoist years and remained high throughout Deng Xiaoping's rule. During such turmoil, Chinese leaders avowed support for principles and righteousness in foreign affairs, but from the viewpoint of the neighbors and foreign specialists, the principles kept changing and gaps between principles and practice often were very wide.

In the post Cold War period, China has tried to reassure neighboring leaders who well remember the violence and threatening Chinese practices of the past. China's recent behavior in the South China Sea and East China Sea has been seen by neighbors as intimidating and truculent, recalling past intimidation and coercion. Part of the problem in efforts at reassurance is that Chinese elite and popular opinion shows almost no awareness of past

Chinese excesses, and therefore has little appreciation of the reasons behind the wariness of many neighboring governments, and of the main outside power in the region, the United States. Regarding the latter, one other practice noted earlier, seen throughout the history of PRC foreign relations and supported by the strong patriotic discourse in China has been to register strident opposition to efforts by outside powers to establish and sustain positions of influence and strength around China's periphery. Such moves by the United States and the Soviet Union in the past and Japan and India up to the present, are repeatedly seen by Chinese authorities as well as elite and public opinion in grossly exaggerated terms of threat to China, a revival of Cold War "containment."²²

Chinese elite and popular opinion, which is strongly influenced by patriotic discourse emphasizing victimization by other powers, also involves a unique and strong sense of morality and righteousness in foreign affairs. As a result, Chinese opinion tends to see whatever problems China faces with neighbors and other concerned powers including the United States over sensitive issues of sovereignty and security in nearby areas as caused by them and certainly not by China. Accordingly, it has little patience with the complaints of other claimants and calls by some of them and other concerned powers for China to compromise on sensitive issues involving sovereignty and security.

If China continues its assertive advances into disputed nearby territories, such actions are likely to be seen as a direct test of U.S. resolve as a regional security guarantor under the rubric of the Obama reengagement policy in the Asia-Pacific. The Chinese advances would make more likely confrontation between a more assertive China and a reengaging United States. Thus, the willingness and ability of China's leaders to curb recent assertiveness and deflect public and elite pressures for tougher foreign policy approaches represents, perhaps, the most important indicator of whether or not U.S.-Chinese relations will remain on a path of pragmatic engagement with leaders on both sides carefully managing differences to avoid confrontation and conflict. Against this background, it was reassuring that Chinese leaders from Xi Jinping on down took pains to warmly welcome visiting U.S. Treasury Secretary Jacob Lew and visiting U.S. Secretary of State John Kerry during their respective visits to China in March and April 2013. The two sides underlined common ground on Korean denuclearization, broadened the purpose and scope of Sino-American official dialogues, and announced the convening of the high level Sino-American Security and Economic Development Dialogue in the United States in July 2013. In this way, they reaffirmed a commitment to managing differences while both competing and cooperating in important ways.²³

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China and Russia

Sergey Radchenko

When in November 2012 the CCP unveiled its new Political Standing Committee, with Xi Jinping at its head, Russian Prime Minister and the Chairman of the United Russia Party Dmitrii Medvedev sent Xi a congratulatory message, which was strangely reminiscent of similar messages that were regularly exchanged between Moscow and its socialist allies during the Cold War. Practically every line of that message had a feeling of *déjà vu*: Medvedev’s praise for China’s successes “under the leadership of the CCP,” his reference to the “implementation of the decisions of the 18th Congress of the CCP,” and, most of all, his well wishing for the “friendly Chinese people” [*druzhestvennyi narod*]. This last term is evocative of an alliance between peoples, as in Sino-Soviet relations of the 1950s, and one that Russian officials would not think of using with respect to the “American people.” Medvedev fell short of calling Xi a comrade, settling for “mister” (he was outdone by leaders of the other key Russian parties, the Communist Party and Just Russia, both of whom congratulated “Comrade Xi”) but the general thrust of his message, as of many official pronouncements of recent months, reflects a bloc mentality, underpinning old-style relations.

The official Russian position – apparent from Foreign Ministry statements – is that it is, in principle, against bloc politics, but there is a stark gap between this and the discourse on Sino-Russian “friendship” evident above. For the architects of Russia’s foreign policy, especially for Vladimir Putin who invested himself into building closer ties with China, this relationship is perceived as part of Moscow’s opposition to Washington. Russian policy makers believe that Putin’s worldview will win adherence among the Chinese leadership, who will see that the Americans are trying to contain China just as they once contained the Soviet Union. For his part, Xi, in pursuit of what he calls the “Chinese dream,” has adopted a more assertive foreign policy than his predecessor. This has already raised concerns in the West and among China’s neighbors about Beijing’s intentions, in turn reinforcing Chinese leaders’ perceptions of U.S. containment. In an atmosphere of growing, mutual mistrust between Beijing and Washington, Putin’s anti-Americanism has certain appeal for Xi. As he recently put it in Moscow, “The Chinese and the Russian dreams coincide.”¹

Putin and Xi are of the same generation (born, respectively, in 1952 and 1953). Both matured when their countries were at the brink of war with each other. But unlike Putin, who has been deeply involved in the Sino-Russian rapprochement since the late 1990s and dealt with three generations of Chinese leaders, Xi is a relative newcomer. While Putin’s views on China are fairly clear, what Xi thinks of the prospects of this “strategic partnership” remains to be seen. This chapter recounts recent developments in relations with emphasis on cooperation in the context of the Shanghai Cooperation Organization (SCO) and BRICS, their trade relationship, their roles in Central Asia, and Russia’s perceived vulnerabilities in Siberia and the Far East. While Sino-Russian relations have a positive dynamic, there are also serious problems that may threaten long-term cooperation if China does not take a leadership role in ways that redress Moscow’s concerns about being marginalized.

SCO AND BRICS

A decade ago, the establishment of the SCO caused excited commentary in the West. Assessments ranged between alarmist warnings about a Eurasian NATO in the making, to skeptical dismissals of a toothless structure that superficially brought together countries that had little in common except for shared anti-Americanism, and that papered over serious

internal contradictions. In retrospect, both were somewhat off the mark. The SCO has not become another NATO. Russian regional security needs are served much better (in the Kremlin's view) by the Collective Security Treaty Organization (CSTO), which excludes China. Moscow has adopted a "go slow" approach with the SCO, emphasizing economic cooperation, and resisting any FTA or expansion of membership. Russian policy makers reportedly view India's involvement with the SCO (India is presently an observer) as potentially a Trojan horse for U.S. efforts to ruin the dynamics of the organization (China is also opposed).² Yet, the SCO has seen more positive cooperation than skeptics would allow, including (largely symbolic) military exercises, a counter-terrorism and counter-narcotics agenda, and intelligence sharing. In a significant development, the SCO endorsed (in careful terms) Russia's position in the 2008 conflict with Georgia, even though such endorsement was difficult for Beijing, which feared that parallels may be drawn between South Osetia/Abkhazia and Xinjiang/Tibet/Taiwan. China did not publicly oppose Russia's recognition of the former two – "taking into consideration its strategic partnership with Russia," according to Chinese officials.³

More recently, SCO activities have been overshadowed by BRIC (Brazil, Russia, India, China), later joined by South Africa to make it BRICS. In the 1980s, Mikhail Gorbachev briefly advocated the USSR-India-China triangle (under Soviet leadership, needless to say), and even floated the idea of extending it to embrace Brazil. The other powers were not keen to see Soviet sponsorship, and India and China had too many irreconcilable problems to be drawn into any triangles. It did not help that from the outset there was a subtle anti-American aspect to the idea, and New Delhi and Beijing had priorities in this regard which did not square with Gorbachev's interests.⁴

Today's BRICS shares some of the problems Moscow encountered in the 1980s. Sino-Indian dialogue has gone a long way since Rajiv Gandhi's path-breaking visit to Beijing in December 1988. However, unresolved issues plague the relationship, none more serious than the territorial dispute. Intensifying competition threatens to erode the political *modus vivendi*. Russian-Indian relations – healthy in political terms – suffer from Moscow's inability to gain new ground on the Indian market. India remains a major customer of Russian weapons and nuclear reactors, a Cold War tradition. Participation of Brazil and South Africa adds credence to the views of skeptics who dismiss BRICS as simply a "propaganda balloon" of anti-American orientation.⁵ Yet, it would be simplistic to reduce BRICS to a platform for venting "multipolar" sentiments. While BRICS summits stress this, there has been a greater effort to go beyond general proclamations in elaborating a structural foundation of a post-American world order, which would entail greater prominence for the emerging economies in the IMF and the World Bank, development of new reserve currencies (this uncertain prospect has been popular in Moscow), and the creation of new financial institutions that would supposedly reflect the true interests of the developing world. At the latest summit in Durban, South Africa (March 26-27, 2013) there was talk of the establishment of a development bank and a financial safety net in the event of an economic crisis. With the development bank, it is not clear where the money would come from, or where it would go.⁶ If China underwrote the bank, it would surely want the biggest say, something that other participants would find hard to accept. If each country contributed equally, the bank would have little money to spend. Reworking the world order along BRICS lines appears very difficult to implement.

ENERGY AND WEAPONS

The Sino-Russian trade relationship has experienced dramatic growth in the last decade, despite the temporary setback occasioned by the global financial downturn. In 2012, the trade turnover reached \$88 billion amid wide expectations of continued growth. China has replaced Germany as Russia's number one trading partner (conversely, the relationship matters quite a bit less for China),⁷ but this relationship is plagued by a number of persistent and perhaps unsolvable problems. The key problem, from the Russian perspective, has been the "structure" of trade: more than half of Russia's exports to China are oil or oil products (primarily crude), with most of the rest taken up by other natural resources, including metals and lumber.⁸ Technology makes up a small fraction of the export volume, even as Russia imports primarily finished products and machines from the PRC. Russia has become a natural resources appendage, feeding the insatiable appetites of Chinese industry. The Kremlin values the "energy dialogue," in part because it provides a material basis for the strategic partnership, which would otherwise be confined to general proclamations of solidarity, but also because it allows Russia to reduce its dependence on European markets and serves the strategy of integrating into the Asia Pacific.

Russia's continued export of natural resources to China also has disadvantages in the long term. Russia has only limited leverage in negotiating prices, and China, for all the fraternal feelings, drives a hard bargain. Moscow tries to diversify its market presence in East Asia by playing China off against the Japanese and the South Koreans. This reportedly underpinned its decision to scrap plans by the defunct Yukos to build a pipeline from Angarsk to Daqing in favor of a much more ambitious project, now known as the East Siberia Pacific Ocean (ESPO) pipeline, which, when complete, will bring Russian oil to Nakhodka, from where it can then be exported. ESPO also branches out to Daqing – the spur pipeline in operation since 2011 built with a credit of \$25 billion from China's Development Bank to complete the ESPO, in return for the annual supply of fifteen million tons of crude for twenty years. Already one of the most expensive pipeline projects of all times, ESPO has recently gained notoriety in Russia due to allegations of corruption and astounding misuse of funds.⁹

As the details of the contract are unknown, there has been speculation that Russia is pumping the oil at embarrassingly low prices. While this is probably not the case,¹⁰ Russian suppliers Rosneft and Transneft had recurrent difficulties with the Chinese oil major CPNC, which, for more than a year, paid less than the agreed price, accumulating vast debts to Russia. Transneft even threatened to break off the contract and repay the Chinese loan.¹¹ No one took these threats seriously, however, because the money had already been invested in building the pipeline and the spur to Daqing. In recent talks, Transneft and Rosneft agreed to give their Chinese partners a discount of 1.5 dollars on each barrel of oil, three billion dollars over the term of the contract,¹² a fraction of the discount the Chinese were seeking. The CNPC, not without the Chinese government's intervention, bowed before the political imperative of keeping the Russians happy, but in the end, the dispute points to China's increasing ability to dictate the terms of trade with a "junior partner." In the meantime, Japan's reluctance to get involved in expensive investment projects in Siberia means that Russia increasingly relies on China's credit, heightening public fears of its quiet penetration of the Russian economy.

Similar problems have plagued negotiations over gas supplies, under discussion since the 1990s. The Russians would like to sell gas at 'European' prices, while the Chinese are

offering to pay quite a bit less due to domestic price caps. Gazprom has been reluctant to commit to the construction of massive pipelines unless the CNPC agrees to pay more for the eventual annual supply of 68 billion cubic meters of gas. As the former head of Gazprom's External Relations Department Ivan Zolotov explained in a private conversation, "We're not going to spend that kind of money just to satisfy political imperatives," adding that Gazprom "would not sink the company to please politicians."¹³ This unresolved quarrel continues to embarrass the strategic partnership. Vladimir Putin tried to broker a breakthrough in a series of talks with the Chinese leadership in 2011, and during his visit to Beijing in June 2012. The issue was also raised during Xi Jinping's trip to Moscow in March 2013,¹⁴ yielding an agreement to agree on the price by the end of the year. Russia will have to compete with cheaper gas from Kazakhstan and Turkmenistan at a time of a global gas glut, and face an uncertain future as China invests billions into the development of shale deposits.

Cheaply or dearly, Russia will sell energy resources across the border to China. The energy component of its exports is slated to grow, which can hardly be said of other components, especially advanced technologies. With the exception of nuclear cooperation – one field where Russia maintains a technological edge – Moscow does not have that much to offer the Chinese. Putin recently called for a "technological alliance" between Russia and China, proposing closer cooperation in civil aviation (by which the Russians mean "joint" development of a long-range plane to rival Airbus and Boeing) and space research, with establishment of joint "industrial clusters" and "technological parks."¹⁵ While in the past the Russians have pushed these points much more eagerly than the Chinese, Xi has been willing to recognize that there has to be more to the economic relationship than just oil and gas. Some of these themes featured in the joint statement during Xi Jinping's visit to Moscow, although in exceedingly vague terms.¹⁶ When reading out separate statements, Putin emphasized cooperation in high technology, aviation, and space research, and Xi mentioned only oil and gas. Neither took questions, probably to avoid embarrassment.¹⁷ Indeed, the list of agreements shows that while China and Russia resolved to improve cooperation in the protection of migratory birds, tourism, and, strangely, rabbit husbandry, the real money-makers are once again resource giants like Rosneft, which is looking to double its oil exports.

One reason for meager results from Putin's long-standing effort to redress the structure of trade is the realization in Beijing that China's technological advancement would not stand to gain much from closer ties with Russia, itself sorely in need of modernization. China's increasing investment in research and development, amassed capital, and a capable and educated workforce, make it very unlikely that Russia will ever be able to repair the structural imbalance of bilateral trade. Weapons sales remain Russia's tried solution for escaping dependence on oil and gas exports. As recently as thirty years ago, the Soviet Union had a policy of export controls to prevent inadvertent leakage of dual-use technology to the Chinese. These restrictions were lifted with improving relations, and by the 1990s Russia was selling progressively more advanced weapons, including fighters and anti-aircraft missiles. China was also able to purchase important military equipment from former Soviet republics, notably, the half-built Soviet-era aircraft carrier from Ukraine, a prototype for the future Chinese aircraft carrier force. These sales for a time comprised a respectable percentage of the growing bilateral trade balance. Military sales plateaued. China came to place increasing emphasis on development of its own weapons systems, and Russia became more reluctant to sell the latest weapons. Chinese complained that Russia supplies "stripped-down" versions

of weaponry, while Russian experts accused China of reverse engineering Russian military technology. As Gennady Chufirin argues, “if China wants to expand military cooperation with Russia, it should learn to abide by agreed terms and respect Russia’s priorities.”¹⁸

One example that attracted a lot of attention in the Russian media was Chinese production, under license, of the Su-27 Flanker (J-11 in China). In 1995 the two sides signed an agreement, worth \$2.5 billion, by which China gained the right of assembly of 200 J-11s in Shenyang. Production was stopped in 2004, however, after the assembly of the first 95 planes, and the Chinese proceeded to build an indigenous version, the J-11B, prompting soul-searching in Russia amid fears that the cheaper Chinese planes would compete with the SU-27 in third-country markets. Officials at Rosoboroneksport, the monopoly arms exporter, downplayed the Chinese challenge: “They were confident that customers would continue to buy original Russian arms, rather than cheap [Chinese] imitations” – but military experts have been up in arms about the reports of violation of intellectual property rights, highlighting commercial and security threats in letting the Chinese have the latest Russian technology.¹⁹ In July 2010 the Foreign Policy department of the Russian Presidential Administration reportedly even commissioned a study to explore this sensitive subject.²⁰ “Moscow should stop selling them [the Chinese] the rope to hang us with,” noted Aleksandr Khranchikhin, a Moscow-based expert of distinctly China-unfriendly views.²¹

Russia has been careful to insist on additional guarantees in negotiating new weapons sales (most recently, supply of the long-range fighter SU-35, over which negotiations have gone on for years, with announcements by one or the other side that a deal has been reached, followed by denials and more negotiations). Moscow has insisted on the sale of as many as 48 planes, and Beijing has expressed interest in buying only a few, which only made the Russians more apprehensive. Just as Xi visited Russia in March, the official Chinese media announced that a deal on 24 planes (and four submarines) had been signed but the Russians quickly denied it.²² This back-and-forth bickering highlights Russia’s lingering uncertainty about defense cooperation with China, even as it has shrunk as a percentage of economic ties.

Russia’s Federal Security Service recently announced the arrest of a Chinese citizen on charges of military espionage, a signal of concern about leakage of technology.²³ Such developments as technological plagiarism and military espionage do little to bolster the image of a harmonious Sino-Russian relationship. This will remain a sensitive problem, especially because efforts to impose more stringent control on the export of advanced technologies do not square with Moscow’s priority of redressing the structural imbalance of trade. A solution entails China’s engagement with Russia’s military exporters on terms that do not threaten Moscow’s long-term interests, and its voluntary restraint from competing in third-country markets. If not, it will not be long before views like Mr. Khranchikhin’s gain ground.

SINO-RUSSIAN COMPETITION FOR CENTRAL ASIA

Despite grudging acceptance that Russia does not have exclusive influence in Central Asia, the Kremlin has yet to build up a reserve of tolerance for perceived “outside” interference in regional affairs. Moscow puts on a good show of cooperation in the context of the SCO, whose most important purpose to date has been to harmonize China and Russia’s interests. Indeed, there is considerable affinity of interests: both Beijing and Moscow fear regional instability;

both warily eye efforts to step up the U.S. presence, for instance by securing air base rights; both are interested in access to oil and gas deposits; and both put up with corruption and misrule in the region, as long as the above aims are met. Not to see these common interests, argued Aleksandr Sternik, a Russian diplomat whose portfolio includes Central Asia, is “not to see the forest from the trees.”²⁴ But behind the façade of harmony, Russia and China are increasingly at odds in light of relentless Chinese economic penetration of the region, which Russia finds difficult to counter, both because it cannot afford to be openly critical of Beijing’s involvement, as it has been of Washington’s, and because its more meager means cannot compete in buying allegiance. Both pursue pipeline geopolitics, vying for control over deliveries from the region’s vast oil and gas deposits, as in Turkmenistan, all the more so since the opening of the gas pipeline to China in December 2009. Until then, Turkmenistan relied mainly on Russia for gas exports (there are also two pipelines to Iran but this route has been very problematic). The Turkmens are in a better position to bargain for a better price with reluctant Gazprom, and – unthinkable! – compete with the Russians in pumping gas to China (the pipeline’s capacity could bring up to 40 billion cbm of gas to China by 2014, rivaling Gazprom’s offer). “This project,” announced ‘leader of the nation’ Kurbanguly Berdymukhamedov, “has not only commercial or economic value. It is also political... China, through its wise and farsighted policy, has become one of the key guarantors of global security.”²⁵ This, above all, means freedom of maneuver vis-à-vis Russia.

The same can be said of Kyrgyzstan, which has done quite well in mobilizing its meager resources to play great powers against one another. Successive administrations have manipulated the issue of the Manas airbase to extract concessions and promises from Russia and the United States. U.S. Ambassador in Moscow Michael McFaul lamented that his country was, in effect, outbid by the Russians when in 2009 President Kurmanbek Bakiyev promised to pull the plug on the U.S. base. “You offered big bribes to Mr. Bakiyev to throw us out of Kyrgyzia. We also offered a bribe approximately ten times less than what you offered but this did not work,” he said, triggering angry protests by the Russian Foreign Ministry. But if Moscow can congratulate itself on fending off one competitor, China’s silent penetration is a lot more difficult to oppose, as demonstrated a few months ago when Russia’s relations went through a tense phase as Bishkek openly drummed up the prospect of China’s takeover of infrastructure projects if the Russians did not show greater generosity.²⁶

The key disagreements concerned Russia’s continued rental of the Kant airbase, and the method for settling Kyrgyzstan’s outstanding debts (half a billion dollars). In the end, Moscow agreed to pay for the base, and wrote off the debts in exchange for equity in the torpedo manufacturer Dastan, and in various hydropower projects. When Putin turned up in Kyrgyzstan to sign these agreements in September 2012, President Almazbek Atambayev showered praise on Russia as Bishkek’s “main strategic partner,” saying that he could not imagine a future for Kyrgyzstan without “Great Russia.” Yet, no sooner did Russia settle comfortably into the position of Kyrgyzstan’s best friend than Prime Minister Wen Jiabao came with promises of economic cooperation. One idea he peddled to a (seemingly) receptive Atambayev was the construction of a railway from Xinjiang to Uzbekistan (through Kyrgyzstan), which, Beijing hopes, will adopt China’s gauge (rather than Russia’s wide gauge currently in use in the republic). In the Russian foreign ministry this idea was once seen as a design by Russophobe minds from the European Commission aimed at speeding up disintegration of the post-Soviet space.²⁷ Now

that China is driving the project forward, such hostile views are conspicuously absent from official commentary but such silence does not mean a lack of concern. Non-official media, in the meantime, are up in arms about this new geopolitical challenge that makes the Turkmen pipeline appear benign by comparison.

China has wisely soft-pedaled its involvement in Central Asia, keeping Russia appeased in the SCO framework, while gradually building the infrastructure for challenging its regional influence. But the reality of the Sino-Russian “competition” is now taken for granted in the West, in China, and, to some extent, even in the Russian community of China-watchers. This could offer opportunities for Washington. This is not to say that the struggle for influence in Central Asia is necessarily a zero-sum game, although such perceptions are common in Russian policy circles. John Beyrle who, as U.S. Ambassador, helped to “reset” relations with Moscow, had urged the Obama Administration to take a more benign view of Russian activities in Central Asia and seek common ground in “countering common threats and maintaining regional stability,” for instance, by “adjusting” views about cooperating with the SCO, which would help alleviate suspicions. But even Beyrle has not been immune from the view that China “acts as a potential counterweight against Russian influence in the region.”²⁸ Similar ideas no doubt underpin Chinese diplomacy: Beijing has nothing to lose and much to gain from playing on Russian-U.S. antagonisms in Central Asia.

The Kremlin shows few signs of moving away from the “zero-sum” mentality vis-à-vis the United States. Many see it trying to undermine Moscow’s influence in Central Asia while distracting opinion with “hostile propaganda” about China’s supposed anti-Russian machinations in the region.²⁹ Continued U.S. involvement in Afghanistan takes a toll on the relationship with Moscow, partly for reasons of post-imperial nostalgia, and partly because there is concern that a pro-American Afghanistan could become a geopolitical liability, especially if Central Asian gas were rerouted toward the Indian Ocean. The Russians have also been highly suspicious of U.S. plans to maintain military bases in Afghanistan. To woo President Hamid Karzai from one-sided reliance on the United States, Afghanistan was given observer’s status at the SCO in June 2012.

As long as Beijing relies primarily on economic instruments to build up influence in Central Asia, Sino-Russian disagreements will be papered over by mutual assurances of good faith, at least in the short term. Russia’s best assurance of continued influence is that regional elites, for all their resentment of its meddling, remain deeply suspicious of China. They also share memories of having belonged to one socio-political space with Russia, which China cannot possibly match. Atambayev in his recent conversation with Putin said: “We were one country once upon a time! I don’t know if one should be happy or sad about this... Because I always remember that your father was a war veteran, and mine – a war veteran: they fought for one country, the Soviet Union... On the one hand, yes, 20 years, anniversary of diplomatic relations but it is also a little sad. I think our fathers – your father and my father – did not think about this.”³⁰ For as long as this shared identity remains in place, Russia’s position in Central Asia will remain relatively secure.

It is easy, however, to exaggerate the importance of Russia’s “soft power” in regional politics. One example of how difficult it has become to pull weight in what once appeared to be an indisputable sphere of influence is Russia’s inability to defend its interests in Mongolia,

where it worked hard to secure access to one of the world's largest undeveloped copper and gold deposits in South Gobi, the Oyu Tolgoi. Russia owns a 50 percent stake in the Mongolian railroad, a Soviet-era legacy that fed Moscow's expectations of seeing a piece of Oyu Tolgoi in return for building an extension connecting the site with the trans-Mongolian mainline. Yet, Russia's hopes were partly based on a misreading of the political situation. Putin had invested heavily in building a personal relationship with Nambaryn Enkhbayar, president in 2005-09, and his now fractured Mongolian People's Revolutionary Party. Enkhbayar, a fluent Russian speaker and a man of long-standing connections to Russia, came across as a man who would look after Moscow's interests, reassuring Putin as late as January 2009 that "we [the Mongols] cannot imagine these big mining projects without Russia's participation."³¹ In May of that year Putin stopped in Mongolia to offer support to Enkhbayar's re-election bid, but this untimely appearance may have hurt Enkhbayar; in any case, he was ousted, replaced by a much more Western-oriented Tsakhia Elbegdorj. In October 2009 the Oyu Tolgoi contract was awarded to the Canadian Ivanhoe Mines (now a subsidiary of the giant multinational Rio Tinto). Russian railroad services were not required: the mining site is only 80 kilometers from the border with China, where all the copper will go when the mine begins operations in 2013.

Similar problems have plagued hopes to obtain a stake in a massive Mongolian coal deposit, the Tavan Tolgoi, playing the railroad trump card. It failed when the Mongolian government announced (in July 2011) that it would not honor Enkhbayar's unclear promises of awarding the contract to Moscow (instead, it offered about a third of the contract to the Russians, while their competitors: the Chinese, and a consortium of Western companies, were also offered separate stakes). The head of the Russian Railways Vladimir Yakunin who had thought he already had the deal in his pocket, was sorely disappointed: "The Mongolian side continues to maneuver in terms of identifying the best ways to achieve their economic and political objectives, maneuvering between us, Americans, Chinese, Japanese and all the rest. Those options that are available so far do not cause us great enthusiasm."³² From Mongolia's perspective, it makes perfect sense not to treat Russia preferentially compared to China, or vice versa. However, this basic point is often missed in Russian public discourse, based as it is on flawed assumptions about supposed loyalty to Russia. It is for this reason that the Russian media still fantasize about Moscow's imminent takeover of key economic assets in Mongolia, and the likes of Yakunin never fail to be surprised by Ulaanbaatar's maneuvers.

In Mongolia, as in Central Asia, Russia's loss is not necessarily China's gain. Here, anti-Chinese sentiments are even more rampant than in the "Stans," forestalling Beijing's efforts to court its former colony through what is called the "Third Neighbor policy" – an effort to cultivate relations with the West while playing Russia and China against each other. Fortunately for Moscow, such thinking has not yet made inroads into Central Asia, but there are fears that it may. In the meantime, continued in-fighting, for instance, over water resources, and competing pretensions to regional greatness by Kazakhstan and Uzbekistan, and, to a lesser extent, Turkmenistan, allow Moscow to play the role of the ultimate arbiter, especially since no one wants China in that role. Beijing's reluctance to antagonize Russia means that as long as Sino-Russian relations maintain a positive dynamic, China will not openly challenge Moscow's regional prerogatives. When in the 1960s China challenged Soviet influence in countries like Mongolia, this challenge followed, rather than preceded, the deterioration of bilateral relations.

Much in the same way, the Sino-Russian competition in Central Asia will not derail bilateral relations, if they are not derailed for other reasons.

RUSSIA'S DEMOGRAPHIC FEARS

According to the 2010 All-Russian census, Russia's population in the Siberian Federal District and the Far Eastern Federal District stood at 19.3 and 6.3 million inhabitants respectively, down from and 20.1 and 6.7 million in 2002.³³ Russia's relatively favorable economic climate of the 2000s failed to arrest the continued decline, especially in the "demographic desert" of Siberia and the Far East. For decades, successive Russian and Soviet governments advanced programs to entice, encourage, or force people to the East. These efforts continue but with disappointing effects. Poor climatic conditions, underdeveloped infrastructure, and high living costs frustrate plans to reverse the demographic crisis. Plagued by chronic labor and capital shortage, criminalization, and endemic corruption, Siberia and the Far East languish in economic backwardness, just across the border from the world's most dynamic economic region. These realities translate into popular fear that Russia's under-populated territories will become a target for China's "expansion." Xenophobia, racism, and apprehension of China – vehemently denied by the Kremlin but widely shared in the border regions – impede Russia's only realistic path towards regional integration.

Deputy Prime Minister Dmitrii Rogozin recently "joked" about Chinese supposedly crossing the border with Russia in "small compact groups of five million."³⁴ Such remarks appeal to wide segments of the population, especially in the Far East, reinforcing a siege mentality and perceptions of the so-called "Chinese threat." According to a recent poll, 56 percent of Russian respondents have a sharply negative view of permanent settlement of Chinese migrants in Russia; 35 percent believe that most Chinese visitors end up staying in Russia illegally; and 24 percent think that Beijing has a secret plan to populate the Russian Far East with Chinese migrants.³⁵ Xenophobia feeds on sensationalist accounts in the tabloid press, full of alarmist predictions of a silent Chinese "takeover" of Siberia and the Far East in the guise of traders and peasants. The former are lambasted for putting Russian entrepreneurs out of business; the latter are said to undermine agricultural prices with pesticide-filled vegetables. Lamenting this, Aleksandr Abalakov, who chairs a Duma subcommittee for the development of Siberia, predicted that "if we [the Russians] remain passive, we will quickly end up in the position of American Indians on a reservation. We will be fed free of charge and shown to children as representatives of endemic small nationalities, incapable of development..."³⁶

Scholars such as A.G. Larin note that the extent of the Chinese immigration has been widely over-reported. More reliable estimates place the number of Chinese migrants in Russia at only 300,000-500,000 – more than the astonishingly misinformed figure of 35,000 cited by Russian Foreign Ministry officials, but only a fraction of the estimated 5-8 million foreign workers.³⁷ Russia is unattractive as an immigrant destination. As Gui Congyu of the Chinese Embassy in Moscow asked, "Who, among us Chinese, would want to live here?"³⁸ Russian visa restrictions bar long-term immigration from China. Migrants face discrimination, even violence (the Chinese Embassy advises students not to travel alone in public places), and arbitrary confiscation of property (as in the Cherkizovskii market closure in 2009 in Moscow).

The Putin-Medvedev duo repeatedly denied that China poses any sort of a “threat” to Russia, but employment of the xenophobe Rogozin as deputy prime minister highlights to what extent the Kremlin has bowed down to the populist sentiment. The imperative of boosting the population of Asian Russia has haunted many a policy maker. For instance, Sergei Dar’kin, until his recent ouster the governor of Russia’s Primorskii krai, advertised plans to turn Vladivostok, which presently numbers 750,000 inhabitants, into a city of 2-3 million inhabitants.³⁹ Ultra-nationalist Vladimir Zhirinovskii even called for moving Russia’s capital to Vladivostok to attract settlers and investors to the region. The Kremlin’s approach to the population crisis has moved in circles between wishful thinking about the unrealizable demographic explosion and Soviet-era administrative policies, while de-population continues and, in the words of the leading Russian demographer Anatolii Vishnevskii, “no one knows what to do about it.”⁴⁰ One possibility recently backed by former prime minister Evgenii Primakov entails opening borders with China or North Korea to encourage inward migration,⁴¹ but even floating the prospect publicly in the Far East would cause a popular uproar.

One effort to go beyond this framework has been to develop cooperation between Northeast China and the Russian Far Eastern and East Siberian provinces. A program, covering 2009-2018, entails establishment of joint development projects on both sides of the border, primarily – as far as Russia is concerned – in the sphere of extraction of natural resources. However, there are also plans to develop the transport infrastructure and to create processing industries (to balance the trade structure). Moreover, the program makes vague references to boosting cultural and educational exchanges.⁴² It was decried by Russian nationalists as a barely disguised attempt to “sell” Siberia and the Far East to China, but it is actually an important step forward in regional integration even if the three years that have passed since the announcement have shown little progress on most outstanding “joint projects.” Viktor Ishaev, the presidential plenipotentiary in the Russian Far East, reported in September 2011 that only 12 (of 57) projects from the Russian part of the program have reached the stage of implementation – and these are predictably confined to the extraction of natural resources. The other projects have seemingly died a bureaucratic death. Reflecting on this, Ishaev warned of the danger of Russia becoming China’s “resource appendage.”⁴³

There is fear in policy circles, stoked by the political imperative of appeasing popular xenophobia, about opening the border to more Chinese migrants. Past failures suggest that allowing more Chinese migrants to settle in Russia would meet vital labor needs; however, this would be deeply unpopular in Siberia and the Far East, and Putin, who treasures his nationalist credentials, cannot afford to do it. As nationalist politicians live the pipedream of multiplying the Russian population east of the Urals, immigration caps and administrative barriers impede migration across the border. In spite of increased cross-border tourism, Russia remains culturally aloof from East Asia. Assurances at the highest levels notwithstanding, China continues to be seen as an alien civilization by the European-minded Russians. In recent years, Moscow and Beijing have tried to deepen their “strategic partnership” through people-to-people exchanges, especially in education and tourism. In 2011, for instance, about 18,000 Chinese students studied in Russia (by comparison, nearly 160,000 studied in the U.S.). Only 8,000 Russian students chose China as their destination. American and British universities have rushed to set up exchange programs and campuses in China; Russia, though, has not been active. Instead, Putin, during his recent visit to Beijing, lent his authority to the harebrain scheme called the

SCO University – a quasi-alliance of sixty-five universities of the SCO member-states – which aims to promote closer integration in the educational sphere.⁴⁴ It is perhaps symptomatic of the broader structural problems in the Sino-Russian civilizational dialogue that the website of this university, ostensibly trilingual (Chinese, Russian and English) only carries updates in Russian. Chinese youth have very little interest in Russia, and the same disinterest applies to Russian youth looking at China.

CONCLUSION

A close reading of China-related studies produced by leading Russian think tanks reveals a view on Sino-Russian relations of remarkable internal consistency that is in marked contrast with the wide range of opinions that divide U.S. scholarship on China. There are many reasons for this. Centralization of Russia's China studies (all based in Moscow); the structural peculiarities of Russian academia, which mitigate against pluralism; and political imperatives, whereby scholars are expected to provide support to policy making – are all possible reasons. This relative homogeneity helps in summarizing the main points of this view: China and Russia have mutually complementary national interests, and no serious contradictions. Any obvious contradictions (for instance, competition over Central Asia) are dismissed as American propaganda, while deep, and probably, unresolvable structural problems of economic exchange are wished away as temporary phenomena. The bilateral relationship is characterized by equality, mutual respect, and non-interference in internal affairs; both want a “multipolar” and “democratic” world order, which, for Russian scholars and policy makers alike, has implicit or even explicit anti-Western (and, especially, anti-American connotations).

This “Russian view” also casts Moscow in the role of a leader of the new multipolar world. This may seem like a strange pretension, given Russia's economic weakness, but this leadership is not directly tied to any economic indicators. It is, instead, “moral leadership,” which is similar, conceptually, to the role Britain briefly attempted to play in the post-WWII order in “leading” America. Russia's relationship with China seems to be equivalent to Britain's “special relationship” with the United States, Russia also hoping to gain extra weight on the international stage while watching jealously lest this friendly embrace undermine its traditional sphere of influence within its post-colonial domain (in Central Asia). Moscow has offered Beijing a “vision” for the future, and by claiming authorship, it has also claimed leadership in the post-Cold War world. Leading policy experts regularly talk about Russia being a “bridge” between the developing and developed world or an “intermediary” between East and West.⁴⁵ These ideas are of course nothing new – they go back to at least the nineteenth century, and the unresolved debate between the Westernizers and the Slavophiles, but there is no longer any real debate: the visionaries of Russian global leadership have occupied all the commanding heights within this mostly self-serving discourse.

Many points raised by Russian China hands are actually quite reasonable and serve as reference points in the evaluation of the alarmist Sinophobia of media pundits and nationalist politicians. However, some of this optimism for Sino-Russian relations (often peddled by the same people who, within living memory, demonized China's “great power chauvinism”) is framed by ideological considerations that obscure serious problems in the relationship. Apart from various sources of tensions, noted above, the main problem with the vision is that it

has yet to find any adherents outside Russia. In key respects it is similar to what Mikhail Gorbachev attempted to accomplish in the late 1980s with his pan-Asian outreach, and, before that, to Nikita Khrushchev's efforts to reconcile China and India. These efforts fell flat for lack of interest on the part of key Asian audiences. Few regional players wanted to be led anywhere by the Soviet Union, or, for this matter, by Putin's Russia. Another problem with this vision, as with earlier visions, is that it basically excludes Japan. Russia will run into difficulties in selling its grand vision to Asia, while prospects for the "special relationship" with China do not look good in the absence of a broader civilizational dialogue between China and Russia.

Viktor Ishaev, speaking about Russia's preparations for the forthcoming APEC summit in Vladivostok, claimed that "in 10-20 years the Far East will become the center of economic life of Russia. The countries of the Asia Pacific are currently undergoing a major economic boost, and the Russian Far East, in view of its geographic position, is involved in the process of cooperation with the countries of this region."⁴⁶ There is nothing new in this. For the better part of thirty years Soviet, and then Russian, policy makers, cognizant of the economic potential of the Asia Pacific, have devised plans to tap into the region's remarkable growth.

The plans failed for several reasons. First, Moscow consistently overestimated the willingness of its Asian neighbors to invest in Siberia and the Far East, especially in the absence of a solid institutional and legal framework to accommodate foreign investments, and in view of militarization (in Soviet times) and criminalization (in more recent times). Second, efforts to encourage migration to the region failed to provide enough incentives to fill the labor shortage, while regional migration (especially from China) remains politically unacceptable. Finally, not enough is being done to promote closer integration with Asia (even China) in social and cultural terms. An effective strategy has been replaced by general statements about the need to have exchange with China – something that could have perhaps worked in the 1950s in the context of the Sino-Soviet friendship societies but not now when much deeper contacts are required. Visa barriers are slowly being removed, but mainly for government bureaucrats travelling on official business. More Russians than ever are learning Chinese and other Asian languages, but opportunities for doing so in secondary education are still extremely limited. Xi Jinping's praise during his March 2013 visit for Russian Sinologists as the best in the world does little to conceal the dilapidated, underfinanced state of China studies in Moscow, to say nothing of the provinces. Even as political relations prosper, the basis for deep, long-lasting Sino-Russian engagement is patently absent.

If this is to change, China must take a more proactive role in encouraging a change of attitudes in Russia. China should exercise leadership and vision, and commit much greater resources, to developing a cultural dialogue with its northern neighbor, for instance, by removing visa restrictions, encouraging permanent settlement of Russians in China (at the moment, administrative barriers that impede such settlement are astounding), offering many more scholarships to Russian students, and helping to create cross-border communities. China has become the "elder brother" of Asia, and it has to live up to this role. This includes greater care in economic dealings with Russia, avoiding the impression of "cheating" the Russians out of their fair share through unduly zealous price negotiations or geopolitical games in Central Asia, which leave Moscow in a state of growing insecurity.

The Sino-Soviet alliance failed because it was intrinsically unequal. China, under the leadership of Mao Zedong, was unwilling to remain in the role of “younger brother,” and Moscow, in turn, was unwilling to recognize China as an equal partner.⁴⁷ In their eyes, China was a junior partner: backward, technologically unsophisticated, a far cry from the superpower that the Soviet Union was. Today (despite the mutual assurances of equality), it is Russia that is the junior partner, increasingly backward and unsophisticated, especially when it comes to the vast expanse of Siberia and the Far East. Although China has been careful to defer to Russia on occasion (for instance, in the UN Security Council), Moscow is ambivalent about its powerful neighbor. The Sino-Russian relationship today is not an alliance, but, as a partnership, it has become increasingly unequal. Greater efforts are required to redress the imbalance lest this partnership suffers the fate of the defunct Sino-Soviet alliance.

ENDNOTES

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South Korea and Japan

Cheol Hee Park

The relationship between South Korea and Japan resembles a seesaw or a pendulum. Ups and downs are normal. The Lee Myong-bak administration is no exception, although many expected a different path from the previous administration. Lee showed an extraordinary degree of restraint in Japan-related issues until the summer of 2012. He may be the only Korean president who did not mention Japan critically in his speeches on the two major Japan-associated Korean holidays, Independence Movement Day and Liberation Day. Also during his tenure, South Korea and Japan discussed the possibility of concluding a GSOMIA (General Security of Military Information Agreement), exemplifying upgraded ties between the two countries by discussing security cooperation in a newly evolving regional context with third parties in mind. However, after Lee visited Dokdo on August 10, 2012, ties rapidly deteriorated. The two countries faced an unprecedented challenge in navigating through the popular uproar. Around October, the turbulent tide stabilized, but ties never returned to the “good old days.” The potential exists for another eruption of emotional conflict. With a new president, Park Geun-hye, elected to replace Lee as the standard bearer of the conservatives, just days after a general election brought Abe Shinzo to the post of prime minister after more than three years when the LDP had remained in the opposition, the bilateral relationship is being tested in 2013 under new leadership.

This chapter reviews the development of historical and territorial controversies in the late stage of the Lee administration. Then, it assesses the meaning of the election of the two leaders, reflecting on their general foreign policy lines during the campaign period. Next, it analyzes the challenges the two leaders are facing on both the domestic and regional front. Finally it considers the development of relations in 2013.

WIDENING CRACKS AFTER A FOUR-YEAR HONEYMOON

Around the time Lee took office, domestic political developments in South Korea and Japan helped both sides accommodate each other. Critical of his predecessor Roh, Lee took a policy turn that could be termed “ABR” (anything but Roh), including Japan policy.¹ Roh remained extremely critical of Japan after the Dokdo/Takeshima controversy that started in February 2005,² continuing for the next two years what he called a “diplomatic war” with Japan. Roh did not meet Japanese leaders except at multilateral settings.³ Lee strengthened ties with the United States, which served also to improve ties with Japan. Not only did he meet Prime Minister Fukuda as his first guest after the February 2008 inauguration ceremony, but he willingly had summit meetings with the next prime ministers Aso Taro of the LDP, and Hatoyama Yukio, Kan Naoto, and Noda Yoshihiko of the DPJ. Hatoyama took a forward-looking posture toward both South Korea and China by prioritizing the East Asian community idea. He and his wife Miyuki showed personal affection for Korean culture.⁴ Kan made a more serious attempt to improve relations. On the one hundredth anniversary of Japan’s annexation of Korea in August 2010, the “Kan Declaration” apologized for the unhappy historical experience with Korea while also acknowledging that colonial domination was against the will of the Korean people. Kan also returned more than 1,200 books that Japan had taken from Korea during the colonial period. The declaration, specifically designed for South Korea, was a step forward in relations. Though conflictual issues arose, favorable attitudes toward each other smoothed ties.

After Noda took office, relations grew tense. Because of the worsening territorial dispute with China, Noda strengthened the alliance with the United States and after the Great Tohoku earthquake he focused more on domestic economic issues such as a consumption tax increase. In South Korea, the comfort women issue unexpectedly emerged as a more serious diplomatic concern. Victims had been demonstrating in front of the Japanese Embassy in Seoul from 1994 and had pressed their case against Japan in Japanese courts without success.⁵ After repeated failures to draw public attention, they sued the Korean government in the Korean Constitutional Court, claiming that it had not done enough to resolve their issue. On August 30, 2011, the court ruled that the government is responsible for failing to fully address this issue diplomatically.⁶ Accordingly, the Ministry of Foreign Affairs and Trade (MOFAT) immediately organized a task force team and communicated its concern to Japan's Ministry of Foreign Affairs (MOFA). This issue emerged as a hot potato at the summit between Lee and Noda in Kyoto in December 18, 2011. Noda argued that the issue had already been resolved in the 1965 normalization treaty, and Japan had no more legal responsibility.⁷ The summit atmosphere was ugly, leaving a mark on bilateral relations.

After the Kyoto summit, diplomats on both sides were seeking a compromise solution. Other issues, such as the Korea-Japan FTA and GSOMIA, were on the table, waiting to be settled. MOFA proposed further efforts by Japan to put the dispute to rest. Around April 2012, Administrative Vice Foreign Minister Sasae Kenichiro suggested that Japan's prime minister apologize again formally, the Japanese ambassador in Korea engage in public diplomacy toward the "comfort women," and the Japanese government compensate the surviving victims from its budget.⁸ Japan appeared willing to handle the issue in a new fashion, although not to fully satisfy the Korean counterpart. However, MOFAT, minding the reactions from civic groups supporting the women, retorted that those actions are not enough. It argued that Japan should assume "state responsibility" instead.⁹ This almost brought the talks to a standstill, while leaving the two sides suspicious of each other's intentions. Japanese foreign policymakers thought that MOFAT had no willingness or capacity to control the situation and deliver a desirable result, while MOFAT officials thought that their Japanese counterparts were trying to settle this issue without an adequate response. Negotiations were stuck without showing any sign of progress in the ensuing months.

Around June 2012, the Korean government hurried to sign the GSOMIA with Japan when opposition parties were still raising concerns. Because of the new composition of the foreign relations committee in the National Assembly after the general elections on April 11, 2012, government officials had no time for detailed background briefings about this issue. When exaggerated concerns were raised about the GSOMIA with Japan, the government refused to sign only one hour before the designated time for signing the treaty in Tokyo on June 29, 2012. A secretary in charge of external strategy, Kim Tae-hyo, stepped down, taking full responsibility for this unexpected development.¹⁰ He was, perhaps, the only remaining high-ranking official in the Blue House who had a relatively good understanding of Japan. At the same time, a director general of the bureau of Northeast Asian affairs, Cho Tae-young, had to step down, taking responsibility for the ill-mannered handling of the issue. Relations were more perilous.

Ties deteriorated sharply after Lee visited Dokdo on August 10, 2012. The island has been controlled by Korea from 1952, but Japan has always claimed that it is its territory.¹¹ Japan strongly protested Lee's visit, which, actually, was an unexpected event for Koreans as well. This abrupt action was planned and executed at the suggestion of the public relations section in the Blue House without full consultations.

Lee's move was a delayed response to Japanese actions. Despite repeated opposition, Japan escalated tensions over the island by passing a review of textbooks where pictures of Dokdo were featured, and it reacted strongly when Korean Air had a test flight over the island with a newly imported plane.¹² On August 1, 2011 three LDP politicians were refused entry into Gimpo Airport when they attempted to visit Dokdo.¹³ Though Lee remained generally passive in raising controversial issues, in his final year as president he made up his mind to show his will to keep the island from any controversy. Ironically, his visit aroused a Japanese uproar. Also, dissatisfied about Japan's responses to the "comfort women" issue, Lee was determined to confront Japan with firmer political will. In this sense, his island visit was politically charged, rather than strategically coordinated. Furthermore, Lee wanted to extinguish turf battles within his own government. The Korean Ministry of Land and Oceans (MLO) planned a huge research facility on Dokdo, preparing a budget of more than 4.3 billion won for construction. MOFAT was strongly against this move, because it would anger Japan without any benefit. Still the MLO pushed it through. Lee's visit temporarily silenced MLO because, accompanied by the minister of environment, he claimed the island should be treated as a natural environmental park.¹⁴ Despite the controversy of the trip, Lee tried to resolve the turf battle within his cabinet by taking preemptive symbolic action.

Lee's Dokdo visit aggravated the already tense relationship with Japan. When Japan protested the visit, a Blue House spokesperson's comment (that Japan's international presence is on the decline) made the Japanese furious. Moreover, an August 14 comment by Lee on the Japanese emperor was delivered to the media in a twisted way. He intended to say that many controversial issues between the two countries could be peacefully resolved if the emperor visited Korea some day and showed repentance, but it was reported that he should apologize to the Korean people sincerely if he comes to Seoul.¹⁵ This was a blow to many Japanese, not only to policymakers. The emperor did not have any plans to visit Korea. He is not supposed to deliver a political message of any kind. It sounded as if Korea was trying to make use of a potential visit by him for political advantage. Many Japanese were furious, including a spectrum of intellectuals. The Korea-Japan Forum, a high-level dialogue, was cancelled at the request of the Japanese organizer only at the last moment.¹⁶ Japan's prime minister sent a personal letter to Lee that strongly resisted his action. When the letter was sent back to Japan, MOFA declined to accept it.¹⁷

In the midst of the territorial controversy between South Korea and Japan, another territorial controversy erupted. Earlier, in May 2012, the then Tokyo governor Ishihara Shintaro claimed that the Tokyo metropolitan government would be willing to purchase the Senkaku islands that were owned by a private Japanese citizen. Ishihara's move was taken as a provocative manipulation of the territorial issue by right wing groups against Noda and the DPJ. Concerned about this manipulation of the issue, the Noda cabinet decided to nationalize the island in spite of Hu Jintao's argument at the APEC meeting in Vladivostok in early September that this should be avoided. Proceeding on September 10, 2012, Noda aroused fierce resistance from

the Chinese side, which interpreted it as a tacit alliance between the Noda cabinet and Ishihara, though they formally denied that. In the eyes of the Chinese, this nationalization scheme was construed as a change in the status quo. After the nationalization, China bullied Japan with unprecedented infringements of its claimed territorial boundaries.

Territorial consciousness among the Japanese has been elevated. Those who did not know anything about Dokdo/Takeshima are now aware of the issue.¹⁸ Three territorial claims – Southern Kuriles/Northern Territories, Dokdo/Takeshima, and Senakaku/Diaoyu – are now treated as a single set of issues that Japan should confront with strong determination. These controversies helped Abe, who took a hard-line policy, to be elected president of the LDP. He had not been the frontrunner, but his strong stance against China appealed to the public and LDP members. Abe's election as LDP president, combined with Ishihara's alliance with Hashimoto Toru, the Osaka mayor, to form a new political party by the name of Nihon Ishin no Kai, drew more attention than any other political party could arouse. Facing this right-wing surge, Noda began arguing that those parties were going too far and the DPJ that he leads is a center right party, not a right wing political party. However, the overall shift toward strong territorial claims was his own doing. Until the last moment he was blind to the fact that the territorial controversies primarily helped the LDP and Ishihara.

One unintended consequence of the intensifying territorial conflict between Japan and China is that the dispute with South Korea has faded into the background. As long as Chinese assertiveness continues, the absence of anti-Japanese demonstrations and confrontations suggests relative constraint by South Korea. Japan faced a need to narrow its focus to a single front. Even though MOFA at first claimed that its dispute with South Korea should go before the International Court of Justice (ICJ), from around October, Japan seemed to favor postponement.¹⁹ As a dispute can only be argued before the court following the consent of both concerned parties, Japan understood that its appeal would only be symbolic. At a United Nations speech, Noda argued that the controversy should be resolved by international rules and suggested bringing the issue to the ICJ, but he did not concretely name the countries he had in mind.²⁰ Though South Korea did not publicly indicate that it was on the Chinese side, Japan had nothing to gain if South Korea and China stood together to confront it.

In the election campaigns in the two states, domestic political issues overshadowed territorial controversies. Yet Abe's policy promises revived Korean concerns. All the LDP promises on foreign and security issues directly touched upon Korean concerns. The LDP advocated constitutional revision, including Article 9, to change the status of the Self Defense Forces into National Defense Forces. It also promised that the gathering on Takeshima Day, which had been hosted by the local Shimane prefecture, would be organized by the central government. Furthermore, it was committed to revising what the right wing calls a self-torturing historical perspective, eliminating any reference to satisfying neighboring states and agreeing that prefectural educational committees should be appointed by the governors. Abe also claimed that the Kono declaration, which apologized for the forceful mobilization of the "comfort women," should be revised. In addition, Abe said he would visit the Yasukuni shrine without fail if he became prime minister again. All these intentionally provocative promises surprised Korean intellectuals and policymakers, who responded critically.²¹ It looked as if South Korea and Japan had entered a phase of silently managing controversial issues, but, in reality, new sources of conflicts were emerging in the latter half of 2012.

NEW LEADERS AND NEW POLICY LINES: POSSIBILITIES AND CHALLENGES

The LDP landslide victory, obtaining 294 seats independently and 325 seats in coalition with New Komeito, gave it firm control over the Lower House, as the DPJ only secured 57 seats, contrasting to the 230 seats it had before. The LDP victory came mainly from dissatisfaction with DPJ policies, especially the tax increase, but the LDP benefited too from an opposition divided across twelve political parties. The newly formed Nihon Ishin no Kai rose to the fore, getting 54 seats. Co-organized by Ishihara and Hashimoto, it emerged as the third political party. Emphasis on strong leadership and toughness against China and on territorial issues won voter support.

The composition of the Abe cabinet gives a hint to his policy direction.²² Abe included many political friends such as Aso, Amari, Nemoto and Suga, in major posts, especially in economics and finance, to concentrate on rehabilitation after two decades of recurrent recession and the shock of the 3/11 earthquake. In the area of foreign and security policy that directly deals with neighboring countries, Abe put relative soft-liners like Kishida, Tanigaki, Onodera, Hayashi, and Ota, who take a balanced position. Yet, the ministers in charge of politically sensitive issues such as abductees, territorial claims, education, and telecommunication issues, are hard liners Furuya, Shimomura, Shindo, Inada, and Yamamoto. When Abe seeks to improve relations with neighboring countries, he can turn to dovish cabinet members. Abe has right wingers in place to avoid any concessions on territorial and historical issues. For example, education minister Shimomura will revolt against any fuzzy compromise when it comes to textbooks and “comfort women.” Furuya, who is in charge of abductees and the national identity issue, is likely to stand against any tactical compromise on Yasukuni shrine visits. All the right wingers would go against softness on territorial issues. The cabinet members mutually check and balance each other. It is likely that Abe will take a realistic stance on many foreign policy issues, but his cabinet members will still remain outspoken and prevent concessions from going very far.

Though Abe is likely to focus mostly on economic revival, rehabilitation from the earthquake, and crisis management – as he mentioned in a press conference on January 4, 2013²³ – he will unavoidably be drawn into a number of foreign policy disputes. His grand strategy can be summarized as follows. At the core is the idea of strengthening independent defense capability, increasing the defense budget combined with the initiative to strengthen the U.S.-Japan alliance. In the face of the increasing challenge from China, Abe thinks that cooperation with the United States is unavoidable to secure his country. At the outer rim of his policy line is the goal of linking Japan to democratic countries in the Asia-Pacific, such as the United States, Japan, Australia, and India, in what has been called “value diplomacy.” Though Abe does not actively use the term “the arc of freedom and prosperity,” which was associated with his first cabinet in 2006, his first trip abroad was to a few Southeast Asian countries, including Thailand and Indonesia, which symbolize this ideal and may be considered possible partners in deterring the expansion of China’s influence in the region. Japan is willing to cooperate with China on issues of mutual benefit, but on other matters it may shy away from China. In this context, Abe is trying to improve the deteriorated ties with South Korea. What preoccupies him is an assertive China.²⁴ Despite campaign promises that alarmed South Koreans, Abe’s priorities may keep tensions under control.

This goes well with the general policy line of the American government. The United States and Japan are in basic agreement that Chinese aggressiveness should be checked with the cooperation of U.S. allies and friends in the region.²⁵ However, Abe's policy line can go further than the U.S. way of thinking in that it basically aims at containing China rather than constructively bringing China into rule-based international institutions. Highly nationalist rhetoric focused on territorial issues may bring out unexpected military contacts between Japan and China, which the United States does not desire. Also troublesome for the United States is Japan's relationship with South Korea. The two countries are expected to align together to cope with regional challenges, but they are still in dispute regarding territorial and historical issues. Abe's priority in facing China may not suffice to manage this divide.

Park Geun-hye was elected in what had appeared to be a tight competition with Moon Jae-in, benefitting from high voter turnout of 75 percent and especially from the fact that 89.9 percent of voters in their fifties went to the polls, of whom two thirds voted for Park. South Korea is rapidly aging. A higher voting rate does not necessarily work to the detriment of conservatives.²⁶ Park took a stance quite different from Lee Myong-bak by addressing popular policy issues, including social welfare, economic democratization, regionally balanced development, and national integration. In other words, she stole the weapons of the opposition and fought the electoral game on the opposition's court, enlarging the support basis from moderate voters. Park emphasizes "trust diplomacy," engaging North Korea as long as it keeps its promises and behaves like an ordinary country. Without trust, however, ties will not go forward.

This way of thinking can be applied to her approach to Japan too. Park is unlikely to hurry to resurrect broken ties, though she will take a forward-looking stance. The first envoy she accepted as president-elect was from Japan. Abe sent Nukaga as a special envoy to Park to deliver his message of congratulations and desire to improve ties.²⁷ Yet, this is not a sign that Park favors Japan over China. She sent her first envoy to China, who was received by Xi Jinping favorably.²⁸ "Trust diplomacy" suggests a few guidelines in handling foreign affairs, especially with neighboring countries. First, she is not going to hurry up mending ties unless accumulated exchanges suffice to demonstrate that the other party can be trusted. Second, if trust is betrayed by any words or deeds, she is going to wait until the dust settles down before proceeding again. Third, she is likely to take a bottom-up approach rather than top-down initiative. Trust can be built by repeated transactions rather than by a single meeting between leaders, although good summits may prove pivotal in enhancing ties.

After Park was elected, Abe intimated that he might come to the inauguration ceremony. Special envoy Nukaga also suggested this, but Korean public opinion had shifted toward viewing the dispatch of envoys to big powers or invitations to national leaders to the inauguration as a sorry reminder of the discredited practice of faithfully paying respect to powerful countries, *sadae*.²⁹ Park's pre-election mission to the United States was called a policy consultation team, not a special envoy. The preparatory committee on the inauguration ceremony did not officially invite any political leader to the ceremony on February 25. Abe showed his dissatisfaction by saying that he would not go to the inauguration ceremony unless he was invited.³⁰ It was around this time that he made a final decision to visit Washington D.C. on February 21-23.

It is unclear whether it is coincidental, but the Abe cabinet dispatched Shimajiri, deputy vice minister for the cabinet office in charge of territorial affairs, to the ceremony celebrating Takeshima Day on February 22, 2013. Considering that the LDP had promised to hold the Takeshima Day event as a national convention hosted by the central government, dispatching Shimajiri to the event was a sign of downgrading. It did not nominate an official representative to attend the event, though Diet member Koizumi, son of the former prime minister, volunteered to attend. This gave the territorial controversy a relatively low profile, but by dispatching a government official to the event Japan contradicted the previous news release that the cabinet would skip the Takeshima Day event in 2013. Korean media did not accept the dispatch of Shimajiri as a sign that Japan tried to minimize the political impact of Takeshima Day, reporting instead that Abe had picked high-ranking Shimajiri to represent the government. It overlapped with the news that, in mid-February, the Cabinet Office established an organization solely devoted to territorial issues, upgraded from a task force team in charge of the Takeshima controversy. With these developments, it, at least, appeared that the territorial controversies were being given greater priority rather than being toned down. A remark by Mizoguchi Zenbei, governor of Shimane prefecture, at a Takeshima Day event in Tokyo eloquently expressed the point by saying that the Japanese government fully accepted our request to establish a central government organization in charge of territorial affairs and also dispatched a government representative for the first time, raising the profile of Takeshima.³¹ To this claim, Park did not respond, but a MOFAT spokesperson made it clear that no territorial dispute exists between Korea and Japan and that Dokdo is fully and effectively controlled by Korea. The issue was overshadowed, however, by North Korea's third nuclear test on February 12, 2013 and ensuing security concerns. Also, the abortive nomination of a prime minister diverted public attention for some time.

Though many Japanese politicians, including former prime minister Mori and vice prime minister Aso, participated in the inauguration ceremony, their presence was not fully reported to the Korean media. At a meeting with Aso, Park is reported to have said, "In order to build a sincere friendly relationship between Korea and Japan, we have to understand the past history straightforwardly (without distortion), strive to cure the scars of the past, and understand the pains of the victimized in a heartfelt manner."³² Park is fully aware that the territorial controversy and "comfort women" issue are the main barriers to amelioration of bilateral ties, as she emphasizes the need for Japan to act and take responsibility. She noted that trust is the basis for reconciliation and cooperation and that history is a mirror for self-reflection and the key to a hopeful future. After a reminder that statuses as aggressor and victim would never change even after thousands of years, Park urged Japan to make a positive change.³³ However, her point was not to keep dredging up the history issue. She argued that history issues should never be passed to the next generation. Instead, the leaders of our generation need the courage to address and resolve these issues.

UNRESOLVED CONTRADICTIONS AND POLITICAL DILEMMAS

The bilateral relationship depends not only on the chemistry of the two political leaders but also on the compatibility of the national strategic identities of each administration.³⁴ Whether Abe's strategy can be compatible with Park's is the question.

Park uses the concept of “trust” when she refers to diplomacy with neighboring countries, including North Korea. She calls her strategy toward North Korea a “trust process on the Korean Peninsula.” As long as trust can be built, many things can be accomplished, she argues, but without trust she is unwilling to go forward with assistance or unilaterally to take the initiative. Her logic is based on the idea of strategic interaction. Second, this concept puts emphasis on the process, not the outcome. Trust cannot be born at a single stroke. Step-by-step policy implementation and reappraisal are important rather than some rhetoric of peace. Actions rather than words matters here. Third, trust should be built in a bottom-up fashion; accumulated experiences of cooperation breed trust between the two parties. In other words, a summit meeting can be a facilitator of trust building, but it is not a last resort.

This conception of trust can also be applied to Park’s diplomacy toward Japan. Both parties should agree upon the contents and process of trust building before they work with each other on a grand scheme of collaboration. This can be a piecemeal approach, but responsible actions and sincere commitments may be more important than incomprehensible rhetoric. The hurdle for enhancing ties between Korea and Japan is addressing the “comfort women” issue, which is imminent because of the life expectancy of the aged victims. This does not necessarily mean that Japan should take a unilateral initiative to resolve this case, but Japan is expected to show sincere and heartfelt handling of the issue. What is worrisome in this respect is Japan’s right wing attempt to revise the Kono statement, in which the Japanese government acknowledged military engagement in mobilizing these women as well as expressed its sincere apology to the victims. If the Abe cabinet defers from revisiting this issue, breeding trust between the two leaders is more likely. Yet, if it broaches this issue insensitive to South Korean opinion, especially considering that Park is a female president who is emotionally sympathetic to the victims, the result could be another downward spiral in relations, making trust building inconceivable.

If one takes a close look at Abe’s national strategy, it remains to be seen whether he is seriously interested in improving ties with South Korea. His diplomatic priority is strengthening alliance ties with the United States. Considering China’s increasingly assertive maritime actions, Abe’s intention to hold the alliance relationship tight is quite understandable. However, there is a missing link in this conception. South Korea is another pivotal alliance partner, together with Japan, in America’s global and regional strategy. The United States does not want to see frictions between its two core allies. Furthermore, if relations between the two are troubled, the U.S. strategic scheme in East Asia cannot be smoothly implemented. Whether Abe can embrace South Korea as an integral part of American strategy in the region is a challenge that, for the moment, he does not appear to take into account. For him, the United States and South Korea are alternatives rather than a combination. Abe trumpets the theme of a group of countries with similar systems and values cooperating regionally and in global society, citing values such as democratic politics, a market economy, the rule of law, and respect for human rights. If these are the primary criteria for cooperation, South Korea should definitely be embraced as an essential part of this collective, especially in the Asia-Pacific. Nobody questions the quality of South Korea as a country that fits these criteria. However, Abe does not explicitly advocate that South Korea be an integral part of his regional strategy.³⁵ Between South Korea and Japan, confrontational issues such as a territorial dispute, the “comfort women” issue, Yasukuni shrine visits, and textbook reviews,

are associated with a values gap. All are critical elements of another pillar of his political agenda, national identity politics.

Abe wants Japan to have an independent national identity based on a sense of pride and esteem.³⁶ In his eyes and those of his right wing associates, South Korea is a troubling partner that tries to push Japan into a corner to extract further apologies and financial compensation. Abe insistently argues that Japan should be a country that can say “no” to its neighboring countries when the latter ask it to apologize more. He also thinks that Japanese pride should never be undercut, even when the issues at stake are wartime wrongdoings. For him, Japan is a beautiful country to be fully appreciated by the Japanese people.³⁷ As a result, in Abe’s foreign policy scheme, the Korean question may be an incomprehensible dilemma and not-easily-solvable contradiction. This is one reason why Abe is hesitant toward South Korea.

In Abe’s diplomatic scheme, how to locate South Korea in a strategic competition between Japan and China remains utterly ambiguous. For Abe, China is a country that increasingly poses a security and diplomatic challenge to Japan. On the one hand, when Japan wants to take a realistic stance to cope with the security challenges posed by China, South Korean cooperation is desperately needed. Even when Japan wants to develop collaborative ties with China, South Korea can facilitate cooperation and serve as a bridge that can address thorny questions in a milder way. On the other hand, Abe prefers an autonomous strategy in dealing with China without embracing South Korea at this stage. This might be because he regards South Korea as increasingly playing the game in the Chinese court.³⁸ However, the fact of the matter is that, except on issues related to historical and territorial controversies, South Korea’s stance mostly overlaps with Japan’s approach. The main reason for distrusting South Korea for Abe, even more than for other Japanese leaders in recent years, seems to be the obsession with Japan’s national identity in opposition to the perceived Korean national identity.

A number of Japanese articles recall the historical legacy of Abe’s grandfather, Kishi Nobusuke, and Park’s father, Park Chung-hee, in normalizing the relationship between South Korea and Japan in 1965 on the basis of good personal relations. Ironically, Park may be at a disadvantage in that she is a second-generation politician whose father is widely remembered as the authoritarian, pro-Japanese president of South Korea. In fact, during her presidential campaign, she had to apologize to the opposition-associated civil groups for the cruel repression during her father’s days. Extreme leftists in South Korea in the Liberal Progressive Party refer to Park Chung-hee’s old Japanese name to criticize her family legacy. Though that kind of emotionally charged criticism did not win wide support from the electorate, what should be remembered is the fact that anti-Japanese feeling still runs deep. Accordingly, regardless of her personal convictions or diplomatic strategy, Park’s background may work as a liability rather than an asset. She may remain quite cautious in handling the Japan question, given negative responses from the public.

CONCLUSION

As North Korean belligerence intensified in the first months of the Abe-Park tandem in office, U.S. interest in solidifying the alliance triangle was unmistakable.³⁹ To the extent possible, U.S. diplomacy will pressure Abe to use maximum restraint in touching the most sensitive nerves in South Korean identity, while urging Park to show maximum tolerance in reacting to any affront

perceived by the Korean people. In a personal relationship fraught with historical meaning, these two heirs to legacies dating back half a century face the pivotal period when the balance between national identities and national interests will be decided in facing North Korean assertiveness and China's new claims to regional leadership. Abe's preoccupation with identity goals and Park's initial pursuit of "trust" suggest an uneasy fit between two distinct agendas. In the face of a more dangerous security environment, Abe seems to be backtracking on some of his identity agenda, and Park is recognizing that alliance trust is first among her priorities. These cautious responses offer some hope for bilateral relations, but prospects remain high for more bilateral "shocks" with no breakthrough in sight toward putting South Korean-Japanese relations on a steady path forward.

ENDNOTES

1. On the foreign policy direction toward Japan under Lee Myong-bak, see Park Cheol Hee, "*Sae jongbu e baraneun daeil oegyo jongchaek banghyang*, *Oegyo*, Vol. 85 (April 2008), pp. 29-38.
2. In "A Letter to the People," Roh Moo-hyun took a hard-line stance, declaring a diplomatic war with Japan. *Yonhap News*, March 24, 2005.
3. Roh had a summit with Koizumi on November 18, 2005 during the APEC meeting in Pusan, Korea, but he did not meet Koizumi after that. Roh welcomed new Prime Minister Abe on October 9, 2006, but after this, they met only at multilateral settings.
4. Hatoyama's wife Miyuki made kimchi together with Korean first lady Kim Oksook on October 9, 2009, when Hatoyama visited Seoul in his first foreign travel after assuming his position. Miyuki's comment, "please give me rice together with kimchi" became wildly popular in Korea. *Donga ilbo*, October 10, 2009. A spokesman of the Korean Foreign Ministry, Kin Young Sun, delivered a welcome message to the Kan Declaration on August 10, 2010. *Donga Ilbo*, August 11, 2010.
5. The Tokyo High Court of Justice found on August 30, 1999, that the Japanese Diet has no responsibility to legislate on compensating comfort women. *Yonhap News*, August 30, 1999. On March 25, 2003, the Japanese Highest Court of Justice decided that a legal suit by a Korean "comfort woman" would not proceed further.
6. The Korean Constitutional Court found on August 30, 2011, that the Korean government, especially the Ministry of Foreign Affairs and Trade, did not fulfill its duty to resolve the rights of compensation claimed by comfort women according to Article 3 of the Korea-Japan normalization treaty in 1965. Non-action was the reason why the government side lost the suit. *Donga ilbo*, August 31, 2011.
7. Noda said at a summit in Kyoto that the "comfort women" issue had been fully and completely resolved by the normalization treaty in 1965. *Yonhap News*, December 18, 2011.
8. Author's interviews with high-ranking Japanese foreign ministry officials in Seoul on January 13, 2012; in Seoul on March 23, 2012; and in Tokyo on April 25, 2012.
9. Author's interview with Japanese foreign ministry official on April 23, 2012.
10. *Yonhap News*, July 6, 2012.
11. Dae-song Hyun, "The Dokdo-Takeshima Issue: Its Origin and the Current Situation," in Dae-song Hyun, ed. *The Historical Perceptions of Korea and Japan* (Seoul: Nanam, 2008), pp. 37-92.
12. The Japanese Foreign Ministry ordered its officials not to use Korean Airlines for a month starting from July 18, 2011, after the Korean Airlines test flight of the A-380 over Dokdo on June 16, 2011. *Seoul Daily*, July 15, 2011.
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15. For an intensive interview with Japan specialists as to the effects of the president's remark about the Japanese emperor, see *Hankyoreh News*, August 22, 2012.

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17. *Donga ilbo*, August 23, 2012.
18. According to a survey by Mikyoung Kim at Hiroshima Peace Institute, 67 percent of the Japanese respondents said that Takeshima belongs to Japan. *Yonhap News*, January 3, 2013.
19. One report had Abe reconsidering bringing the Dokdo/Takeshima issue to the ICJ, noting it had been under discussion from the previous year. *Asahi shimbun*, January 9, 2013.
20. At the UN General Assembly, Noda mentioned the importance of the rule of law for peacefully resolving international disputes. *Donga ilbo*, September 25, 2012.
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South Korea and the U.S.

Scott Snyder

The U.S.-South Korea alliance has flourished under Presidents Obama and Lee Myung-bak. It is difficult to find words of criticism for the alliance in either Washington or Seoul as Obama starts his second term and Park Geun-hye begins her administration. Both presidents reaffirmed their respective commitments to policy coordination toward North Korea and issued a joint statement on the sixtieth anniversary of the establishment of the alliance during Park's first meeting with Obama at the White House. The statement underscored a commitment to broaden alliance functions beyond the peninsula, reaffirming commitments to a comprehensive alliance first announced by Obama and Lee in May 2009.¹ Park and Obama also recognized the first anniversary of the Korea-U.S. Free Trade Agreement (KORUS FTA), which institutionalized another pillar of cooperation. These two agreements represent an expansion beyond extraordinarily close policy and security coordination toward North Korea, which has traditionally provided the main rationale for security cooperation. Basking in the glow of relations that may never have looked better, officials on both sides might be tempted to feel complacent, but concerns have been growing that difficult tests lie just over the horizon.

Although North Korea's provocative behavior and nuclear and ballistic missile tests have intensified with the leadership transition from Kim Jong-il to Kim Jong-un and changes in the regional security environment are providing new challenges, the U.S.-ROK alliance has proven to be an unexpected source of stability for U.S. policymakers. In comparison with rising concern over Chinese assertiveness and the impact of Japan's domestic politics on its foreign relations, U.S.-ROK coordination in response to North Korean provocations has mainly been a good news story for Obama, but it remains to be seen how and whether South Korea will capitalize on its increased capacity to contribute to global security and standing in Washington to carve out a stronger regional role or whether renewed North Korean challenges might inhibit an expanded regional role for the alliance.² In the background is the challenge of maneuvering between the regional strategies of China and the United States, each of which has its own North Korea policy.

Park came into office with a mindset that is largely consistent with that of her predecessor on alliance issues. She inherited a stable relationship with promise for further development, but there are also some notable challenges that, if managed poorly, could test recent advances in the U.S.-ROK relationship. Following a review of new developments in the relationship at the peninsular, global, and regional levels, this chapter examines three challenges that will test the durability and direction of the security relationship: 1) the renegotiation of a nuclear cooperation agreement; 2) the U.S. rebalancing policy, North Korea's provocations, and their effect on U.S.-ROK relations; and 3) U.S. policy toward Korean reunification and its ramifications. Each of these issues involves areas of potential conflict between what ROK partners desire in U.S. policy and what U.S. policymakers consider to be their various functional/geographical objectives.

DEVELOPMENTS IN THE U.S.-ROK ALLIANCE UNDER THE LEE AND OBAMA ADMINISTRATIONS

The Lee and Obama administrations cemented close relations based on an unprecedented convergence of national interests and expansion of South Korean capabilities and willingness to work with the United States on economic and off-peninsula non-traditional security issues.

While these forms of cooperation were initiated under Roh Moo-hyun and George W. Bush despite their clear gap in world views, a shared vision for cooperation came to maturation under Obama and Lee. As a result of South Korea's economic growth and democratization, it emerged as a willing and able partner of the United States on many issues that extended beyond the main task of the alliance to secure South Korea from potential North Korean aggression. The June 2009 Joint Vision statement set the stage for a relationship bound by "trust," "values," and "peace."³ It set the tone for an ambitious agenda of expanded cooperation beyond North Korea on many issues, including global and regional security cooperation and the deepening of trade and investment relations through the KORUS FTA.

NORTH KOREA: CONSENSUS IN FAVOR OF DENUCLEARIZATION, BUT WITH LITTLE MEANS TO PURSUE IT

The Lee and Obama administrations both prioritized North Korea's denuclearization as the main challenge on the peninsula and moved in lockstep in response to early provocations, including an April 2009 failed multi-stage rocket launch, a May 2009 nuclear test, and difficult issues involving individual Americans and South Koreans who had been detained in North Korea. The insistence of both on the necessity of North Korea accepting denuclearization as a main agenda item proved to be a major obstacle to the resumption of Six-Party Talks despite sporadic efforts of each to pursue dialogue with the North.⁴ North Korea's sinking of the Cheonan in March 2010 resulted in scores of military casualties and the Yeonpyeong Island shelling the following November took South Korean civilian lives for the first time since the end of the Korean War.

North Korea's multi-stage rocket test in April 2009 led Obama to declare that violations of international law must be punished, as he pushed for a tough UN Security Council resolution that authorized states to interdict suspected shipments related to nuclear and missile programs.⁵ Rather than rushing to dialogue with North Korea, Obama emphasized a regionally-coordinated response that sought to win China's cooperation, but China's decision in the summer of 2009 to strengthen relations with North Korea ran in the face of this sanctions-focused policy. North Korea's provocations and the need to closely coordinate a joint response fueled dozens of high-level meetings involving diplomats from Washington and Seoul, as well as an expanded set of joint military exercises designed to reinforce a message of deterrence against aggression. Plans for U.S.-ROK military exercises drew critical responses in the summer of 2010 not only from North Korea but also from China, while Japan also became involved in exercises with South Korea and the United States, first as an observer and in June 2012 as a direct participant.⁶

While the need to mount an effective coordinated response to North Korea's 2010 provocations provided a basis for deepened U.S.-ROK political coordination, it also produced some subtle tensions that required careful management. The South Korean public criticized the Lee administration for not responding more strongly to the artillery shelling, and a civilian report advocated a policy of "proactive deterrence," including the right by South Korea to undertake preemptive strikes in self-defense in the event of an imminent North Korean threat.⁷ U.S. officials expressed private concerns that a stronger response to a new North Korean provocation could inadvertently lead to military escalation. The U.S. Forces Korea initiated an intensive dialogue with military counterparts to forge a joint

counter-provocation plan that outlined in greater detail immediate and proportional steps that the South Korean military might undertake in response to a North Korean attack while strengthening military and political coordination to manage any escalation. The counter-provocation plan was initiated at security consultative meetings held in Washington in October 2012 and was formally adopted in March 2013.

Careful coordination was also required in diplomatic approaches to North Korea. While the two governments maintained a unified front in response to provocations, coordination challenges arose regarding how far to go in pursuing diplomatic negotiations with North Korea. South Korean diplomatic efforts to pursue inter-Korean contacts foundered in the spring of 2011, with the North Korean side eventually leaking the existence of secret contacts and blaming the Lee administration for their failure.⁸ Despite this, the United States returned to several rounds of diplomatic dialogue from the summer of 2011 that resulted in the parallel release of U.S. and North Korean diplomatic statements on February 29, 2012.⁹ This was originally expected to take place in Beijing during the third week of December, but it was postponed by Kim Jong-il's death on December 17, 2011. The parallel statements envisioned IAEA monitoring of the North's uranium enrichment program in exchange for 240,000 tons of food assistance, but that agreement went nowhere following North Korea's March 16 announcement that it would launch another multi-stage rocket in defiance of Security Council resolutions.¹⁰ Following this, Washington pursued two secret rounds of direct dialogue with Pyongyang in April and August, the contents of which were briefed only between Lee and Obama to the exclusion of senior diplomats.¹¹

U.S.-ROK ALLIANCE: EXPANDED SCOPE FOR NON-TRADITIONAL SECURITY COOPERATION

The Joint Vision Statement provided the basis for extending cooperation beyond the Korean Peninsula to meet regional and global challenges. It envisions a wider role for the alliance in contributing to international security in a range of areas, including post-conflict stabilization, development, non-proliferation, and counter-terrorism. These new forms of cooperation are made possible by an increase in South Korean capabilities and its willingness to step forward and make such capabilities available as a public good for the international community. The statement anticipates contributions to international security commensurate with the benefits South Korea derives from a stable global system, but it is also so ambitious that it raises questions about prioritization and capabilities if the alliance were to be stretched too thin.¹²

South Korea has determined that it will contribute to international security as a national defense priority based on an assessment of its own interests and global responsibilities in addition to its efforts to ensure security on the Korean Peninsula. Its 2010 Defense White Paper identifies "contributing to regional stability and world peace" as one of three national defense objectives, along with "defending the nation from external military threats and invasion" and "upholding the principle of peaceful unification." To support these activities, it has established a three-thousand-person standing unit dedicated to overseas deployments, passed legislation authorizing the deployment of up to one thousand ROK personnel to UN peacekeeping operations (PKO) prior to requiring an authorization request from the National Assembly, and established a PKO center dedicated to the training of military personnel to be dispatched for

assignments.¹³ This significant development shows South Korea's willingness to contribute to international security for the long haul.

The U.S.-ROK alliance benefits from cooperation and interoperability that are being honed through practical experience of the sort that cannot be replicated by scenario-based exercises alone. As both countries face the need to more prudently allocate defense budgets, the experience of working together may also produce opportunities to cooperate in ways that do not unduly limit loss of specific capabilities. Moreover, as the United States moves to emphasize greater interaction and lateral networking of capabilities among its Asian bilateral alliances, South Korea's experience working in a multinational environment will prove valuable, enhancing the role of the alliance as a force for resiliency and stability into the international system. In turn, this will provide residual benefits for the development of South Korean capabilities, particularly if prolonged instability in North Korea would require some of the same skills. South Korea's exposure to fragile or failed-state situations and direct involvement in post-conflict stabilization operations may be applied to the management of future instability in North Korea.

South Korea's willingness to contribute to global security is in line with its commitment to triple its development assistance contributions from 2010 levels by 2015.¹⁴ This commitment comes during a period of fiscal austerity in the developed world that is squeezing the development budgets of many countries. South Korea can offer advanced technical and human resource skills on development and governance related issues based on its experience as a recipient of international aid, and is well positioned to cooperate with the United States on joint projects that can enhance development effectiveness. International development provides yet another avenue of cooperation between the two states on the basis of shared values to provide global public goods.¹⁵ However, a notable omission from U.S.-ROK security cooperation thus far is within the Asia-Pacific region. South Korea participates in the U.S.-administered Rim of the Pacific Exercises, but given shared interest in Asian stability, the dearth of collaboration in ways that reinforce Asian regional stability and prosperity is striking. This raises questions about the impact of both South Korea's efforts not to be drawn into the Sino-U.S. regional competition and its hesitation to embrace trilateralism with Japan, the U.S. ally most active in region-wide measures of cooperation.

KORUS FTA PASSAGE: CATALYST FOR THE UNITED STATES TO JUMP START ITS ASIAN TRADE POLICY

The third leg of U.S.-ROK collaboration came after an extended delay in the ratification of the KORUS FTA following its 2007 negotiation under the Bush and Roh administrations. Initially, the hesitation lay with Roh, who seemed reluctant to pursue ratification of his own agreement with the National Assembly in the closing days of his term. Then, prospects for the U.S. Congress to consider the agreement diminished, because the main priority became restoration of the U.S. economy and a newly-elected Obama had an extensive agenda of items to address with Congress that were prioritized more highly.¹⁶ To his credit, President Lee was patient, persistent, and flexible, lobbying Obama when he visited Seoul in November 2009, who at that time was working with Congress to pass health care reform and was not ready for KORUS FTA.

After the Obama administration concluded that it wanted to revise parts of the agreement and sought further negotiations to settle outstanding issues that were likely to be a source of congressional objection, talks followed Obama's participation in the Seoul G-20 in November 2010 and finally resulted in a revised agreement that was sent to Congress. Although KORUS was delayed again by negotiations with Congress on the need to raise the U.S. debt ceiling in the summer of 2011, Lee's state visit in October 2011 served as an action-forcing event that finally led to ratification, along with FTAs with Colombia and Panama.¹⁷ This occurred so late in the 18th National Assembly that ratification became a heated political issue only six months prior to new elections,¹⁸ but the Grand National Party, with its majority, finally pursued unilateral ratification in October 2011 and the agreement went into effect the following March.

The passage of KORUS FTA is significant because it greatly expands openness and reciprocity for Korea and the United States in each other's markets and strengthens economic interdependence.¹⁹ Ratification of KORUS has breathed new life into the TPP negotiations, which are now drawing interest from Canada, Mexico, and Japan. The KORUS FTA has revived U.S. trade policy, opening the door to a vision for a high-standard agreement in Asia-Pacific that might even lead the way toward renewed global trade liberalization.²⁰

MAJOR CHALLENGES FACING THE U.S.-ROK ALLIANCE

The development of the three pillars described above has broadened the scope and resiliency of cooperation to the point where Obama referred to the U.S.-ROK alliance as a "lynchpin" of U.S. policy for the Pacific.²¹ It is significant that Park endorsed the Joint Vision established by Lee and Obama by reaffirming almost all of the main themes and directions for the alliance in the sixtieth anniversary alliance joint statement issued following her first White House meetings with Obama. Even more importantly, Park and Obama showed no light between them in their respective approaches to North Korea, affirmed their commitments to continuing international security cooperation off the peninsula, and celebrated the first anniversary of the ratification of the KORUS FTA. Circumstances, however, are becoming less favorable to agreement than they were in the halcyon days of 2009-12.

The alliance will face tests on a number of issues where U.S. policies toward South Korea are bumping up against other U.S. global and regional policies in ways that may limit the potential for cooperation. In each policy area, future cooperation will depend at least in part on whether the United States chooses to treat South Korea as an exception to some other facet of its Asian and global policies or whether U.S.-South Korea policies continue to be pursued within the traditional bounds and constraints of U.S. policies in these other areas. Willingness to make exceptions for South Korea in light of its rise as a "middle power" as it pursues its own regional and global policies will signal the level of priority that the United States places on it, and these decisions will have a direct impact on the closeness of the relationship. By the same token, the level of South Korean willingness to live within the constraints placed on its own pursuit of policy choices as a result of its alliance might also be interpreted as an indication of the priority that South Korea places on continued alliance cooperation with the United States.

THE U.S.-ROK BILATERAL NUCLEAR COOPERATION AGREEMENT

The United States and South Korea are in the middle of negotiations to renew their bilateral nuclear cooperation agreement. These negotiations were extended by two years in advance of Park's visit to Washington to buy time in the face of a seemingly intractable disagreement over whether Washington will allow South Korea the right to enrich and reprocess nuclear fuel. The previous agreement, negotiated in 1974, was set to expire in 2014, but now the Obama administration will request from Congress a two-year extension so that negotiations can be completed. During the period of the agreement, South Korea has made tremendous strides in developing this sector, having gradually mastered almost all of the critical construction technologies and processes required to build a nuclear reactor. Since Westinghouse supplied South Korea's first nuclear power unit Kori 1, which began operations in 1978, South Korea has built seven units in cooperation with non-Korean firms, and four since 1999 almost entirely by Korean companies. With its 2009 agreement to build a Korean-version of the AP-1400 reactor in the UAE, South Korea entered the international nuclear energy supply market.²²

These impressive advancements have enabled South Korea to meet more energy demands indigenously and to reduce its energy dependence. As a new nuclear exporter, it is poised to combine its longstanding international construction experience with experience in developing its own domestic nuclear energy industry to become a major exporter of nuclear power generation capacity, perhaps even to the United States. However, South Korea's development of its own nuclear capacity faces the universally shared constraint of how to dispose of radioactive waste materials. The current space for storage of such materials will all be used by 2016, so there is an urgent need to address this issue.

South Korean scientists have promoted a form of reprocessing known as pyroprocessing that uses electroreduction as the primary means by which to refine and separate the plutonium from the most toxic and radioactive waste products from nuclear energy.²³ They are pushing for South Korea to pursue pyroprocessing as the primary means by which to address the waste problem while preserving the 'clean' plutonium for possible re-use in fast breeder nuclear reactors that might be constructed in the future. However, critics warn that this would produce even more waste while also constituting a significant proliferation risk since additional treatment of the plutonium by-product might result in weapons-grade plutonium.

In negotiations with the United States over the new bilateral nuclear cooperation agreement, South Korea has requested advanced consent to alter U.S. provided nuclear material in form or content through pyroprocessing and/or enrichment. Both of these processes are relevant to the competitiveness of South Korea's nuclear energy export efforts since other exporters have retained rights to pursue reprocessing and enrichment of nuclear fuel, but the United States on non-proliferation grounds has resisted South Korean requests. Without these rights, there is a limit on South Korea's ability to address its own waste problems, develop new types of nuclear technology including fast breeder reactors, and supply nuclear fuel to potential customers as part of supply contracts.²⁴ South Korea argues that other allies, such as Japan, and strategic partners, such as India, have already been granted such rights, so a failure to grant it advanced consent is a form of discrimination that directly limits efforts to develop its own industry. But to grant such rights is to add one more country, no matter how responsible, to the list of potential sources of fuel that could be used to build a nuclear weapon.

The United States and South Korea began negotiations on this issue in 2010, but have reached an impasse. Even a two-year extension of the agreement leaves a relatively short period before the agreement will need to be ratified and submitted for congressional consideration, as is the case for all U.S. bilateral nuclear cooperation agreements. An additional potential hurdle may be that Congress has tried to strengthen standards for bilateral nuclear cooperation agreements so as to further restrict reprocessing or enrichment privileges.²⁵ This faces serious challenges as the United States itself is playing a smaller role in nuclear power generation, with challengers such as China and India developing plants outside the influence of U.S. standards. These countries are likely to emerge as less proliferation-conscious sources of supply for nuclear energy producing reactors that will directly compete with South Korean products. Thus, South Korea's commercial interests and lack of long-term high-level waste storage have emerged as major issues in the negotiations. Both sides have too much to lose to allow the agreement governing their cooperation to lapse. Nonetheless, there is currently not an easy way to solve this issue, which, if politicized, could become a source of major conflict between Washington and Seoul. During her visit to Washington, Park reiterated her position during the White House press conference and an address to a Joint Session of Congress that South Korea seeks a "modernized, mutually beneficial successor to our existing civil nuclear agreement."²⁶ The two sides recognize that a new agreement should seek to address challenges in three areas: the need to ensure adequate fuel supplies for Korean reactors, an adequate solution to South Korea's nuclear fuel waste problem, and cooperation in support of South Korean nuclear plant exports. As negotiations continue, much depends on whether the United States is willing to adjust its nonproliferation policies to accommodate Korean interests, or whether U.S. nonproliferation interests ultimately are given priority.

U.S. REBALANCING TOWARD ASIA, NORTH KOREAN PROVOCATIONS, AND THE ALLIANCE

The U.S. rebalancing toward Asia is a second area where regional strategy may influence the direction of cooperation within the alliance, serving either as an opportunity or a constraint.²⁷ On the one hand, South Koreans have largely welcomed renewed U.S. attention to Asia signified by the rebalancing strategy to the extent that U.S. prioritization of Asia, in general, supports stability and prosperity in the region. On the other hand, new issues, including the reemergence of the North Korean threat posed by improvements in its nuclear and missile-delivery capabilities, could be a source of division as the rebalancing strategy unfolds.

The first area of potential contradiction is related to the U.S. emphasis on a broader geographic distribution of its forces, which might draw U.S. attention and resources in the direction of Southeast Asia and the Indian Ocean at the expense of South Korea. This trend could create problems for South Korea in at least three aspects. First, the United States and South Korea will be negotiating a new host nation support package in 2013. These negotiations could be even more difficult than usual, given the broadening of the U.S. scope of operations rather than a more geographically limited prioritization of Northeast Asia. If U.S. Forces Korea are drawn more actively into off-peninsula missions as part of the broader strategy, this could also contribute to budgetary frictions to the extent that South Korea may hesitate to sustain financial support for hosting forces that it perceives as not dedicated to its own defense. South Korean defense specialists may already be worried

about U.S. efforts to extract greater support for costs related to the U.S. presence there, given the effects of budget cuts on the availability of U.S. funds and possible increased demands to South Korea to make up any shortfall.

Second, a broader U.S. strategy that encourages horizontal cooperation among alliance partners has run into a roadblock over South Korean reluctance to establish an agreement for sharing of intelligence information with Japan, a country that would be called on to support U.S.-ROK military operations in the event of a conflict with North Korea. U.S. interests in strengthening the combined defense posture toward North Korea include promoting high levels of cooperation with South Korea, but also with Japan on many rear-area support issues. U.S. support of stronger ROK-Japan cooperation is seen in efforts to promote greater trilateral coordination, including maritime exercises among the three countries for humanitarian and disaster relief-related activities. The United States has also supported Korean involvement in U.S. and Japanese joint research and implementation of advanced missile-defense technologies.

In addition to pressure on South Korea to strengthen relations with Japan, the United States may also seek to work together to enhance South Korea's role in providing security in the region based on its increasing capabilities. Thus far, U.S.-ROK off-peninsula cooperation has primarily supported global stability and has occurred outside the Asia-Pacific region, but there are possibilities to enhance non-traditional roles, for instance in maritime security cooperation, within East Asia as well. South Korean caution toward undertaking military operations in the region that might risk offending China is a major hurdle that would have to be overcome for meaningful U.S.-ROK military cooperation to be extended within the region.

In both her joint press conference with Obama and her address to the Joint Session of Congress, Park sought to knit together the U.S. and South Korean approaches by seeking "synergy" between the two initiatives as "co-architects to flesh out this vision." This suggests that South Korean efforts to improve the regional security environment in Northeast Asia relies on the foundation provided by the U.S.-ROK alliance, but efforts to tie South Korean proposals for regional cooperation to the U.S. pivot could also complicate South Korea's relations with China despite Park's efforts to establish strong ties with her new counterparts in Beijing.

Third, North Korea's provocative rhetoric and successful satellite launch in December 2012 followed by a third nuclear test in February 2013 have combined to raise U.S. concerns about whether the new leadership—possibly emboldened by the acquisition of an enhanced threat and even a potential nuclear blackmail capability—is embarking on a sustained course of provocations, in contrast to a past pattern perceived as provocation combined with efforts to acquire material benefits in the context of tension relaxation. Heightened uncertainty in the U.S. intelligence community over whether Kim Jong-un is playing by the same playbook or has embarked on a more aggressive path has resulted in U.S. efforts to project stronger resolve to deter aggression, including a show of force in March 2013 U.S.-ROK exercises that notably included participation by nuclear capable B-2 and B-52 bombers and F-22 Raptor aircraft. The heightened uncertainty also raised the question of whether the U.S. deterrence message might be taken inside North Korea as evidence of preparations for an invasion of the North that might inadvertently lead to miscalculation or accidental escalation of a conflict.

At the same time, North Korea's more aggressive posture posed a test for the new Park administration along the lines of past efforts by the North to set the terms of interaction with a new South Korean leadership. Park assumed office in the midst of an escalation of inter-Korean tensions but held open the prospect for improved inter-Korean relations based on an articulated policy of "Trustpolitik," which would have the two Koreas stabilize their relationship after the deterioration that had occurred under Lee Myung-Bak following North Korea's 2010 provocations.²⁸ The escalation of tensions foreclosed any early offer of renewed dialogue from Park as the South Korean military matched North Korean threats with responses of their own in an attempt to send a message that the administration will not be subject to nuclear blackmail.²⁹ The tense atmosphere placed a premium on a smooth transition, including cabinet-level meetings to put into place effective coordination. Park and Obama emphasized confidence in each other in their joint commitment not to tolerate North Korean provocations and to strengthen deterrence against North Korea's nuclear threat, while Park asserted that "President Obama's vision of a world without nuclear weapons should start on the Korean peninsula" through North Korea's pledge to abandon nuclear weapons as part of the 2005 Six-Party Joint Statement.³⁰

By authorizing a stronger and more public show of force than usual as part of U.S.-ROK spring exercises, the Obama administration was forced to face the prospect that rebalancing has a larger Northeast Asia component than expected, perhaps at the expense of plans for Southeast Asia. The North Korea situation also tested the administration in the face of the sequester with questions raised regarding the extent to which financial pressures would interfere with defense and deterrence commitments. The Pentagon's show of force, the announcement of plans to augment missile defense, and the decision to deploy Theater High Altitude Area Defense (THAAD) missile defense systems to Guam took place in spite of the sequester as a response to North Korea's heightened rhetoric. But it remains to be seen whether these expenditures might ironically place even greater fiscal pressure on the Pentagon's ability to undertake long-term acquisitions necessary to maintain the U.S. forward defense posture.

U.S. POLICY TOWARD KOREAN REUNIFICATION

A third area where U.S. policies toward the Korean Peninsula might come into conflict with other U.S. policies in the region is related to Korean reunification. A clear vision for Korean reunification on a democratic and market economic basis was set forth in the June 2009 U.S.-ROK Joint Vision Statement and reaffirmed in the joint statement commemorating the sixtieth anniversary of the alliance. This was the first time that the United States had officially made such a clear statement in support of reunification, but China's primary interest on the peninsula has been to support stability by shoring up a comprehensive relationship with North Korea, presumably in ways that directly conflict with the U.S.-ROK objective of Korean reunification.

To the extent that China sees the Korean Peninsula in geostrategic terms as an object of rivalry with the United States, its objective of "promoting stability" comes into conflict with the U.S.-South Korean shared objective of achieving reunification. At the same time, broader regional stability in the Asia-Pacific is increasingly dependent on Sino-U.S. cooperation. Although conflict between U.S. policies toward South Korea and China is not inevitable, how the United States prioritizes the objective of Korean reunification in its respective policies toward these

states will influence the scope, aspirations, and nature of cooperation within the alliance. While the United States must avoid an approach to reunification that unnecessarily provokes conflict with China, it cannot neglect the fact that both sides have identified unification essentially on South Korean terms as a main objective of the alliance. Policymakers in Seoul realize that reunification is unlikely to be attained without regional cooperation, including with China, but they also realize that South Korea will have little leverage to influence China's stance outside the context of strong policy coordination with the United States.

Rising tensions surrounding North Korea provide an opportunity for U.S. leaders to press China's new leadership for greater cooperation vis-à-vis North Korea, given that North Korean provocations are adversely affecting China's security environment and detracting from regional stability necessary for continued economic growth. But the United States also faces a paradox in its efforts to induce stronger cooperation from the Xi Jinping administration: to the extent that it takes advantage of North Korean provocations to press for increases in missile defense or for China to strengthen cooperation at a perceived cost to North Korean support, such an approach reminds Chinese leaders of their own geostrategic equities on the Korean Peninsula vis-à-vis the United States and distracts them from focusing on North Korea as the original instigator and source of Chinese concerns regarding the costs of instability on the Korean Peninsula.

A potential new variable in this equation is the clear effort on the part of the Park administration to improve the tone and substance of China-South Korea relations. The task of improving this relationship will be enormously difficult given the fact that China's views of its relationship with South Korea often seem to be shaped by views of its respective relationships with North Korea and the United States, in addition to its perception of the nature and state of inter-Korean relations. For China-South Korea relations to improve, China will have to perceive direct strategic benefit from this relationship, even as South Korea continues to value its security relationship with the United States. So far, there is little for the United States to be concerned about in Park's efforts to improve relations with China, especially since the strategic stakes for relations with China are likely to be higher than the costs of missteps to the United States.

CONCLUSION

The U.S.-ROK alliance has grown to encompass significant new scope for cooperation, extending both to economic cooperation and to off-peninsula security cooperation. These new pillars of alliance cooperation do not replace North Korea as the primary focus for the alliance, but they do greatly expand the scope of the alliance to many international security issues that had previously not been relevant to the alliance, increasing the importance of South Korea to the United States and of the U.S.-ROK alliance to global concerns.

The continued growth of the U.S.-ROK alliance, however, is also bumping up against other U.S. policy priorities on specific global and regional issues, including nonproliferation policy, the U.S. rebalancing policy toward Asia, and management of a more risk-acceptant North Korea. In their May 2013 meeting, Obama and Park acknowledged the accomplishments of the past sixty years of alliance relations, and tried to lay groundwork for close cooperation on the seemingly intractable security issues likely to beset the peninsula and the Northeast

Asian region in the years to come. For the time being, coordination within the U.S.-ROK alliance remains one of the few indisputable bright spots in a Northeast Asian regional security environment that both tests and testifies to the necessity of the U.S.-ROK alliance.

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